Interim condensed consolidated financial report
of the Alior Bank Spółka Akcyjna Group

for the first half of 2015

Selected financial data

	in PLN'000			
	1.01.2015 - 30.06.2015	**1.01.2014 - 31.12.2014**	**1.01.2014 - 30.06.2014**	**%% (A-B)/B**
	A		**B**	**C**
Net interest income	716 863	1 215 758	581 088	23,4%
Net fee and commission income	163 109	348 140	167 386	-2,6%
Trading result & other	164 716	309 090	135 153	21,9%
Impairment losses	-304 139	-546 590	-247 151	23,1%
General administrative expenses	-520 392	-925 271	-448 926	15,9%
Profit before tax	220 199	401 127	187 552	17,4%
Net profit	178 682	322 047	151 285	18,1%
Total net cash flow	750 383	206 986	23 263	-
Loans and advances to customers	28 344 652	23 647 990	21 877 242	29,6%
Customer deposits	29 774 617	24 427 988	21 395 053	39,2%
Total equity	3 345 221	3 015 076	2 822 453	18,5%
Total assets	36 466 760	30 167 568	27 124 461	34,4%
Ratios				
Earnings per share (in PLN)	2,50	4,40	2,16	15,6%
Capital adequacy ratio	12,78%	12,80%	13,14%	-2,7%
Tier 1	10,23%	11,23%	11,54%	-11,3%

	in EUR'000			
	1.01.2015 - 30.06.2015	**1.01.2014 - 31.12.2014**	**1.01.2014 - 30.06.2014**	**%% (A-B)/B**
	A		**B**	**C**
Net interest income	173 402	290 206	139 070	24,7%
Net fee and commission income	39 455	83 102	40 060	-1,5%
Trading result & other	39 843	73 781	32 346	23,2%
Impairment losses	-73 568	-130 473	-59 150	24,4%
General administrative expenses	-125 878	-220 865	-107 440	17,2%
Profit before tax	53 264	95 750	44 886	18,7%
Net profit	43 221	76 874	36 206	19,4%
Total net cash flow	181 511	49 408	5 567	-
Loans and advances to customers	6 757 737	5 548 176	5 257 815	28,5%
Customer deposits	7 098 659	5 731 175	5 141 929	38,1%
Total equity	797 545	707 382	678 328	17,6%
Total assets	8 694 154	7 077 767	6 518 893	33,4%
Ratios				
Earnings per share (in EUR)	0,60	1,05	0,52	16,8%
Capital adequacy ratio	12,78%	12,80%	13,14%	-2,7%
Tier 1	10,23%	11,23%	11,54%	-11,3%

The selected items of the Interim Condensed Consolidated Financial Statements have been converted to EUR at the following rates:
a) as at 30.06.2015
- balance sheet items - at the average EUR exchange rate expressed in PLN, announced by the NBP as at 30.06.2015 – 4.1944;
- 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 – 4.1341;
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 30.06.2014
- balance sheet items - at the average EUR exchange rate expressed in PLN, announced by the NBP as at 30.06.2014 – 4.1609;
- income statement and cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1784;

Contents

(in PLN thousands)

Interim condensed consolidated financial statements

Interim condensed consolidated income statement

	Note	01.04.2015-30.06.2015	01.01.2015-30.06.2015	01.04.2014-30.06.2014	01.01.2014-30.06.2014
Interest income		524 991	1 005 832	436 619	835 630
Interest expense		-151 296	-288 969	-129 498	-254 542
Net interest income	**4**	**373 695**	**716 863**	**307 121**	**581 088**
Dividend income		**42**	**42**	**2**	**2**
Fee and commission income		**124 811**	260 393	138 637	263 918
Fee and commission expense		**-54 485**	-97 284	-54 820	-96 532
Net fee and commission income	**5**	**70 326**	**163 109**	**83 817**	**167 386**
Trading result	**6**	**71 139**	**136 667**	**62 122**	**115 007**
Net gain (realized) on other financial instruments	**7**	**-503**	**4 345**	**2 181**	**2 170**
Other operating income		**31 821**	51 047	14 480	26 045
Other operating costs		**-21 530**	-27 343	-3 434	-8 069
Net other operating income	**8**	**10 291**	**23 704**	**11 046**	**17 976**
General administrative expenses	**9**	**-262 534**	**-520 392**	**-233 977**	**-448 926**
Impairment losses & provisions	**10**	**-159 483**	**-304 139**	**-129 870**	**-247 151**
Profit before tax		**102 973**	**220 199**	**102 442**	**187 552**
Income tax	**11**	-15 770	-41 517	-19 457	-36 267
Net profit		**87 203**	**178 682**	**82 985**	**151 285**
Net profit attributable to equity holders of the parent		*87 811*	*179 035*	*83 233*	*151 635*
Net loss attributable to non-controlling interests		*-608*	*-353*	*-248*	*-350*
Net profit		**87 203**	**178 682**	**82 985**	**151 285**
Weighted average number of ordinary shares		**71 468 543**	**71 468 543**	**69 941 261**	**69 941 261**
Basic earnings per share (in PLN)	**12**	**1,22**	**2,50**	**1,19**	**2,16**
6Diluted earnings per share (in PLN)	**12**	**1,17**	**2,39**	**1,14**	**2,06**

Interim condensed consolidated statement of comprehensive income

	Note	01.04.2015-30.06.2015	01.01.2015-30.06.2015	01.04.2014-30.06.2014	01.01.2014-30.06.2014
Net profit		**87 203**	**178 682**	**82 985**	**151 285**
Items that may be reclassified to profit or loss		**-56 742**	**-44 150**	**20 345**	**22 859**
Net gains/losses on financial assets available for sale		-19 533	-14 168	5 384	7 612
Profit/loss on valuation of financial assets available for sale	14	-24 088	-17 491	6 647	9 397
Deferred tax		4 555	3 323	-1 263	-1 785
Net gains/losses on hedging instruments		-37 209	-29 982	14 961	15 247
Profit/loss on valuation of hedging instruments	26	-45 937	-37 015	18 470	18 823
Deferred tax		8 728	7 033	-3 509	-3 576
Total comprehensive income, net		**30 461**	**134 532**	**103 330**	**174 144**
- holders of the parent		31 069	134 885	103 578	174 494
- non-controlling shareholders		-608	-353	-248	-350

The notes on pages 11-75 are an integral part of these interim condensed consolidated financial statements.

(in PLN thousands)

Interim condensed consolidated statement of financial position

ASSETS	Note	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Cash and balances with the Central Bank	13	1 814 603	1 158 440	1 057 413
Financial assets held for trading	25	427 473	476 821	284 808
Financial assets available for sale	14	2 713 708	2 652 126	1 503 883
Hedging derivatives	26	49 445	80 205	15 671
Amounts due from banks	16	502 779	449 378	292 331
Loans and advances to customers	15	28 344 652	23 647 990	21 877 242
Assets pledged as collateral	33	1 495 445	927 191	1 299 221
Property, plant and equipment	17	184 272	191 835	204 248
Intangible assets	18	357 654	215 564	190 006
Non-current asset held for sale		1 879	908	38 335
Income tax asset	11	228 238	147 849	145 169
Deferred		228 238	147 849	145 169
Other assets	19	346 612	219 261	216 134
TOTAL ASSETS		**36 466 760**	**30 167 568**	**27 124 461**

LIABILITIES AND EQUITY	Note	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Financial liabilities held for trading	25	324 028	349 033	225 988
Financial liabilities measured at amortized cost due to banks	22	1 600 556	1 049 162	1 587 834
Financial liabilities measured at amortized cost due to customers	21	29 774 617	24 427 988	21 395 053
Hedging derivatives	26	10 887	4 777	0
Provisions	23	14 014	8 311	4 198
Other liabilities	24	670 677	747 073	721 292
Income tax liabilities		15 666	24 553	18 681
Current		15 666	24 553	18 681
Subordinated loans	27	711 094	541 595	348 962
Total liabilities		**33 121 539**	**27 152 492**	**24 302 008**
Equity	28	**3 345 221**	**3 015 076**	**2 822 453**
Equity attributable to equity holders of the parent		**3 343 661**	**3 013 163**	**2 820 193**
Share capital		726 812	699 784	699 413
Supplementary capital		2 278 384	1 775 397	1 773 494
Revaluation reserve		-22 724	21 426	6 082
Other reserves		185 762	184 008	179 765
Share-based payments – equity component		*185 762*	*184 008*	179 765
Undistributed result from previous years		-3 608	9 804	9 804
Current year profit/loss		179 035	322 744	151 635
Non-controlling interests		**1 560**	**1 913**	**2 260**
TOTAL LIABILITIES AND EQUITY		**36 466 760**	**30 167 568**	**27 124 461**

The notes on pages 11-75 are an integral part of these interim condensed consolidated financial statements.

(in PLN thousands)

Interim condensed consolidated statement of changes in equity

1.01.2015- 30.06.2015	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net 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	**-**	**-**	**-**	**-44 150**	**-**	**179 035**	**-353**	**134 532**
net profit	-	-	-	-	-	179 035	-353	178 682
other comprehensive income	-	-	-	-44 150	-	-	-	-44 150
Share-based payments	**-**	**-**	**1 754**	**-**	**-**	**-**	**-**	**1 754**
Share issue	**27 028**	**166 831**	**-**	**-**	**-**	**-**	**-**	**193 859**
Sale of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Gains and losses from business combinations	**-**	**336 156**	**-**	**-**	**-336 156**	**-**	**-**	**0**
As at 30 June 2015	**726 812**	**2 278 384**	**185 762**	**-22 724**	**-3 608**	**179 035**	**1 560**	**3 345 221**

1.01.2014- 31.12.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net 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	**-**	**-**	**-**	**38 203**	**-**	**322 744**	**-697**	**360 250**
net profit	-	-	-		-	322 744	-	322 744
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 thousands)

1.01.2014- 30.06.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Non-controlling interests	Total equity
As at 1 January 2014	**635 830**	**1 434 713**	**176 792**	**-16 777**	**-273 728**	**227 902**	**0**	**2 184 732**
Transfer of the previous year result	**-**	**-**	**-**	**-**	**227 902**	**-227 902**	**-**	**0**
Comprehensive income	**-**	**-**	**-**	**22 859**	**-**	**151 635**	**-350**	**174 144**
net profit						151 635		151 635
other comprehensive income				22 859				22 859
Share-based payments	**-**	**-**	**3 132**	**-**	**-**		**-**	**3 132**
Share issue	**63 583**	**394 412**	**-**		**-**	**-**	**-**	**457 995**
Covering of losses	**-**	**-55 630**	**-**	**-**	**55 630**	**-**	**-**	**0**
Sale of subsidiary	**-**	**-1**	**-**		**-**	**-**	**-**	**-1**
Non-controlling interest arising on business combination	**-**	**-**		**-**	**-**	**-**	**3 048**	**3 048**
Acquisition of non-controlling interest	**-**	**-**	**-159**	**-**	**-**	**-**	**-438**	**-597**
As at 30 June 2014	**699 413**	**1 773 494**	**179 765**	**6 082**	**9 804**	**151 635**	**2 260**	**2 822 453**

The notes on pages 11-75 are an integral part of these interim condensed consolidated financial statements.

(in PLN thousands)

Interim condensed consolidated statement of cash flows

	Note	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Operating activities			
Net profit		**220 199**	**187 552**
Adjustments:		**626 714**	**-506 086**
Unrealized foreign exchange gains/losses		-1 249	-156
Amortization/depreciation of tangible and intangible assets		88 204	39 276
Change in tangible and intangible assets impairment write-down		3 190	7
Profit/loss on subsidiary sale		0	-13
Change in provisions		6 209	-673
Share-based payments		1 754	3 132
Change in loans and receivables	25.2	-1 965 722	-2 228 305
Change in financial assets available for sale		397 224	1 201 445
Change in financial assets held for trading		49 348	-41 517
Change in assets pledged as collateral		-568 254	-611 485
Change in hedging asset derivatives		30 760	-3 572
Change in non-current assets held for sale		-971	0
Change in other assets	25.4	-100 036	125 457
Change in deposits		1 812 725	430 561
Change in issued debt		537 476	333 919
Change in financial liabilities held for trading		-25 723	41 898
Change in hedging liabilities derivatives		6 110	0
Change in other liabilities and other comprehensive income	25.3	439 739	260 213
Income tax paid		-84 070	-56 273
Net cash flow from / (used in) operating activities		**846 913**	**-318 534**
Investing activities			
Outflows:		**-283 679**	**-29 393**
Purchase of property, plant and equipment	25.5	-30 104	-13 104
Purchase of intangible assets	25.6	-43 549	-16 289
Purchase of shares in subsidiaries, net of cash acquired		-210 026	0
Inflows:		**310**	**12**
Disposal of property, plant and equipment		310	0
Disposal of shares in subsidiaries		0	12
Net cash used in investing activities		**-283 369**	**-29 381**
Financing activities			
Outflows:		**-198 549**	**-86 220**
Repayment of long-term liabilities		-184 216	-74 730
Interest expense – loan received		0	654
Interest expense – subordinated loan		-14 333	-12 144
Inflows:		**385 388**	**457 398**
Inflows from share issue		193 859	457 995
Inflows from the issuance of subordinated liabilities		191 529	-597
Net cash flow from financing activities		**186 839**	**371 178**
Total net cash flow		**750 383**	**23 263**

(in PLN thousands)

incl. foreign exchange gains/(losses)		**5 333**	**2 166**
Balance sheet change in cash and cash equivalents	25.1	**750 383**	**23 263**
Cash and cash equivalents, opening balance		**1 456 273**	**1 251 673**
Cash and cash equivalents, closing balance		**2 206 656**	**1 274 936**
Additional disclosures on operating cash flows			
Interest income received		849 922	825 976
Interest expense paid		-255 811	-241 293

The notes on pages 11–75 are an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

1. Information about the Bank and the Group

1.1 General information

Alior Bank Spółka Akcyjna ("the Bank", "the Parent Company") is the parent company of the Alior Bank Spółka Akcyjna Group ("the Group"). The Bank, with its registered office in Warsaw, ul. Łopuszańska 38D, was entered in the register of businesses maintained by the District Court for the Capital City of Warsaw, 13th Business Department of the National Court Register under the number KRS 0000305178. The parent company was assigned a tax identification number NIP: 107-001-07-31 and the statistical number REGON: 141387142.

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

On 8 January 2015, the Polish Financial Supervision Authority officially recognized Carlo Tassara S.p.A. as the parent company of Alior Bank within the meaning of Art. 4.1. 8b) of the Banking Law.[1]

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 1.5. of this section. As stated in the Articles of Association, Alior Bank operates on the territory of the Republic of Poland and the European Economic Area. However, the

[1] On 30 May 2015, the Bank's Management Board received notification of a memorandum of agreement having been concluded for the sale of 18 318 473 shares of the Bank, constituting 25.26% of the Bank's share capital, between Alior Lux S.a.r.l. & Co. S.C.A. with its registered office in Luxembourg and Alior Polska Sp. z o.o. with its registered office in Warsaw, and Powszechny Zakład Ubezpieczeń Spółka Akcyjna with its registered office in Warsaw. Additional information is provided in Note 41.

(in PLN thousands)

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 share capital as at 30 June 2015:

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

Shareholders holding more than 5% of the Bank's shares as at 30 June 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	25,20%	25,20%
Genesis Asset Managers LLP	5 093 922	50 939 220	7,01%	4,79%
Aviva OFE Aviva BZ WBK	3 806 451	38 064 510	5,24%	5,24%
Other shares	45 462 350	454 623 500	62,55%	64,77%
Total	**72 681 196**	**726 811 960**	**100%**	**100%**
	31 December 2014			
Alior Lux S.a r.l. & Co. S.C.A. (together with Alior Polska sp. z o.o.)	18 318 473	183 184 730	26,18%	26,18%
Europejski Bank Odbudowy i Rozwoju	5 614 035	56 140 350	8,02%	8,02%
Genesis Asset Managers, LLP	3 853 644	38 536 440	5,51%	5,51%
Other shares	42 192 214	421 922 140	60,29%	60,29%
Total	**69 978 366**	**699 783 660**	**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 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 at the Warsaw Stock Exchange. After concluding the transaction, Genesis now holds 5 093 922 shares in the Bank, representing approximately a 7.02% interest in the Bank's share capital and the resulting 3 483 391 votes constitute 4.80% of the total number of votes at the Bank's General Meeting.

On 20 May 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 Meeting of Alior Bank Wellington Management, LLP ("Wellington Management"). In accordance with the notification, on 19 May 2015, Wellington Management acquired 64,354 shares in the Bank on behalf of its customers whose portfolio it is managing. After concluding the transaction, the entities from the Wellington Management group hold 3 662 784 shares in the Bank, representing a 5.05% interest in the Bank's share capital and the resulting 3 662 784 votes constitute 5.05% of the total number of votes at the Bank's General Meeting.

(in PLN thousands)

On 28 May 2015, the Bank's Management Board received another notification of changes in the share in the total number of votes at the General Meeting from Wellington Management. In accordance with the notification, on 27 May 2015, Wellington Management sold 80 000 shares in the Bank on the Warsaw Stock Exchange on behalf of its customers whose portfolio it is managing. After concluding the transaction, the entities from the Wellington Management group hold 3 582 784 shares in the Bank, representing a 4.94% interest in the Bank's share capital and the resulting 3 582 784 votes constitute 4.94% of the total number of votes at the Bank's General Meeting.
As a result, as at the date of this Report, to the Bank's Management Board's best knowledge Wellington Management does not hold the Bank's shares in an amount exceeding 5% of the Bank's share capital.

Moreover, the following events took place in the first half of 2015:

- registration of the share capital increase by issuing H-series ordinary shares with a par value of PLN 23 554 980 (2 355 498 ordinary shares);
- registration of the share capital increase by issuing 347 332 D-series ordinary bearer shares with a total par value of PLN 3 473 320.

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

As at 30 June 2015, the composition of the Bank's Management Board was as follows:

• Wojciech Sobieraj	President of the Management Board
• Krzysztof Czuba	Vice-President of the Management Board
• Michał Hucał	Vice-President of the Management Board
• Joanna Krzyżanowska	Vice-President of the Management Board
• Witold Skrok	Vice-President of the Management Board
• Katarzyna Sułkowska	Vice-President of the Management Board

On 25 June 2015, the Bank's Supervisory Board passed the Resolution no. 46/2015 to appoint Ms Joanna Krzyżanowska to the Bank's Management Board entrusting it with the function of Vice-President of the Management Board as of the date of registering the business combination between the Bank and Meritum Bank ICB S.A. at the National Court Register.

As at 31 December 2014, the composition of the Bank's Management Board was as follows:

• Wojciech Sobieraj	President of the Management Board
• Krzysztof Czuba	Vice-President of the Management Board
• Michał Hucał	Vice-President of the Management Board
• Witold Skrok	Vice-President of the Management Board
• Katarzyna Sułkowska	Vice-President of the Management Board

(in PLN thousands)

As at 30 June 2015 and 31 December 2014, the composition of the Bank's Supervisory Board was as follows:

• Helene Zaleski	President of the Supervisory Board
• Małgorzata Iwanicz-Drozdowska	Vice-President of the Supervisory Board
• Sławomir Dudzik	Member of the Supervisory Board
• Niels Lundorff	Member of the Supervisory Board
• Marek Michalski	Member of the Supervisory Board
• Krzysztof Obłój	Member of the Supervisory Board
• Stanisław Popów	Member of the Supervisory Board

1.5 Information about the Alior Bank S.A. Group

The interim condensed consolidated financial statements comprise the financial statements of the Bank and the following companies:

Alior Bank S.A.
(parent company)

→ Alior Services Sp. z o.o.
100% of shares

→ Alior Leasing Sp. z o.o
100% of shares

→ Centrum Obrotu Wierzytelnościami Alior Services spółka z ograniczoną odpowiedzialnością S.K.A.
100% of shares

→ Money Makers S.A.
57,6% of shares

→ Meritum Services ICB S.A
100% of shares

As at 30 June 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 12 February 2015, the court issued the decision on reducing the share capital of Centrum Obrotu Wierzytelnościami Alior Services Spółka z ograniczoną odpowiedzialnością S.K.A. and cancelling the shares, as a result of which the Bank returned to the position of sole shareholder.

Moreover, on 21 April 2015, the District Court for the Capital City of Warsaw in Warsaw, 13th Business Department of the National Court Register registered Alior Leasing Spółka z ograniczoną odpowiedzialnością of which the Bank is the sole shareholder.

On 19 February 2015, following the fulfilment of the suspending conditions, the Bank closed the transaction of purchasing shares in Meritum Bank ICB S.A. As part of the transaction, the Bank concluded the promised share sale agreement in respect of Meritum shares with Innova Financial Holdings S.à r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development. As at the date of the report (following the completion of the mandatory redemption process), the Bank held 100% of shares in Meritum Bank ICB S.A.
On 30 June 2015, the District Court for the Capital City of Warsaw in Warsaw, 13th Business Department of the National Court Register registered the business combination between the two banks. The business combination was carried out pursuant to Art. 492 § 1.1 of the Act dated 15 September 2000 – the Commercial Companies Code by transferring all the assets and liabilities of Meritum (the acquiree) to Alior Bank (the acquirer).

The Bank assessed control in the context of the regulations of IFRS 10 and defined its status as the parent company of the following entities. All subsidiaries are consolidated under the acquisition accounting method.

1. Alior Services Sp. z o.o. (previously Alior Raty sp. z o.o. - the change of 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 its operations in other business areas than previously.

- The Company's objectives:
  a. taking advantage of the opportunities to sell non-financial products and services;
  b. extending the offer for Private Banking customers and making it more attractive in order to enhance the Company's competitive position.

- The Company's operations:
  a. seeking out and gaining external partners for cooperation in offering non-banking services;
  b. arranging business relationships for clients and external partners.
- The planned revenues of the Company 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.

2. Alior Leasing Sp. z o.o. is a Company whose core business activities will comprise financing of fixed assets through operating and financial leases and lease loans. According to plans, the Company will commence business activities at the turn of the third and fourth quarter of 2015.

3. Centrum Obrotu Wierzytelnościami Alior Services spółka z ograniczoną odpowiedzialnością S.K.A. is a company whose core business activities include trading in receivables purchased from the Bank. The company was established to optimize the process of selling the Bank's receivables.

4. Money Makers S.A. is a Company formed in 2010 whose activities originally focused on services related to asset management. The Bank cooperates with the subsidiary Money Makers in three areas: asset management (managing individual customer portfolios / private banking), insurance offers for equity funds, and Alior SFIO subfund management. As part of its development plans, at the start of July the Company was transformed from a brokerage house into an investment fund management company. On 23 June 2015, the Polish Financial Supervision Authority unanimously granted a permit to Money Makers S.A. to conduct activities which consist of establishing and managing investment funds or foreign funds, including intermediating in the sale and purchase of units, representing the funds vis-à-vis third parties and managing collective securities portfolios as well as managing portfolios comprising financial instruments. At the same time, at the request of the company itself, the PFSA revoked the decision on granting the permit for Money Makers S.A. to conduct brokerage activities. After the transformation, Money Makers began operations on July 2015 as an Investment Fund Management Company.

5. Meritum Services ICB S.A. (in connection with the registration of the business combination between Alior Bank S.A. and Meritum Bank ICB S.A. on 30 June 2015 general succession took place, and thus, Alior Bank S.A. holds 100% of the company's shares) is a company whose operations include preparing business plans and applications for entities to obtain subsidies from the EU funds, and preparing business plans and assembling documents of companies applying for loans with banks. The Company provided IT services to Meritum Bank.

1.6 Approval of the interim condensed 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 19 August 2015.

1.7 Seasonality and business cycles

In the Group's activity, there are no significant phenomena, which are cyclical or subject to seasonal variations.

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 (Alior Bank and Meritum) and its subsidiaries and cover the 6-month period ended 30 June 2015 and the comparatives for the 6-month period ended 30 June 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 zlotys. 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 on CIRS. From January 2015, interest income and expenses related to making a placement and accepting a deposit under a CIRS transaction are presented in net interest income, whereas in 2014 they were presented in net trading income. The purpose of introducing the change is to ensure consistency of the presented net income with its economic substance.

Additionally, the following changes were introduced in the Note related to the Statement of financial position for better transparency of the data presented (in accordance with the annual consolidated financial statements of the Group for the financial year from 1 January 2014 to 31 December 2014):
- assets pledged as collateral were presented separately which resulted in changes in amounts due from customers, banks and available-for-sale financial assets;
- financial liabilities measured at amortized cost were divided into amounts due to customers and banks;
- provisions for off-balance sheet liabilities were transferred from other liabilities to provisions;
- provisions for holiday-pay and for bonuses were transferred from provisions to other liabilities.

(in PLN thousands)

Interim condensed consolidated income statement

Items from the income statement	Data from the financial statements as at 30.06.2014		Change		Restated data 30.06.2014	
	01.04.2014-30.06.2014	01.01.2014-30.06.2014	01.04.2014-30.06.2014	01.01.2014-30.06.2014	01.04.2014-30.06.2014	01.01.2014-30.06.2014
Interest income	429 417	821 428	7 202	14 202	436 619	835 630
Interest expense	-125 341	-246 298	-4 157	-8 244	-129 498	-254 542
Net interest income	**304 076**	**575 130**	**3 045**	**5 958**	**307 121**	**581 088**
Trading result	**65 167**	**120 965**	**-3 045**	**-5 958**	**62 122**	**115 007**

Interim condensed consolidated statement of financial position

Notes to the statement of financial position	Data from the financial statements as at 30.06.2014	Change	Restated data 30.06.2014
Available-for-sale financial assets	2 784 204	-1 280 321	1 503 883
Amounts due from banks	305 948	-13 617	292 331
Amounts due from customers	21 882 525	-5 283	21 877 242
Assets pledged as collateral	0	1 299 221	1 299 221
TOTAL ASSETS	**24 972 677**	**0**	**24 972 677**
Financial liabilities measured at amortized cost	22 982 887	-22 982 887	0
Amounts due to banks	0	1 587 834	1 587 834
Amounts due to customers	0	21 395 053	21 395 053
Provisions	7 907	-3 709	4 198
Other liabilities	717 583	3 709	721 292
TOTAL LIABILITIES AND EQUITY	**23 708 377**	**0**	**23 708 377**

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the first half of 2015 have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union as of 30 June 2015 and interpreted by the opinion of the Polish Financial Supervision Authority (KNF) from 12 February 2015 and the interpretation of Ministry of Finance (MF) from 11 February 2015 in relation to recognition of fees paid to the Banking Guarantee Fund (BFG), and in compliance 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. Doubts regarding the recognition of fees paid to the Banking Guarantee Fund in the income statement arose as a result of the entry into force from 1 January 2015 of interpretation number 21 issued by the IFRS Interpretations Committee (IFRIC 21). Taking into account the above-mentioned position of the MF and the KNF, the Group applied analogous approach to recognition of fees as in previous years, i.e. decided to amortise the fees paid to the Banking Guarantee Fund over the whole year of 2015.

The total cost of obligatory annual premium and prudential levy paid to the BFG in 2015 amounts to PLN 60 936 thousand, of which PLN 29 675 thousand was recognised as an expense in the period ended 30 June 2015.

These interim condensed consolidated financial statements comply with the requirements of the International Accounting Standard 34 as regards interim financial reporting. These interim condensed 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 30 June 2015, and interim condensed statement of financial position as at 30 June 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 determination of the tax burden for the 6 months of 2015 in accordance with IAS 34, and amendments to standards which are binding from 1 January 2015.

In connection with Alior Bank acquiring shares in Meritum Bank ICB S.A. on 19 February 2015, the Group applied the provisions of IFRS 3 "Business Combinations".

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

- identifying the acquirer;
- establishing the acquisition date;
- recognition and measurement of identifiable assets and liabilities acquired measured at fair value as at the date of acquisition and of all non-controlling interests in the acquiree;
- recognition and measurement of goodwill or gain on bargain acquisition which are calculated as a difference between:
    - the sum of the consideration paid and the value of all non-controlling interests in the acquiree;
    - and the net value of identifiable assets and liabilities acquired measured in accordance with IFRS.

In each business combination, one of the combining entities is identified as the acquirer.

The acquirer establishes the acquisition date, which is the date of acquiring control over the acquiree.

On the acquisition date, the acquirer recognizes, separately from goodwill, identifiable assets and liabilities acquired and all non-controlling interests in the acquiree.

On the acquisition date, the acquirer classifies and designates identifiable assets and liabilities acquired in a manner enabling subsequent application of other IFRS standards. The acquirer performs this classification and designation based on the contractual provisions, terms and conditions, principles of its operations or accounting policies and other relevant conditions existing as at the acquisition date.

The acquirer measures the identifiable assets and liabilities acquired at their fair values as at the acquisition date.

The requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, do not apply in the determination of which contingent liabilities should be recognized as at the acquisition date. Instead, the acquirer recognizes as at the acquisition date a contingent liability acquired as part of the business combination if it represents a present obligation arising from past events and its fair value can be measured reliably. The acquirer recognizes a contingent liability acquired as part of a business combination even if it is not probable that the outflow of resources embodying economic benefits will be necessary to settle the liability.

The acquiree may establish, as part of the business combination transaction, the right of the acquirer to compensation in connection with an unknown result of a contingent event or uncertainty related to the whole or a part of the specific asset or liability. As a result, the acquirer obtains an asset relating to the right of compensation. The acquirer recognizes an asset in respect of the right to compensation at the time of recognizing the item to which the right relates and measures the asset according to the principles applicable to the item taking account of any impairment write-downs required in connection with uncollectible amounts.

The acquirer identifies all the items which are not a part of what has been exchanged by the acquirer and the acquiree (or its former owner) as part of the business combination, i.e. items which did not form a part of the consideration paid for the acquiree. In applying the acquisition method, the acquirer only takes into account the consideration paid for the acquiree and the assets and liabilities acquired as part of the acquisition of the acquiree.

Due to the fact that acquisition of control over Meritum Bank ICB SA took place on the opening of business on 19 February 2015, the transaction was settled based on the data as at 18 February 2015.

Pursuant to IFRS 3, the acquirer should close the allocation of the purchase price during 12 months from the moment of acquisition, which means that the process should end by 18 February 2016.

On 30 June 2015, the District Court for the Capital City of Warsaw in Warsaw, 13th Business Department of the National Court Register registered the business combination between the two banks. As at 30 June 2015, the data in the interim condensed separate financial statements comprise the data of Alior Bank and Meritum.

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 as a going concern for a period of at least 12 months after the balance sheet date, i.e. after 30 June 2015.

As of the date of approval of these interim condensed 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

Changes in accounting standards
The interim condensed consolidated financial statements were prepared in compliance with the new or revised accounting standards that apply from 1 January 2015. These are listed below:

- 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, *Disclosure 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), *Investments in Associates and Joint Ventures*, applicable to annual periods starting on or after 1 January 2015;
- Amendments to IFRS 10, 11 and 12 relating to transitional provisions, applicable to annual periods starting on or after 1 January 2015;
- Amendments to IFRS 10, 12 and IAS 27 concerning the consolidation of investment entities, applicable to annual periods starting on or after 1 January 2015;
- Amendments to IAS 32, *Financial Instruments*: *Presentation*, relating to offsetting of financial assets and liabilities, applicable to annual periods starting on or after 1 January 2015.
- Amendment to IAS 36, *Impairment of Assets*, relating to disclosures of recoverable amounts, applicable to annual periods starting on or after 1 January 2015;

- Amendment to IAS 39, *Financial Instruments*: *Recognition and Measurement*, relating to renewal of derivatives and hedge accounting, applicable to annual periods starting on or after 1 January 2015;

- IFRIC 21, Levies, applicable to annual periods starting on or after 17 June 2014 - approved by the UE; the effects have been described in note 2.1.

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 endorsed by the EU;
- Amendment to IFRS 1, *Presentation of Financial Statements*, applicable to annual periods starting on or after 1 January 2016, by the date of approving these financial statements, not endorsed by the EU;
- IFRS 14, *Regulatory Deferral Accounts*, applicable to annual periods starting on or after 1 January 2016, by the date of approving these financial statements, not endorsed by the EU;
- IFRS 15, *Revenue from Contracts with Customers*, applicable to annual periods starting on or after 1 January 2017, by the date of approving these financial statements, not endorsed by the EU;
- Amendment to IFRS 11, *Joint Arrangements*, relating to the acquisition of interests in joint operations, applicable to annual periods starting on or after 1 January 2016, by the date of approving these financial statements, not endorsed by the EU;
- Amendment IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*, relating to depreciation and amortization, applicable to annual periods starting on or after 1 January 2016, by the date of approving these financial statements, not endorsed 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, by the date of approving these financial statements, not endorsed by the EU;
- Amendment to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*, relating to the sale or contribution of assets, applicable to annual periods starting on or after 1 January 2016, by the date of approving these financial statements, not endorsed by the EU;
- Amendments arising from the IFRS 2012-2014 improvements project, applicable to annual periods starting on or after 1 July 2016, by the date of approving these financial statements, not endorsed by the EU;
- Amendment to IFRS 10, IFRS 12 and IAS 28, relating to the application of the consolidation exception with respect to investment entities and their subsidiaries, applicable to annual periods starting on or after 1 January 2016, by the date of approving these financial statements, not endorsed by the EU.

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;
- corporate segment;
- treasury activity;
- reconciling items.

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

The basic products for individual customers cover:

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

The basic products for corporate customers cover:

- loan products: credit lines, 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 Segment and Corporate 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 the distribution of units in investment funds).

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

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

The reconciling items include:

- internal net interest income calculated on net impairment losses;
- reconciliation of the presentation of the remuneration costs directly related to sale of financial instruments (incremental costs) for management reporting purposes by

(in PLN thousands)

deducting the amount relating to incremental costs from the commission income presented in corporate 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 first half of the year ended 30 June 2015

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Reconciling items	Total Bank
External interest income	**481 127**	**173 061**	**66 121**	**720 309**	**-3 446**	**716 863**
external income	633 617	264 492	112 851	1 010 960	-5 128	1 005 832
external expense	-152 490	-91 431	-46 730	-290 651	1 682	-288 969
Internal interest income	**3 634**	**16 073**	**-4 204**	**15 503**	**-15 503**	**0**
internal income	197 926	122 529	442 619	763 074	-14 100	748 974
internal expense	-194 292	-106 456	-446 823	-747 571	-1 403	-748 974
Net interest income	**484 761**	**189 134**	**61 917**	**735 812**	**-18 949**	**716 863**
Fee and commission income	75 645	121 735	686	198 066	62 327	260 393
Fee and commission expense	-43 443	-446	-154	-44 043	-53 241	-97 284
Net fee and commission income	**32 202**	**121 289**	**532**	**154 023**	**9 086**	**163 109**
Dividend income	**0**	**0**	**0**	**0**	**42**	**42**
Trading result	**-188**	**28 278**	**108 577**	**136 667**	**0**	**136 667**
Net gain (realized) on other financial instruments	**42 938**	**59 235**	**-97 864**	**4 309**	**36**	**4 345**
Other operating income	93 546	1 941	0	95 487	-44 440	51 047
Other operating expenses	-4 944	-188	-430	-5 562	-21 781	-27 343
Net other operating income	**88 602**	**1 753**	**-430**	**89 925**	**-66 221**	**23 704**
Total result before impairment losses	**648 315**	**399 689**	**72 732**	**1 120 736**	**-76 006**	**1 044 730**
Impairment losses	**-217 089**	**-78 342**	**0**	**-295 431**	**-8 708**	**-304 139**
Total result after impairment losses	**431 226**	**321 347**	**72 732**	**825 305**	**-84 714**	**740 591**
General administrative expenses	**-393 825**	**-125 324**	**-1 243**	**-520 392**	**0**	**-520 392**
Profit before tax	**37 401**	**196 023**	**71 489**	**304 913**	**-84 714**	**220 199**
Income tax	0	0	0	0	-41 517	-41 517
Net profit	**37 401**	**196 023**	**71 489**	**304 913**	**-126 231**	**178 682**
Assets	16 150 350	12 296 174	8 020 236	36 466 760		**36 466 760**
Liabilities	18 958 037	10 816 580	3 346 922	33 121 539		**33 121 539**

(in PLN thousands)

Results and volumes by segments for the first half of the year ended 30 June 2014

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Reconciling items	Total Bank
External interest income	**321 297**	**190 587**	**53 228**	**565 112**	**10 018**	**575 130**
external income	466 623	262 722	82 263	811 608	9 820	821 428
external expense	-145 326	-72 135	-29 035	-246 496	198	-246 298
Internal interest income	**51 182**	**-15 844**	**3 907**	**39 245**	**-39 245**	**0**
internal income	247 329	122 741	494 153	864 223	-36 863	827 360
internal expense	-196 147	-138 585	-490 246	-824 978	-2 382	-827 360
Net interest income	**372 479**	**174 743**	**57 135**	**604 357**	**-29 227**	**575 130**
Fee and commission income	115 264	86 729	734	202 727	61 191	263 918
Fee and commission expense	-32 771	-189	-263	-33 223	-63 309	-96 532
Net fee and commission income	**82 493**	**86 540**	**471**	**169 504**	**-2 118**	**167 386**
Dividend income	**0**	**0**	**0**	**0**	**2**	**2**
Trading result	**67**	**18 020**	**102 860**	**120 947**	**18**	**120 965**
Net gain (realized) on other financial instruments	**31 053**	**61 566**	**-90 559**	**2 060**	**110**	**2 170**
Other operating income	61 834	2 497	2	64 333	-38 288	26 045
Other operating expenses	-5 523	-191	-25	-5 739	-2 330	-8 069
Net other operating income	**56 311**	**2 306**	**-23**	**58 594**	**-40 618**	**17 976**
Total result before impairment losses	**542 403**	**343 175**	**69 884**	**955 462**	**-71 833**	**883 629**
Impairment losses	**-148 291**	**-98 860**	**0**	**-247 151**	**0**	**-247 151**
Total result after impairment losses	**394 112**	**244 315**	**69 884**	**708 311**	**-71 833**	**636 478**
General administrative expenses	**-330 520**	**-117 243**	**-1 163**	**-448 926**	**0**	**-448 926**
Profit before tax	**63 592**	**127 072**	**68 721**	**259 385**	**-71 833**	**187 552**
Income tax	0	0	0	0	-36 267	-36 267
Net profit	**63 592**	**127 072**	**68 721**	**259 385**	**-108 100**	**151 285**
Assets	11 792 844	10 084 398	5 247 219	27 124 461	0	27 124 461
Liabilities	13 803 981	7 591 072	2 906 955	24 302 008	0	24 302 008

(in PLN thousands)

Notes to the interim condensed consolidated income statement

4. Net interest income

4.1 Net interest income by entity	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Interest income	**1 005 832**	**835 630**
financial sector	78 778	62 191
non-financial sector	894 397	743 165
central and local government institutions	32 657	30 274
Interest expense	**-288 969**	**-254 542**
financial sector	-104 162	-75 820
non-financial sector	-183 082	-178 185
central and local government institutions	-1 725	-537
Net interest income	**716 863**	**581 088**

4.2 Net interest income by product	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Interest income	**1 005 832**	**835 630**
Interest income from financial instruments measured at amortized cost including the effective interest rate method	938 923	791 099
loans	879 067	727 097
financial assets available for sale	44 354	47 487
receivables acquired	13 864	15 729
other	1 638	786
Other interest income	66 909	44 531
current accounts	7 549	9 135
overnight deposits	600	307
hedging derivatives	58 760	35 089
Interest expense	**-288 969**	**-254 542**
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-228 844	-193 553
term deposits	-169 037	-145 982
repo transactions in securities	-10 009	-6 313
cash deposits	-636	-2 300
own issue	-47 673	-37 142
other	-1 489	-1 816
Other interest expense	-60 125	-60 989
current deposits	-21 270	-32 931
hedging derivatives	-38 855	-28 058
Net interest income	**716 863**	**581 088**

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

5. Net fee and commission income

(in PLN thousands)

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Fee and commission income	**260 393**	**263 918**
brokerage commissions	33 151	27 866
payment cards	41 893	60 694
revenue from bancassurance activity	45 001	75 853
loans and advances	34 373	29 302
accounts maintenance	39 848	23 490
transfers	17 862	15 287
remittances and withdrawals services	10 227	9 733
acquired receivables	6 662	6 575
guarantees, letters of credit, collections, promises	7 432	6 247
other commissions	23 944	8 871
Fee and commission expense	**-97 284**	**-96 532**
brokerage commissions	-1 842	-2 840
costs of card transactions and ATM , including costs of payment card issue	-28 075	-29 315
insurance of bank products	-12 308	-7 607
commissions for ATM sharing	-11 318	-10 914
fees paid under service agreements	-4 752	-9 542
compensation and awards to customers	-8 242	-9 242
commissions paid to agents	-9 690	-6 299
assistance services	-2 110	-3 991
costs of customers acquisition	-2 793	-1 568
other commissions	-16 154	-15 214
Net fee and commission income	**163 109**	**167 386**

The Group does not conduct any fiduciary activities.

6. Trading result

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Foreign exchange transactions result	103 351	93 347
Interest rate transactions result	33 554	20 326
Over hedge	-225	0
Other financial instruments result	-13	1 334
Trading result	**136 667**	**115 007**

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 denominated in foreign currencies.
The result on interest rate transactions includes the results on: interest rate swaps, FRA, net interest income on CIRS transactions and the result on interest rate options (cap/floor).
The result on other financial instruments is the result on trading in equity securities, the result on commodity derivatives (including forwards and futures), the result on options for exchange indices, index baskets and commodities.

7. Net gain realized on other financial instruments

(in PLN thousands)

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Financial assets available for sale	4 574	2 119
Own issue	-229	51
income from re-purchase	259	105
losses on repurchase	-488	-54
Net gain realized on other financial instruments	**4 345**	**2 170**

8. Net other operating income

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Other operating income from:	**51 047**	**26 045**
management of third party assets	3 248	8 834
received compensations, fines and penalties	196	118
fees paid by counterparts	9 676	3 010
acquisition of receivables	8 109	21
reimbursement of litigation costs	10 769	6 605
other	19 049	7 457
Other operating expenses due to:	**-27 343**	**-8 069**
management of third party assets	-906	-1 937
paid compensations, fines and penalties	-2 002	-385
awards given to customers	-270	-438
operating risk	-12 309	-911
litigation costs	-4 841	-2 435
other	-7 015	-1 963
Net other operating income and expense	**23 704**	**17 976**

9. General administrative expenses

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Payroll costs	**-278 529**	**-247 443**
remuneration due to employment contracts	-226 021	-202 589
remuneration surcharges	-44 078	-38 036
share-based payments	-1 754	-3 133
other	-6 676	-3 685
General and administrative costs	**-199 099**	**-157 910**
IT costs	-21 065	-17 495
lease and building maintenance expenses	-72 998	-71 158
marketing costs	-25 401	-15 528
training costs	-4 770	-5 850
cost of advisory services	-10 254	-8 039
costs of Banking Guarantee Fund	-29 675	-14 949
lease of property, plant and equipment and intangible assets	-1 591	-2 426
costs of telecommunications services	-7 986	-8 183
external services	-13 016	-7 031
other	-12 343	-7 251
Amortization and depreciation	**-39 888**	**-39 276**
property, plant and equipment	-23 379	-23 970
intangible assets	-16 509	-15 306
Taxes and fees	**-2 876**	**-4 297**
Total general administrative expenses	**-520 392**	**-448 926**

(in PLN thousands)

10. Net impairment losses and provisions

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Impairment losses on impaired loans and advances to customers	-310 961	-229 667
financial sector	-3 013	-612
non-financial sector	-307 948	-229 055
retail customers	-208 287	-141 368
business customers	-99 661	-87 687
IBNR for customers without impairment losses	13 993	-18 358
financial sector	137	-175
non-financial sector	13 856	-18 183
retail customers	13 445	-17 764
business customers	411	-419
Off-balance reserve	961	881
Property, plant and equipment and intangible assets	-8 132	-7
Net impairment losses & provisions	**-304 139**	**-247 151**

11. Corporate income tax

11.1 Presented in the income statement	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Current tax	68 969	43 004
current year	69 008	43 004
prior year tax adjustment	-39	0
Deferred tax	-27 452	-6 737
origination and reversal of temporary differences	-27 452	-6 737
Accounting tax recognized in the income statement	**41 517**	**36 267**

11.2 Effective tax rate calculation	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Profit before tax	**220 199**	**187 552**
Income tax at 19%	**41 839**	**35 635**
Non-tax deductible expenses	**7 242**	**4 113**
Representation costs	77	40
State Fund for Rehabilitation of Persons with Disabilities	572	538
Impairment losses on loans in the part not covered with deferred tax	532	2 669
Prudential charge to BFG	2 860	0
Costs of provisions for management options	333	595
Donations	0	22
Other	2 868	249
Non-taxable revenues	**-6 140**	**-724**
Release of loan impairment allowances in the part not covered with the deferred tax	-71	-4
Other	-6 069	-720
Recognition of tax loss	**252**	**0**
Reimbursement of tax from the tax office	**0**	**151**
Recognition of assets related to contribution of receivables to Obrót Wierzytelnościami Alior Polska sp. z o.o. S.K.A.	**0**	**-2 897**
Other	**-1 676**	**-11**
Accounting tax recognized in the income statement	**41 517**	**36 267**
Effective tax rate	**18,85%**	**19,34%**

(in PLN thousands)

12. Earnings per share

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Net profit	178 682	151 285
Weighted average number of ordinary shares	71 468 543	69 941 261
Share options (number) - adjusting instrument	3 139 189	3 331 250
Adjusted weighted average number of shares	74 607 732	73 272 511
Net earnings per ordinary share (PLN)	**2,50**	**2,16**
Diluted earnings per one share	**2,39**	**2,06**

Notes to the interim condensed consolidated statement of financial position

13. Cash and balances with the Central Bank

	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current account with the Central Bank	1 617 978	932 357	858 218
Cash	196 625	226 083	199 195
Cash and balances with the central bank	**1 814 603**	**1 158 440**	**1 057 413**

14. Available-for-sale financial assets

14.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Debt instruments	**2 700 748**	**2 649 121**	**1 503 205**
issued by the State Treasury	2 269 145	2 062 300	946 558
T-bonds	2 269 145	2 062 300	946 558
issued by monetary institutions	0	149 967	99 421
bonds	0	0	99 421
money bills	0	149 967	0
issued by other financial institutions	123 858	125 725	105 007
bonds	104 119	104 633	105 007
Eurobonds	19 739	21 092	0
issued by companies	307 745	311 129	352 219
bonds	307 745	311 129	352 219
Equity instruments	**12 960**	**3 005**	**678**
Available-for-sale financial assets	**2 713 708**	**2 652 126**	**1 503 883**

14.2 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
without set maturity date	12 960	3 006	678
≤ 1M	0	149 967	40 093

(in PLN thousands)

≤ 6M> 3M ≤ 6M	130 886	0	99 421
> 6M ≤ 1Y	261 365	775 059	233 101
> 1Y ≤ 2Y	1 091 110	303 091	108 288
> 2Y ≤ 5Y	1 021 331	1 141 518	490 026
> 5Y ≤ 10Y	196 056	279 485	532 276
Available-for-sale financial assets	**2 713 708**	**2 652 126**	**1 503 883**

14.3 Impairment allowance on debt instruments	As at 30.06.2015		As at 31.12.2014		As at 30.06.2014	
	Gross amount	Impairment allowance	Gross amount	Impairment allowance	Gross amount	Impairment allowance
Bonds issued by companies	111 849	6 491	111 852	6 491	4 316	4 316

14.4 Change in the balance of debt instruments impairment allowances	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
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 schedules below show the prioritization of the measurement methods of available-for-sale financial assets measured at fair value as at 30 June 2015 and the comparatives as at 31 December 2014 and 30 June 2014.

In accordance with IFRS 13, the Group classified:
• to level 1 – all securities for which quotations are available from active financial markets.
The group includes mainly debt Treasury securities. The fair value is determined based on the purchase price from the quotations on the interbank market, brokers' quotations and BondSpot quotations.

• to level 2 – instruments for which prices are not directly observable, but the prices used for measurement are based on quotations from active transaction markets.
The group includes NBP bills and commercial debt securities.
The fair value is determined based on the discounted future cash flows method which assumes that the profitability curves will be based on quotations of profitability of securities on the interbank market.
Debt commercial securities are measured based on profitability curves adjusted by the credit spread, if the spread may be determined on the basis of observable market quotations, e.g. based on quotations of credit swaps.
Debt commercial securities quoted on exchanges, with low transaction volumes on the market, were also recognized on this level.

• to 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 the fair values of which are impacted, apart from parameters derived from market quotations, also by the unobservable credit spread. The spread is calculated based on the prices on the primary

(in PLN thousands)

market or prices at the moment of the transaction. The spread value is periodically updated in periods when reliable market quotations are available or when prices from similar volume transactions are known. The amount of the spread also changes on the basis of information on changes in the financial standing of the security issuer. At the end of the first half of 2015 the sensibility to change in the valuation of these assets in an event of the credit spread going up by 1 basis point was PLN 100 thousand.

In 2014, one issue of corporate bonds, for which there were no sufficiently liquid market quotations and credit spread was not observable, was transferred from level 2 to level 3. Instruments are transferred between particular levels at the end of the reporting period. The premises for the transfers are based on the terms and conditions described in international financial reporting standards, i.e., *inter alia,* on the availability of quotations of the instruments on active markets, availability of quotations regarding measurement components, or the existence of unobservable factors on the fair value.

In the period 1 January 2015 to 30 June 2015 there were no transfers of financial assets within the hierarchy levels.

14.5 Fair value	**As at 30.06.2015**	**As at 31.12.2014**	**As at 30.06.2014**
Level 1	**2 332 541**	**2 127 558**	**990 929**
T-bonds	2 269 145	2 062 300	946 558
Other bonds	63 396	65 258	44 371
Level 2	**0**	**149 967**	**0**
Money bills	0	149 967	0
Level 3	**381 167**	**374 601**	**512 954**
Equity instruments	12 960	3 005	678
Other bonds	368 207	371 596	512 276
Valuation of available for sale financial assets by level	**2 713 708**	**2 652 126**	**1 503 883**

14.6 Movements on financial assets available for sale classified as level 3	**As at 30.06.2015**	**As at 31.12.2014**	**As at 30.06.2014**
Opening balance	**374 601**	**291 037**	**291 037**
Reclassification	0	151 275	151 275
Increases, including	**49 326**	**221 065**	**100 945**
Acquisition	48 261	221 058	100 125
Movements on interest	0	0	820
Fair value adjustment	420	0	0
Foreign exchange differences	645	7	0
Decreases, including	**-42 760**	**-288 776**	**-30 303**
Sale	-42 550	-280 518	-29 118
Other changes recognised in income statement	-210	-4 634	-426
Fair value adjustment	0	-3 624	-758
Foreign exchange differences	0	0	-1
Financial assets available for sale classified as level 3 at the end of the period	**381 167**	**374 601**	**512 954**

The valuation of available-for-sale assets is presented in the revaluation reserve, interest and discount income – in interest income and the result on sale in the result on other financial instruments.

(in PLN thousands)

15. Amounts due from customers

15.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
Working capital facility	155 713	142 530	138 923
Consumer loans	7 974 028	6 217 208	5 759 201
Consumer finance loans	627 229	704 834	653 218
Loans for purchase of securities	157 355	142 921	165 108
Credit card borrowings loans	233 182	204 619	193 662
Loans for residential real estate	5 777 712	4 991 141	4 022 934
Other mortgage loans	901 946	877 230	834 135
Other receivables	221 313	20 436	25 663
Corporate segment	**12 296 174**	**10 347 071**	**10 084 398**
Working capital facility	6 971 721	5 527 749	5 665 472
Car loans	101 325	141 299	189 317
Investment loans	4 668 444	4 134 162	3 659 108
Acquired receivables	521 040	517 347	550 711
Other receivables	33 644	26 514	19 790
Amounts due from customers	**28 344 652**	**23 647 990**	**21 877 242**

15.2 By gross amounts and carrying amounts	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
Loans for residential real estate	5 777 712	4 991 141	4 022 934
unimpaired	5 679 299	4 908 611	3 940 966
impaired	128 762	112 240	99 978
IBNR	-4 919	-6 531	-3 005
Impairment allowance	-25 430	-23 179	-15 005
Consumer finance loans	627 229	704 834	653 218
unimpaired	616 111	691 187	643 991
impaired	46 526	49 064	39 270
IBNR	-1 495	-2 392	-3 350
Impairment allowance	-33 913	-33 025	-26 693
Other retail loans	9 643 537	7 604 944	7 116 692
unimpaired	9 383 400	7 274 942	6 860 430
impaired	1 034 928	1 034 794	862 828
IBNR	-109 353	-71 927	-62 510
Impairment allowance	-665 438	-632 865	-544 056
Corporate segment	**12 296 174**	**10 347 071**	**10 084 398**
unimpaired	11 782 051	9 838 275	9 602 170
impaired	1 267 592	1 028 647	928 857
IBNR	-34 317	-18 130	-16 394
Impairment allowance	-719 152	-501 721	-430 235
Amounts due from customers	**28 344 652**	**23 647 990**	**21 877 242**

(in PLN thousands)

15.3 Receivables from customers impaired	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Receivables from customers individually assessed	**667 418**	**801 399**	**744 810**
Retail segment	**211 816**	**309 349**	**284 039**
Amounts due from customers	309 870	595 598	563 630
Impairment allowance	-98 054	-286 249	-279 591
Corporate segment	**455 602**	**492 050**	**460 771**
Amounts due from customers	941 881	908 514	820 107
Impairment allowance	-486 279	-416 464	-359 336
Receivables from customers collectively assessed	**366 457**	**232 556**	**170 134**
Retail segment	**273 619**	**197 680**	**132 284**
Amounts due from customers	900 346	600 500	438 447
Impairment allowance	-626 727	-402 820	-306 163
Corporate segment	**92 838**	**34 876**	**37 850**
Amounts due from customers	325 711	120 133	108 750
Impairment allowance	-232 873	-85 257	-70 900
Receivables from customers impaired	**1 033 875**	**1 033 955**	**914 944**

15.4 Change in the balance of receivables impairment allowances and IBNR	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	1 289 770	873 374	873 374
Changes due to the acquisition of Meritum	415 028	0	0
Changes during the year:	296 968	500 265	248 025
Increases	1 309 104	1 001 224	482 105
Retail segment	1 086 879	622 589	277 221
Corporate segment	222 225	378 635	204 884
Decreases	-1 012 136	-500 959	-234 080
Retail segment	-892 037	-303 500	-118 089
Corporate segment	-120 099	-197 459	-115 991
Transfer to costs	-408 165	-105 583	-20 357
Other changes	417	21 714	206
Impairment allowances and IBNR at the end of the period	**1 594 018**	**1 289 770**	**1 101 248**

The provision for losses incurred but not reported (IBNR) amounted to: PLN 150 174 thousand as at 30 June 2015, PLN 98 980 thousand as at 31 December 2014 and PLN 85 259 thousand as at 30 June 2014.

15.5 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
≤ 1M	1 900 817	2 048 850	1 909 060
> 1M ≤ 3M	333 567	267 977	294 561
> 3M ≤ 6M	500 931	389 449	389 332
> 6M ≤ 1Y	866 444	741 573	589 871
>1Y ≤ 2Y	1 443 389	1 101 573	972 705
>2Y ≤ 5Y	3 287 641	2 474 771	2 244 103
>5Y ≤ 10Y	3 263 685	2 444 547	2 219 342

(in PLN thousands)

>10Y ≤ 20Y	2 449 216	2 076 617	1 697 829
>20Y	2 002 788	1 755 562	1 476 041
Corporate segment	**12 296 174**	**10 347 071**	**10 084 398**
≤ 1M	5 162 886	3 561 340	3 997 134
> 1M ≤ 3M	794 887	622 870	635 103
> 3M ≤ 6M	272 911	587 109	218 065
> 6M ≤ 1Y	896 120	870 559	797 448
>1Y ≤ 2Y	1 269 866	1 339 352	965 916
>2Y ≤ 5Y	1 866 348	1 766 626	2 001 784
>5Y ≤ 10Y	1 563 749	1 212 647	1 158 869
>10Y ≤ 20Y	469 407	386 568	310 079
Amounts due from customers	**28 344 652**	**23 647 990**	**21 877 242**

15.6 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
PLN	14 921 956	12 277 760	10 812 002
EUR	862 925	836 381	814 404
GBP	77 847	30 769	491
USD	11 191	4 615	577
CHF	174 503	151 388	165 264
Other	56	6	106
Corporate segment	**12 296 174**	**10 347 071**	**10 084 398**
PLN	9 852 655	8 056 802	7 718 148
EUR	2 302 057	2 165 986	2 225 815
GBP	7 133	4 375	3 242
USD	97 853	86 068	98 403
CHF	36 476	33 839	37 590
Other	0	1	1 200
Total receivables	**28 344 652**	**23 647 990**	**21 877 242**

As at 30 June 2015, loans denominated in CHF represented 0.7% of the entire amounts due from customers; as at 31 December 2014, they represented 0.8% and as at 30 June 2014 0.9%.

15.7 Ten largest credit exposures	Currency	As at 30.06.2015
Company 1	EUR, PLN	243 825
Company 2	EUR	237 258
Company 3	EUR,GBP, PLN	156 513
Company 4	GBP,PLN	144 307
Company 5	PLN	128 609
Company 6	PLN	123 515
Company 7	PLN	120 013
Company 8	EUR	113 477
Company 9	EUR, PLN	112 164
Company 10	PLN	101 577

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

15.9 Ten largest credit exposures	Currency	As at 30.06.2014
Company 1	PLN	249 678
Company 2	EUR,GBP,PLN	237 143
Company 3	PLN	208 028
Company 4 Impaired	EUR	167 580
Company 5	PLN	164 271
Company 6	EUR	154 076
Company 7	PLN	148 155
Company 8 Impaired	PLN	144 850
Company 9	EUR	116 476
Company 10	PLN	105 040

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

In the first half of 2015, the Bank sold loans with a total gross value of PLN 547 510 thousand and the buyer took over all the rights and benefits related to the portfolio.

16. Amounts due from banks

16.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current accounts	178 199	291 440	53 271
Overnight deposits (O/N)	213 773	6 394	152 553
Term deposits	935	2 385	11 699
Deposits as derivative transactions (ISDA) collateral	100 195	143 427	61 284
Other	9 677	5 732	13 524
Amounts due from banks	**502 779**	**449 378**	**292 331**

16.2 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
≤ 1M	501 844	446 993	289 277

(in PLN thousands)

> 1M ≤ 3M	831	2 385	3 054
> 3M ≤ 6M	104	0	0
Amounts due from banks	**502 779**	**449 378**	**292 331**

16.3 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
PLN	225 581	18 778	11 448
EUR	138 943	188 227	139 474
GBP	12 083	27 844	21 787
USD	51 931	153 248	78 602
CHF	12 963	5 608	12 498
Other currencies	61 278	55 673	28 522
Amounts due from banks	**502 779**	**449 378**	**292 331**

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

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

As at 30.06.2015	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2015	7 094	196 229	155 293	72 450	431 066
Changes due to the acquisition of Meritum	0	11 969	3 151	9 999	25 119
Other changes in 1H Y 2015:	-5 082	13 406	-6 323	1 659	3 660
Purchases in 2015	1 616	9 879	1 347	435	13 277
Reclassifications in 2015	-1 360	1 224	-1	137	0
Sales in 2015	0	0	0	-310	-310
Other changes	-5 338	2 303	-7 669	1 397	-9 307
Value at cost as at 30.06.2015	2 012	221 604	152 121	84 108	459 845
Accumulated depreciation as at 01.01.2015	0	121 777	68 785	46 067	236 629
Changes due to the acquisition of Meritum	0	9 320	2 097	5 474	16 891
Depreciation for 2015	0	11 460	4 419	7 500	23 379
Other changes	0		0	-3 751	-3 751
Accumulated depreciation as at 30.06.2015	0	142 557	75 301	55 290	273 148
Impairment allowances as at 01.01.2015	0	577	2 006	19	2 602
Changes in impairment allowances in 2015	0	328	-505	0	-177

(in PLN thousands)

Impairment allowances as at 30.06.2015	0	905	1 501	19	2 425
Net value as at 01.01.2015	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**
Net value as at 30.06.2015	**2 012**	**78 142**	**75 319**	**28 799**	**184 272**

As at 31.12.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2014	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 as at 31.12.2014	7 094	196 229	155 293	72 450	431 066
Accumulated depreciation as at 01.01.2014	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	21 614	15 477	9 366	46 457
Other changes				-2 563	-2 563
Accumulated depreciation as at 31.12.2014	0	121 777	68 785	46 067	236 629
Impairment allowances as at 01.01.2014	0	182	193	19	394
Changes in impairment allowances in 2014	0	395	1 813	0	2 208
Impairment allowances as at 31.12.2014	0	577	2 006	19	2 602
Net value as at 01.01.2014	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at 31.12.2014	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**

As at 30.06.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2014	13 332	174 125	150 247	70 546	408 250
Changes due to:	-8 276	16 158	4 046	1 140	13 068
Purchases in 2014	7 019	7 153	3 931	1 037	19 140
Reclassifications in 2014	-7 692	7 246	236	188	-22
Other changes	-7 603	1 759	-121	-85	-6 050
Value at cost as at 30.06.2014	5 056	190 283	154 293	71 686	421 318
Accumulated depreciation as at 01.01.2014	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	13 000	7 662	3 308	23 970
Other changes	0	0	0	-37	-37
Accumulated depreciation as at 30.06.2014	0	113 163	60 970	42 535	216 668
Impairment allowances as at 01.01.2014	0	182	193	19	394
Changes in impairment allowances in 2014	0	1	6	0	7
Impairment allowances as at 30.06.2014	0	183	200	19	402
Net value as at 01.01.2014	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at 30.06.2014	**5 056**	**76 937**	**93 123**	**29 132**	**204 248**

18. Intangible assets

Stan 30.06.2015	Goodwill	Capital expenditure	Computer software and licences	Trademark	Other*	Total
Value at cost as at 01.01.2015	3 295	35 704	307 574	300	0	346 873
Changes due to the acquisition of Meritum	101 872	1 255	64 672	3 367	4 704	175 870
Changes in intangible assets due to:	0	-4 759	22 717	0	0	17 958

(in PLN thousands)

Purchases in 2015	0	4 758	12 690	0	0	17 448
Reclassifications in 2015	0	-8 861	8 844	0	0	-17
Capitalized costs of salaries	0	16 884	1 024	0	0	17 908
Other changes	0	-17 540	159	0	0	-17 381
Value at cost as at 30.06.2015	105 167	32 200	394 963	3 667	4 704	540 701
Accumulated amortization as at 01.01.2015	0	0	128 620	0	0	128 620
Change due to the acquisition of Meritum			31 324	0	514	31 838
Amortization for 2015	0	0	15 803	0	706	16 509
Other changes	0	0	23	-	-	23
Accumulated amortization as at 30.06.2015	0	0	175 770	0	1 220	176 990
Impairment allowances as at 01.01.2015	2 321	27	342	0	0	2 690
impairment changes	0	0	0	3 367	0	3 367
Impairment allowances as at 30.06.2015	2 321	27	342	3 367	0	6 057
Net value as at 01.01.2015	**0**	**35 677**	**178 612**	**300**	**0**	**214 589**
Net value as at 30.06.2015	**102 846**	**32 173**	**218 851**	**300**	**3 484**	**357 654**

*)including customer relationships

As at 31.12.2014	Goodwill	Capital expenditure	Computer software and licences	Trademark	Total
Value at cost as at 01.01.2014	0	53 762	233 514	300	287 576
Changes in intangible assets due to:	3 295	-18 057	74 060	0	59 298
Purchases in 2014	0	28 004	9 777	0	37 781
Reclassifications in 2014	0	-54 164	54 164	0	0
Capitalized costs of salaries	0	8 103	10 119	0	18 222
Other changes	3 295	0	0	0	3 295
Value at cost as at 31.12.2014	3 295	35 705	307 574	300	346 874
Accumulated amortization as at 01.01.2014	0	0	99 524	0	99 524
Amortization for 2014	0	0	28 999	0	28 999
Other changes	0	0	97		97
Accumulated amortization as at 31.12.2014	0	0	128 620		128 620
Impairment allowances as at 01.01.2014	0	0	2	0	2
Changes in impairment allowances	2321	27	340	0	2 688
Impairment allowances as at 31.12.2014	2321	27	342	0	2 690
Net value as at 01.01.2014	**0**	**53 762**	**133 988**	**300**	**188 050**
Net value as at 31.12.2014	**974**	**35 678**	**178 612**	**300**	**215 564**

As at 30.06.2014	Goodwill	Capital expenditure	Computer software and licences	Trademark	Total
Value at cost as at 01.01.2014	0	53 762	233 514	300	287 576
Changes in intangible assets due to:	974	-46 335	62 623	0	17 262
Purchases in 2014	0	3 630	11 294	0	14 924
Reclassifications in 2014	0	-51 042	51 063	0	21
Capitalized costs of salaries	0	9 893	0	0	9 893
Other changes	974	-8816	266	0	-7 576
Value at cost as at 30.06.2014	974	7 427	296 137	300	304 838
Accumulated amortization as at 01.01.2014	0	0	99 524	0	99 524

(in PLN thousands)

Amortization for 2014	0	0	15 306	0	15 306
Accumulated amortization as at 30.06.2014	0		114 830	0	114 830
Impairment allowances as at 01.01.2014	0	0	2	0	2
Impairment allowances as at 30.06.2014	0	0	2	0	2
Net value as at 01.01.2014	**0**	**53 762**	**133 988**	**300**	**188 050**
Net value as at 30.06.2014	**974**	**7 427**	**181 305**	**300**	**190 006**

Expenditure on intangible assets which are owned or co-owned by the Bank and are earmarked for holding and using for the Bank's purposes or for sale, are included in costs directly related to assembly in progress or commissioning for use of new or improved intangible assets. These, among others, comprise the costs of:

- purchase, in Poland or abroad, or creating proprietary intangible assets and their transport, assembly, correction and implementation tests;
- preparing the place to implement the intangible assets; design documentation.

19. Other assets

19.1 Other assets	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Sundry debtors	**273 292**	**181 153**	**181 587**
Other settlements	115 307	42 834	38 429
Receivables related to the sale of goods and services (including insurance)	71 488	10 894	49 132
Guarantee deposits	10 852	11 178	11 644
Settlements of payment cards	75 645	116 247	82 382
Deferred costs	**102 564**	**29 212**	**36 951**
Settlements of rental charges and utilities	601	379	136
Maintenance and support of systems, servicing of plant and equipment	7 404	6 692	7 002
Mandatory costs of Banking Guarantee Fund	30 469	0	13 213
Other deferred costs	64 090	22 141	16 600
Accrued income on PCC settlements with the Tax Office	**0**	**0**	**2 500**
Settlements of VAT	**1 192**	**16 100**	**1 407**
Other assets (gross)	**377 048**	**226 465**	**222 445**
Impairment allowances	**-30 436**	**-7 204**	**-6 311**
Other assets (net)	**346 612**	**219 261**	**216 134**
including financial assets	273 292	181 153	181 587

19.2 Change in the balance of other assets impairment allowances	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	7 204	5 996	5 996
Changes due to the acquisition of Meritum	11 453	0	0
Changes during the year:	11 779	1 208	315
Increases	11 918	1 371	442
Decreases	-139	-163	-127
Impairment allowances at the end of the period	**30 436**	**7 204**	**6 311**

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

(in PLN thousands)

20. Amounts due to customers

20.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current deposits	11 518 133	9 860 730	9 445 963
Term deposits	15 738 934	12 623 311	10 184 651
Own issue of Banking Securities	2 179 432	1 641 956	1 469 538
Other liabilities	338 118	301 991	294 901
Total amounts due to customers	**29 774 617**	**24 427 988**	**21 395 053**

20.2 By customer type and segment	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**18 958 037**	**14 849 410**	**13 803 981**
Current deposits	8 260 354	6 736 053	6 956 189
Term deposits	10 366 322	7 796 845	6 528 896
Banking securities issued	148 347	156 769	167 505
Other liabilities	183 014	159 743	151 391
Corporate segment	**10 816 580**	**9 578 578**	**7 591 072**
Current deposits	3 257 779	3 124 677	2 489 774
Term deposits	5 372 612	4 826 466	3 655 755
Banking securities issued	2 031 085	1 485 187	1 302 033
Other liabilities	155 104	142 248	143 510
Total amounts due to customers	**29 774 617**	**24 427 988**	**21 395 053**

20.3 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**18 958 037**	**14 849 410**	**13 803 981**
≤ 1M	10 470 382	8 305 470	9 108 960
> 1M ≤ 3M	3 015 433	2 819 115	1 912 625
> 3M ≤ 1Y	5 125 641	2 974 459	2 072 235
> 1Y ≤ 5Y	338 204	742 513	704 141
>5Y	8 377	7 853	6 020
Corporate segment	**10 816 580**	**9 578 578**	**7 591 072**
≤ 1M	6 412 853	6 538 822	4 870 254
> 1M ≤ 3M	1 819 007	1 027 542	927 612
> 3M ≤ 1Y	1 051 338	962 364	704 108
> 1Y ≤ 5Y	1 526 615	1 042 498	1 082 011
>5Y	6 767	7 352	7 087
Total amounts due to customers	**29 774 617**	**24 427 988**	**21 395 053**

20.4 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**18 958 037**	**14 849 410**	**13 803 981**
PLN	16 401 832	12 810 749	11 748 612
Other	2 556 205	2 038 661	2 055 369
Corporate segment	**10 816 580**	**9 578 578**	**7 591 072**
PLN	9 580 106	8 627 707	6 304 043
Other	1 236 474	950 871	1 287 029
Total amounts due to customers	**29 774 617**	**24 427 988**	**21 395 053**

20.5.1 Ten largest depositors (without banks)	Currency	As at 30.06.2015
Company 1	EUR,PLN,USD	387 442
Company 2	PLN	170 011
Company 3	PLN	151 406
Company 4	PLN	108 009

(in PLN thousands)

Company 5	PLN	100 192
Company 6	PLN	100 127
Company 7	PLN	95 400
Company 8	PLN,EUR	85 676
Company 9	PLN	82 444
Company 10	PLN,USD	66 829

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 depositors (without banks)	Currency	As at 30.06.2014
Company 1	PLN,USD,EUR	294 929
Company 2	PLN	196 683
Company 3	PLN,EUR	119 092
Company 4	PLN	109 053
Company 5	PLN	98 678
Company 6	PLN,USD,EUR	75 667
Company 7	PLN,USD,EUR	73 051
Natural person 1	PLN	59 046
Company 8	PLN	56 598
Company 9	PLN,EUR	45 563

In the first half of 2015, the Group issued PLN 870,471 thousand of banking securities (BPW). The redemption prior to maturity date amounted to PLN 139,570 thousand. In 2014, the Group issued PLN 890,433 thousand of BPW and the redemption prior to maturity date amounted to PLN 108,611 thousand.

21. Amounts due to banks

21.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current deposits	11 040	11 015	11 019
Overnights	0	0	47 546
Term deposits	0	0	169 051
Banking securities issued	32 657	22 676	22 689
Other liabilities	105 830	131 550	67 615
Repo	1 451 029	883 921	1 269 914
Total amounts due to banks	**1 600 556**	**1 049 162**	**1 587 834**

21.2 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
≤ 1M	1 567 899	1 026 486	1 565 145
> 1M ≤ 3M	0	0	0
> 3M ≤ 1Y	12 657	10 003	0
> 1Y ≤ 5Y	20 000	12 673	22 689

(in PLN thousands)

>5Y	0	0	0
Total amounts due to banks	**1 600 556**	**1 049 162**	**1 587 834**

21.3 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
PLN	1 497 462	926 887	1 445 315
EUR	80 664	86 568	120 669
USD	22 401	35 707	21 850
ZAR	29	0	0
Total amounts due to banks	**1 600 556**	**1 049 162**	**1 587 834**

22. Provisions

	Provisions for disputed claims	Provisions for employee benefits	Off-balance reserve	Restructuring provision	Total provisions
As at 1 January 2015	2 513	824	4 974	0	8 311
Changes due to the acquisition of Meritum	711	54	0	0	765
Provisions recorded	3 138	6	4 139	5 561	12 844
Provisions released	-67	0	-5 100	0	-5 167
Provisions utilized	-2 704	0	0	0	-2 704
Other changes	0	0	-35	0	-35
As at 30 June 2015	**3 591**	**884**	**3 978**	**5 561**	**14 014**

	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**

	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	1 379	67	2 865	4 311
Provisions released	-126	0	-3 746	-3 872
Provisions utilized	-1 109	0	0	-1 109
Other changes	0	0	-3	-3
As at 30 June 2014	**402**	**690**	**3 106**	**4 198**

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 Bank commits to paying based on the Remuneration Regulations.

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

23. Fair value

Fair value is the price which would be received on the sale of an asset or paid for settling a liability in a transaction concluded on an arm's length basis on the main (or most favourable) market as at the measurement date in prevailing market conditions (i.e. the selling price) irrespective of whether it is directly observable or estimated using another measurement technique.
The fair value of financial instruments is based on prices quoted on an active main (or most favourable) market, and is not decreased by transaction costs. If the market price is not available, the fair value of an instrument is determined using valuation models or discounted cash flow techniques.

The following are used in valuation techniques:

- latest market transactions concluded directly between informed and interested parties, if such information is available;
- references to present fair value of another instrument with nearly identical characteristics;
- the discounted cash flow method.

If there is a measurement technique universally used by market participants for measuring instruments and it was shown to deliver a reliable estimate of prices in actual market transactions, the Group uses that method. Selected measurement techniques mainly use market data. They are only based to a small extent on data specific for the Group. The measurement technique covers all the factors which would be taken into consideration by market participants when determining the price, and complies with the economically accepted methods of valuation of financial instruments. The Group verifies the correctness of valuation using the prices obtained from available market transactions for the same instrument or based on other available market data.

Balance-sheet items measured at fair value

Financial instrument	**Frequency**	**Recognition/presentation**
Available-for-sale financial assets, derivative hedging instruments	Every day	Other comprehensive income
Fx forwards, fx swaps, 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 value of the Group's financial instruments presented in the balance sheet at fair value as at 30 June 2015, 31 December 2014 and 30 June 2014 was equal to their carrying amounts.

Since 2013, Alior Bank SA adjusts the measurement of its assets by counterparty credit risk. The amount of the adjustment is equivalent to the change in the measurement of derivatives resulting from any party's default (the Bilateral Credit Value Adjustment). As at 30 June 2015, the BCVA adjustment amounted to PLN (1 162) thousand. The total BCVA adjustment comprises the CVA adjustment (reflecting exclusively counterparty default risk) amounting to PLN (1 364) thousand and DVA adjustment (reflecting the risk of the Bank's insolvency) of PLN 202 thousand. The amount of the adjustment is calculated based on estimates of the following parameters: bilateral probability of default (PD), the LGD ratio (Loss Given Default), the expected exposure or negative exposure on the transaction (EE and NEE).

(in PLN thousands)

The PD and LGD ratios are assessed using internal models used by the Bank, and with the use of market quotations of credit risk. Counterparty exposure is calculated in consideration of the current measurement and its projection calculated based on expected changes in market conditions. Additionally, in assessing the credit risk adjustment mutual liabilities are taken into consideration following from hedging contracts regulating the relations between the parties to the transaction.

Fair value measurement for disclosure purposes

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

Financial instrument	Fair value hierarchy level	As at 30.06.2015		As at 31.12.2014		As at 30.06.2014	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with the Central Bank	n/a	1 814 603	1 814 603	1 158 440	1 158 440	1 057 413	1 057 413
Loans and advances to customers:	level 3	28 344 652	27 158 016	23 647 990	23 296 579	21 877 242	21 795 170
Retail segment (carrying amount)							
Working capital facility		157 355	151 581	142 921	139 791	165 108	165 527
Consumer loans		7 974 028	7 882 135	6 217 208	6 132 524	5 759 201	5 679 671
Consumer finance loans		627 229	620 591	704 834	706 709	653 218	656 721
Loans for purchase of securities		155 713	155 713	142 530	142 530	138 923	138 923
Credit card borrowings loans		233 182	227 001	204 619	199 866	193 662	193 873
Loans for residential real estate		5 777 712	5 602 837	4 991 141	4 846 854	4 022 934	4 023 230
Other mortgage loans		901 946	872 458	877 230	849 874	834 135	834 294
Other receivables		221 313	221 043	20 436	20 428	25 663	25 663
Corporate segment (carrying amount)							
Working capital facility		6 971 721	6 943 640	5 527 749	5 491 586	5 665 472	5 667 246
Car loans		101 325	102 352	141 299	141 288	189 317	189 317
Investment loans		4 668 444	4 671 112	4 134 162	4 102 105	3 659 108	3 650 120
Acquired receivables		521 040	521 040	517 347	517 347	550 711	550 711
Other receivables		33 644	32 044	26 514	26 105	19 790	19 874
Non-current asset held for sale	level 3	502 779	502 779	449 378	449 378	292 331	292 331
Assets pledged as collateral	level 3	1 879	1 879	908	908	38 335	38 335
Other assets	level 3	346 612	346 612	219 261	219 261	216 134	216 134

(in PLN thousands)

Financial liabilities measured at amortized cost:	level 3	31 375 173	31 376 867	25 477 150	25 492 681	22 982 887	22 990 421
Due to banks							
Current deposits		11 040	11 040	11 015	11 015	11 019	11 019
Overnights		0	0	0	0	47 546	47 546
Banking securities issued		0	0	0	0	169 051	169 051
Other liabilities		105 830	105 830	131 550	131 550	67 615	67 615
Repo		1 451 029	1 451 029	883 921	883 921	1 269 914	1 269 914
Due to customers							
Current deposits		11 518 133	11 518 133	9 860 730	9 860 730	9 445 963	9 445 963
Term deposits		15 738 934	15 738 934	12 623 311	12 623 311	10 184 651	10 184 651
Banking securities issued		2 212 089	2 212 089	2 213 783	1 664 632	1 680 163	1 492 227
Other liabilities		338 118	338 118	301 991	301 991	294 901	294 901
Subordinated liabilities	Level 3	711 094	711 094	541 595	541 595	348 962	348 962
Management option plan	Level 3	22 542	93 649	20 789	64 940	16 546	60 144
Other liabilities	Level 3	670 677	670 772	747 073	747 073	721 292	721 292
Guarantees	Level 3	1 590 199	847	1 123 573	2 245	1 497 934	1 527

Amounts due from customers:

In the method of calculating the fair value of amounts due from customers applied by the Group (with the exception of overdraft facilities) the Group compares the margins earned on newly extended loans (in the month preceding the reporting date) with the margins on the whole loan portfolio. If the margins on newly extended loans are higher than the margins on the current portfolio, the fair value of the loan is lower than its carrying amount.

Amounts due from customers have all been classified to level 3 of the fair value hierarchy due to applying the valuation method with significant unobservable input data, i.e. the margins currently achieved on newly granted loans.

Financial liabilities measured at amortized cost:

The Group adopted that fair value of customer deposits, bank deposits and other financial liabilities maturing up to 1 year approximates their carrying amounts. Deposits are accepted as part of the Bank’s ongoing operations on a daily basis, thus their terms approximate the current market terms for identical transactions. The maturity periods of these items are short, therefore, there is no significant difference between the carrying amount and fair value.

For disclosure purposes, the Group designates the fair value of financial liabilities with residual maturities (or revaluation of the floating rate) above 1 year. This group of equity and liabilities includes own issues and subordinated loans. In designating the fair value of this group of liabilities, the Group designates the fair value of the expected payments based on the current interest rate curves and the initial spread of the issue.

(in PLN thousands)

Own issues and subordinated bonds have all been classified to level 3 of the fair value hierarchy due to applying the valuation method with significant unobservable input data, including the original spread of the issue above the market curve. In the case of issues and subordinated loans with residual maturity (or revaluation of the rate) below 1 year, the carrying amount properly reflected the fair value of the instrument.

Option scheme
The fair value of share warrants is determined based on the simulation model of share prices and the WIG-Banki index value. It was adopted that both the share prices and the index value change in time in line with the geometric Brownian motion, assuming: long-term volatility of the Bank's share prices, long-term volatility of the WIG-Banki index value, correlation between the share price and the index value during the simulation period, dividend per share rate and risk-free rate. The volatility and correlation were estimated based on historical data and comparatives (when there were no historical data). The model takes into account the exercise rights in respect of A-, B- and C-series warrants over a period of 5 years, respectively from year 1, 2 and 3 of the issue date. As at the reporting date, valuation is performed using the model based on the updated estimates of observable input data: the Bank's share prices, WIG-Banki index value and interest rate, as well as unobservable input data: volatility of the Bank's shares, WIG-Banki index value and correlation between the Bank's share price and the WIG-Banki index value.

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

Financial assets and liabilities valued based on unobservable market data

Measurement for disclosure purposes	As at 30.06.2015	Method (valuation techniques)	Significant unobservable input data
Amounts due from customers	27 158 016	comparative measurement	margin on newly granted loans
Amounts due to banks and customers	31 376 867	discounted cash flows	spread of the issue above the market curve
Option scheme	93 649	simulation model	volatility of the Bank's share prices, volatility of the WIG-Banki index prices, correlation between the Bank's share price and the WIG-Banki index value
Guarantees	847	cash flows	future cash flows considering the amounts of collateral

Financial assets and liabilities valued based on observable market data

	Method (valuation techniques)	Significant observable input data
Derivative financial instruments – held for trading	Bank utilizes the method of discounted future cashflows. It is based on construction of the yield curves from interbank quotations (including: deposit rates, FRA rates, OIS rates, IRS rates and fx swap points, fx basis swap points).	FX forward transactions: NBP fixing exchange rates, yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions; fx swap points CIRS transactions: NBP fixing exchange rates, yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions; fx basis points FX options: yield curves, fx volatilities OIS, IRS, FRA transactions:

		yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions Cap/Floor options: yield curves, interest rate volatilities Commodities forwards: yield curves based on commodity futures
Derivative financial instruments – hedging instruments	Bank utilizes the method of discounted future cashflows. It is based on construction of the yield curves from interbank quotations (including: deposit rates, FRA rates, OIS rates, IRS rates and fx swap points, fx basis swap points).	IRS transactions: yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions
NBP money market bills	Fair value is based on discounted future cashflows method with yield curve build from interbank deposit rates	Interbank deposit rates

24. Other liabilities

	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interbank settlements	278 123	182 431	221 345
Taxation, customs duty, social and health insurance payables and other public settlements	25 007	22 014	21 342
Liabilities in respect of payment card settlements	8 255	3 890	4 097
Other settlements	75 881	37 875	68 320
including settlements with insurers	33 646	12 832	53 742
Settlements of banking certificates of deposits	101 937	121 904	99 811
Accruals	25 074	39 986	36 527
Income received in advance	42 859	269 248	170 878
Provision for bancassurance resignations	79 472	44 686	90 619
Provision for employee benefits	23 366	23 496	6 815
Other liabilities	10 703	1 543	1 538
Total other liabilities	**670 677**	**747 073**	**721 292**
including financial liabilities	362 259	224 196	293 762

Settlements with insurers comprise insurance premiums relating to the cover granted by the Bank to its Customers under one of the Group insurance contracts (concluded by the Bank with insurers and offered to its Customers).
As of 30 June 2015, 31 December 2014 and 30 June 2014, there were no liabilities in the case of which the Group would not discharge the contractual payments.

25. Financial assets and financial liabilities held for trading

The Group classified derivative instruments and securities (shares, bonds) to the category financial of assets and liabilities held for trading as at 30 June 2015, 31 December 2014 and 30 June 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. The Group also enters into option transactions. In accordance with the binding laws, in concluding option transactions, the Group executes them in a manner ensuring the simultaneous (each time and immediate) conclusion of an opposite option transaction with the same transaction parameters (back to back).

(in PLN thousands)

25.1 Derivative financial instruments (nominal value)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interest rate transactions	18 837 650	16 130 395	17 901 227
SWAP	16 521 876	12 336 676	14 375 327
FRA	200 000	400 000	400 000
Cap Floor Options	2 115 774	3 393 719	3 125 900
Foreign exchange transactions	5 784 128	6 169 370	4 681 320
FX swap	1 539 116	1 906 986	1 530 362
FX forward	2 182 068	2 169 979	1 405 252
CIRS	1 679 280	1 750 256	1 467 511
FX options	383 664	342 149	278 195
Other options	4 246 889	2 996 972	2 320 426
Other instruments	974 480	573 411	491 119
Derivative financial instruments (nominal value)	**29 843 147**	**25 870 148**	**25 394 092**

25.2 Financial assets held for trading	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Shares	3 112	2 729	2 623
Bonds	467	946	890
Certificates	3 964	0	0
Interest rate transactions	190 424	260 481	160 057
SWAP	184 574	246 522	151 170
FRA	744	1 790	154
Cap Floor Options	5 106	12 169	8 733
Foreign exchange transactions	121 655	110 794	49 188
FX swap	28 166	14 133	4 632
FX forward	53 583	42 485	17 125
CIRS	37 531	51 641	26 668
FX options	2 375	2 535	763
Other options	78 092	81 198	59 276
Other instruments	29 759	20 673	12 774
Financial assets held for trading	**427 473**	**476 821**	**284 808**

25.3 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Without specified maturity date	7 154	2 730	2 623
≤ 1W	18 162	12 190	11 591
> 1W ≤ 1M	37 243	59 687	16 374
> 1M ≤ 3M	74 138	47 440	24 939
> 3M ≤ 6M	17 878	46 079	14 987
> 6M ≤ 1Y	42 249	44 121	34 920
> 1Y ≤ 2Y	67 733	67 607	48 674
> 2Y ≤ 5Y	131 715	173 918	108 766
> 5Y ≤ 10Y	31 201	23 049	21 934
Financial assets held for trading	**427 473**	**476 821**	**284 808**

(in PLN thousands)

25.4 Financial liabilities held for trading	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interest rate transactions	153 562	201 221	127 551
SWAP	148 447	189 017	118 793
Cap Floor Options	5 115	12 204	8 758
Foreign exchange transactions	60 507	45 414	28 659
FX swap	2 512	6 886	5 443
FX forward	10 244	8 410	6 984
CIRS	45 346	27 585	15 468
FX options	2 405	2 533	764
Other options	78 092	81 198	59 276
Other instruments	31 867	21 200	10 502
Financial liabilities held for trading	**324 028**	**349 033**	**225 988**

25.5 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Without specified maturity date	78	0	0
≤ 1W	7 139	9 000	1 885
> 1W ≤ 1M	12 622	15 805	10 039
> 1M ≤ 3M	58 540	35 914	9 616
> 3M ≤ 6M	11 036	15 688	8 680
> 6M ≤ 1Y	61 062	30 949	28 996
> 1Y ≤ 2Y	52 747	70 095	56 679
> 2Y ≤ 5Y	105 154	154 772	96 203
> 5Y ≤ 10Y	15 650	16 810	13 890
Financial liabilities held for trading	**324 028**	**349 033**	**225 988**

The table below shows the hierarchy of valuation methods of financial instruments held for trading measured to fair value as at 30 June 2015, 31 December 2014 and as at 30 June 2014.

In accordance with IFRS 13, the Group classified:

- to 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.

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

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

Instruments of this level include options embedded in deposit certificates issued by the 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 on the basis of statistical analysis. 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 30 June 2014, change in the valuation of an option on the financial assets side due to a 1% increase in the price of the base instrument amounted to PLN 4.9 million and it will be offset exactly by the change in the valuation of the option on the financial liabilities side.

(in PLN thousands)

In the period 1 January 2015 to 30 June 2015 there were no transfers of financial instruments with the hierarchy levels.

25.6 Valuation of financial assets	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 1	28 247	17 268	11 655
Shares	3 112	2 729	2 623
Bonds	467	946	890
Certificates	3 964	0	0
Other instruments	20 704	13 593	8 142
Level 2	321 134	378 355	213 877
SWAP	184 574	246 522	151 170
FRA	744	1 790	154
Cap Floor Options	5 106	12 169	8 733
FX swap	28 166	14 133	4 632
FX forward	53 583	42 485	17 125
CIRS	37 531	51 641	26 668
FX options	2 375	2 535	763
Other instruments	9 055	7 080	4 632
Level 3	78 092	81 198	59 276
Other options	78 092	81 198	59 276
Total financial assets	**427 473**	**476 821**	**284 808**

25.7 Movements on financial assets classified as level 3	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	81 198	46 618	46 618
Increases, including	79 852	91 893	55 513
Derivatives revaluation of previous year	13 852	16 778	16 778
Derivatives transactions	32 028	36 845	14 579
Positive valuation of derivatives	33 972	38 270	24 156
Decreases, including	-82 958	-57 313	-42 855
Derivatives revaluation of previous year	-38 270	-18 673	-18 673
Settlement/redemption	-13 562	-24 788	-14 250
Negative valuation of derivatives	-31 126	-13 852	-9 932
Financial assets classified as level 3 at the end of the period	**78 092**	**81 198**	**59 276**

25.8 Valuation of financial liabilities	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 1	19 291	16 624	7 638

(in PLN thousands)

Other instruments	19 291	16 624	7 638
Level 2	226 645	251 211	159 074
SWAP	148 447	189 017	118 793
Cap Floor Options	5 115	12 204	8 758
FX swap	2 512	6 886	5 443
FX forward	10 244	8 410	6 984
CIRS	45 346	27 585	15 468
FX options	2 405	2 533	764
Other instruments	12 576	4 576	2 864
Level 3	78 092	81 198	59 276
Other options	78 092	81 198	59 276
Total financial liabilities	**324 028**	**349 033**	**225 988**

25.9 Movements on financial liabilities classified as level 3	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	81 198	46 618	46 618
Increases, including	79 872	91 888	55 513
Derivatives revaluation of previous year	13 847	16 778	16 778
Derivatives transactions	32 028	36 845	14 579
Positive valuation of derivatives	33 997	38 265	24 156
Decreases, including	-82 978	-57 308	-42 855
Derivatives revaluation of previous year	-38 265	-18 673	-18 673
Settlement/redemption	-13 562	-24 788	-14 250
Negative valuation of derivatives	-31 151	-13 847	-9 932
Financial liabilities classified as level 3 at the end of the period	**78 092**	**81 198**	**59 276**

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

26. Notes to the interim condensed consolidated statement of cash flows

26.1 Cash and cash equivalents	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Cash and balances with the Central Bank	1 814 603	1 057 413
Current accounts with other banks	178 199	52 956
Term accounts with other banks	213 854	164 567
Total	**2 206 656**	**1 274 936**

26.2 Operating activities – change in the balance of loans and other receivables	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Change in receivables from customers – statement of financial position	-2 006 541	-2 223 352
Change in amounts due from banks – statement of financial position	-53 401	-38 661
Change in cash and cash equivalents in the balance sheet – nostro accounts	-113 241	-46 866
Change in cash and cash equivalents in the balance sheet – deposits up to 3 months	207 461	79 943
Acquisition of subsidiary	0	631
Change in the balance of loans and other receivables	**-1 965 722**	**-2 228 305**

(in PLN thousands)

26.3 Operating activities – change in the balance of other liabilities	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Increase/(decrease) in other liabilities – statement of financial position	-124 447	-413 948
Change in revaluation reserve – statement of financial position	-44 150	22 859
Change in the balance of other liabilities measured at amortized cost - statement of financial position	587 496	621 651
Change in the deferred income tax provision in the revaluation reserve	-8 581	5 362
Accrued expenses in respect of purchasing fixed assets	5 969	0
Accrued expenses in respect of purchasing intangible assets	166	1
Other comprehensive income	23 286	24 288
Change in the balance of other liabilities	**439 739**	**260 213**

26.4 Operating activities – change in the balance of other assets	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Net increase/decrease in other assets – statement of financial position	-100 036	125 197
Change arissing from the acquisition of subsidiary	0	260
Provision for other assets	**-100 036**	**125 457**

26.5 Investing activities – purchase of property, plant and equipment	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Change in balance – statement of financial position	-30 104	-13 104
Purchase of property, plant and equipment	**-30 104**	**-13 104**

26.6 Investing activities – purchase of intangible assets	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Change in balance – statement of financial position	-43 549	-16 289
Purchase of intangible assets	**-43 549**	**-16 289**

27. Hedge accounting

The Group has been applying 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 a fixed interest rate and pays a floating interest rate. The hedged items are measured at amortized cost and the hedging items are measured at fair value.

27.1 Hedging instruments (nominal value)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interest rate transactions	11 485 000	5 835 000	2 500 000
SWAP	11 485 000	5 835 000	2 500 000
Hedging instruments (nominal value)	**11 485 000**	**5 835 000**	**2 500 000**

27.2 Hedging derivatives - assets	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 2	49 445	80 205	15 671
Interest rate transactions	49 445	80 205	15 671
SWAP	49 445	80 205	15 671

(in PLN thousands)

Hedging derivatives - assets	**49 445**	**80 205**	**15 671**

27.3 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
> 3M ≤ 6M	7 248	8 896	0
> 6M ≤ 1Y	16 654	49	2 173
> 1Y ≤ 2Y	21 547	47 856	8 154
> 2Y ≤ 5Y	3 996	23 404	5 344
Hedging derivatives - assets	**49 445**	**80 205**	**15 671**

27.4 Hedging derivatives - liabilities	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 2	10 887	4 777	0
Interest rate transactions	10 887	4 777	0
SWAP	10 887	4 777	0
Hedging derivatives - liabilities	**10 887**	**4 777**	**0**

27.5 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
> 6M ≤ 1Y	3 976	875	0
> 1Y ≤ 2Y	1 678	2 221	0
> 2Y ≤ 5Y	5 233	1 681	0
Hedging derivatives - liabilities	**10 887**	**4 777**	**0**

27.6The nominal value of hedging instruments by implementation date:

Instrument type	Nominal value as at 30 June 2015					
	to 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 years	from 5 years	Total
IRS PLN FIXED - FLOAT	-	-	6 040 000	5 445 000	-	11 485 000

28. Subordinated liabilities

On 15 November 2011, the Polish Financial Supervision Authority granted its permission to include a 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 agreement was concluded for a period of 8 years, and the interest rate is based on 3M EURIBOR. The loan may be repaid early if a written notification is submitted 30 days before the planned payment date. As at 30 June 2015, 31 December 2014 and 30 June 2014, the carrying amount of the loan was PLN 42 148 thousand, PLN 42 828 thousand and PLN 41 877 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 enabling their classification to supplementary capital. As at 30 June 2015 and 31 December 2014, the carrying value of

(in PLN thousands)

the bonds was PLN 325 805 thousand and PLN 326 445 thousand respectively. On 28 October 2014, PFSA gave its consent to including the bonds in the calculation of Tier II 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 enabling their classification to supplementary capital. As at 30 June, the carrying value of the bonds was PLN 195 460 thousand.

In connection with the business combination with Meritum Bank, the portfolio of subordinated bonds includes bonds issued by Meritum Bank:

- bonds with a total nominal value of PLN 67 200 thousand issued on 29 April 2013 under the Program of Issuing Subordinated Bonds of Meritum Bank for a period of 8 years (the redemption date is 29 April 2021). The interest rate on the bonds is based on 6M Wibor. On 28 June 2013, PFSA gave its consent to including the bonds in the Bank's supplementary capital. As at 30 June 2015, the carrying value of the bonds was PLN 67 479 thousand.

- bonds with a total nominal value of PLN 80 000 thousand issued on 21 October 2014 for a period of 8 years (the redemption date is 21 October 2022). The interest rate on the bonds is based on 6M Wibor. Pursuant to the CRR Regulation, the bonds meet the conditions enabling their classification to the Bank's supplementary capital. As at 30 June 2015, the carrying value of the bonds was PLN 80 202 thousand.

	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Liabilities recognized in equity	**711 094**	**369 273**	**348 962**
Subordinated borrowings	42 148	42 828	41 877
B-series bonds	0	0	19 217
C-series bonds	0	0	287 868
F-series bonds	325 805	326 445	0
G-series bonds	195 460	0	0
Meritum Bank's bonds	147 681	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	**711 094**	**541 595**	**348 962**

On March 2015, the Bank early redeemed C-series bonds (as at 11 March 2015) and B-series bonds (as at 17 March 2015).

29. Equity

29.1 Equity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Equity attributable to equity holders of the parent	3 343 661	3 013 163	2 820 193
Share capital	726 812	699 784	699 413
Supplementary capital	2 278 384	1 775 397	1 773 494
Other reserves	185 762	184 008	179 765

(in PLN thousands)

Share-based payments – equity component	185 762	184 008	179 765
Retained earnings / (accumulated losses)	-3 608	9 804	9 804
Revaluation reserve	-22 724	21 426	6 082
On measurement of available for sale assets	-20 366	-6 198	-6 145
On measurement of hedging derivatives	-1 104	27 624	12 227
Profit for the year	179 035	322 744	151 635
Non-controlling interests	**1 560**	**1 913**	**2 260**
Total equity	**3 345 221**	**3 015 076**	**2 822 453**

29.2 Revaluation reserve	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Valuation of financial assets available for sale	-20 366	-6 198	-6 145
treasury bills	0	-25	0
treasury bonds	-25 364	-7 601	-8 373
other bonds	221	-26	786
Deferred tax	4 777	1 454	1 442
Valuation of hedging derivatives	-2 358	27 624	12 227
IRS	-2 911	34 104	15 095
Deferred tax	553	-6 480	-2 868
Revaluation reserve	**-22 724**	**21 426**	**6 082**

30. Capital adequacy ratio and Tier 1 ratio

Calculation of funds and capital adequacy ratio	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Total own funds for the capital adequacy ratio	**3 501 910**	**2 951 908**	**2 794 729**
Common equity Tier I capital	2 804 134	2 589 476	2 454 396
Tier II capital	697 776	362 432	340 333
Capital requirements	**2 192 424**	**1 844 857**	**1 701 967**
Capital requirements for the following risks: credit, counterparty, credit valuation adjustment, dilution and delivery of instruments to be settled at a later date	1 952 908	1 658 381	1 514 969
Total capital requirements for the following risks: equity instrument price risk, debt instrument price risk, commodity prices and FX risk	2 372	1 657	1 832
Capital requirement for general interest rate risks	28 923	26 207	26 554
Capital requirements for operating risk	208 221	158 612	158 612
Tier 1	**10,23%**	**11,23%**	**11,54%**
Capital adequacy ratio	**12,78%**	**12,80%**	**13,14%**

The capital adequacy ratio and the Tier I ratio as at 30 June 2015, 31 December 2014 and 30 June 2014 were calculated in compliance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending the Regulation (EU) No 648/2012 (“the CRR Regulation”).

(in PLN thousands)

31. Off-balance sheet items

31.1 Off-balance sheet contingent liabilities granted to customers	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Off-balance sheet liabilities granted	8 519 173	8 768 949	7 372 672
Relating to financing	6 928 974	7 228 974	5 874 738
Guarantees	1 590 199	1 539 975	1 497 934
Performance guarantees	376 068	416 402	287 440
Financial guarantees	1 214 131	1 123 573	1 210 494
Off-balance sheet liabilities granted	**8 519 173**	**8 768 949**	**7 372 672**

31.2 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
≤ 1W	2 244	760	4 906
> 1W ≤ 1M	22 251	57 610	25 223
> 1M ≤ 3M	114 977	90 459	101 608
> 3M ≤ 6M	149 606	141 211	120 765
> 6M ≤ 1Y	422 049	222 121	254 698
> 1Y ≤ 2Y	194 894	299 870	272 383
> 2Y ≤ 5Y	281 973	273 794	224 072
> 5Y ≤ 10Y	392 946	447 268	471 939
> 10Y ≤ 20Y	9 259	6 882	22 340
Off-balance sheet liabilities granted in respect of guarantees	**1 590 199**	**1 539 975**	**1 497 934**

The Group offers its individual customers renewable checking account overdraft limits, which are granted for an indefinite period; at the same time, close monitoring of cash inflows to the account is conducted.
Contingent liabilities in respect of credit cards are granted to individual customers for a period of three years.
The Group grants contingent liabilities to corporate customers in respect of:
- current account limits (for a period of 12 months);
- guarantees, for a maximum period of 6 years;
- credit cards for a period of up to 3 years;
- loans launched in tranches for a period of up to 2 years.

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

The increase in contingent liabilities in the first half of 2015 was due to the transfer of credit lines as a result of the acquisition of Meritum.

32. Acquisition of Meritum Bank ICB S.A. by Alior Bank S.A.

32.1 Description of the transaction
On 20 October 2014, Alior Bank S.A. a memorandum of agreement with Innova Financial Holding S.a.r.l., WCP Cooperatief U.A. and the European Bank for Reconstruction and Development concerning the sale of shares of Meritum Bank ICB SA. The execution of the

memorandum of agreement for the sale of shares of Meritum Bank was made dependent on meeting the suspending conditions, including among other things obtaining approval from the Office of Competition and Consumer Protection (UOKiK) and obtaining a decision from the Polish Financial Supervision Authority (PFSA).

The UOKiK's approval of concentration which would involve Alior Bank SA acquiring control over Meritum Bank ICB SA was issued 16 December 2014.

On 10 February 2015, the PFSA issued a decision stating that there was no basis for raising any objection against the Bank acquiring the shares of Meritum Bank ICB S.A. in an amount that would ensure exceeding 50% interest in the share capital and the total number of votes at Meritum's General Meeting.

On 19 February 2015, Alior Bank concluded the promised agreement for the sale of Meritum shares with Innova Financial Holdings S.à r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development based on which Alior Bank SA acquired a total of 12 382 746 shares in Meritum with a nominal value of PLN 30 each, representing 97.9% of Meritum's share capital and 95.0% of the total number of votes at Meritum's General Meeting for a total price of PLN 352 541 731.72.
The full purchase price was paid in cash and it did not contain any contingent components.

In connection with concluding the agreement for the sale of Meritum's shares, Alior and the Investors Innova Financial Holdings S.à r.l and WCP Coöperatief U.A. concluded agreements for taking up D-series subscription warrants of the Bank based on which the Bank offered the Investors D-Series Subscription Warrants of the Bank and each of the Investors accepted the Bank's offer and took up the D-Series Subscription Warrants of the Bank free of charge. The D-Series Subscription Warrants of the Bank entitled to taking up H-Series Shares in the Bank issued under a conditional share capital increase of the Bank enacted by the Resolution of the Bank's Extraordinary General Meeting. In exercising their rights arising from the D-Series Subscription Warrants, on 19 February 2015, the Investors submitted statements of taking up H-series ordinary bearer shares of the Bank and paid up the H-Series Shares of the Bank with a monetary contribution (the issue price of one H-series share thus paid up was PLN 73.30) totalling PLN 172 658 003.40.

Moreover, on 19 February 2015, the Bank informed of its intention of combining with its subsidiary Meritum. The business combination was carried out pursuant to Art. 492 § 1.1 of the Commercial Companies Code, by transferring all the assets and liabilities of Meritum as the acquiree to the Bank as the acquirer (business combination by acquisition). The execution of the business combination occurred after obtaining approvals and permits related to the business combination required by law, including permission from the Polish Financial Supervision Authority for conducting the business combination and resolutions of the Bank's and Meritum's General Meetings concerning the business combination, and in particular resolutions concerning granting approval of the business combination plan.

In the second quarter of 2015, the process of the acquisition of the remaining shares of Meritum has been completed (as at 30 June 2015). The Bank owned 100% of shares of

Meritum Bank ICB S.A. The fair value of the remaining shares was determined based on the purchase price.

On 30 June 2015, the District Court for the Capital City of Warsaw in Warsaw, 13th Business Department of the National Court Register registered the business combination between the Bank and Meritum Bank ICB S.A.

The full purchase price was paid in cash and it did not contain any contingent components.

The objective of acquiring the shares of Meritum Bank S.A. was for the Bank to obtain economic benefits by increasing the customer base and strengthening its competitive position.
Through the business combination with Meritum Bank, Alior Bank intends to achieve a number of topline, cost and net provisions-related synergies. The Bank plans to carry out the organizational merger process combined with the realization of the synergies in the third and fourth quarter of 2015. The Bank intends to achieve the main cost synergies in the areas of business process optimization and cost savings. Savings will be realized by reducing duplicated functions in the Bank's headquarters and resigning from duplicating systems and licences currently used by Alior Bank and Meritum Bank, and coordinating the marketing policy. The Bank also intends to carry out sales network optimization.

32.2 Settlement of the purchase transaction

The purchase transaction was settled under the acquisition method in accordance with IFRS 3, *Business Combinations,* the application of which requires, among other things recognition and measurement of identifiable assets and liabilities acquired, which were measured at fair value as at the date of acquisition and all non-controlling interests in the acquiree, and recognition and measurement of goodwill or gain on bargain purchase.

The table below shows the identifiable assets and liabilities acquired:

32.3 Description of fair value measurement methods

PLN'000

ASSETS	Meritum	Adjustments and eliminations	Identifiable acquired assets at fair value
Cash and balances with Central Bank	96 568	0	96 568
Available-for-sale financial assets	458 806	0	458 806
Amounts due from banks	61 418	0	61 418
Loans and advances to customers	2 722 185	-25 522	2 696 663
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
Income tax assets	44 069	-990	43 079
Current	*0*	712	712
Deferred	*44 069*	*-1 702*	42 367
Other assets	39 778	-12 524	27 254
TOTAL ASSETS	**3 465 602**	**-31 187**	**3 434 415**

LIABILITIES	Meritum	Adjustments	Identifiable

(in PLN thousands)

		and eliminations	liabilities assumed at fair value
Financial liabilities held for trading	0	718	718
Amounts due to customers	2 944 644	31 945	2 976 589
Provisions	1 266	-506	760
Other liabilities	90 307	-43 958	46 349
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**	**-11 801**	**3 176 185**

	Meritum Bank	Adjustments and eliminations	Identifiable net assets
Fair value of net assets acquired	**277 616**	**-19 386**	**258 230**

32.3.1 Amounts due from customers

The portfolio of amounts due to customers acquired under the acquisition transaction of Meritum Bank ICB SA which was measured at fair value as at the acquisition date was presented in the interim condensed financial statements without netting off, i.e. the gross value (including fair value adjustment) and impairment allowances were presented as separate line items. This was because the information thus presented is more useful and it reflects the market practice applied by banks.

By type	Identifiable acquired amounts due from customers at fair value
Retail segment	**2 161 949**
Consumer loans	1 933 177
Credit card borrowing loans	39 558
Other receivables	189 214
Corporate segment	**949 742**
Working capital facility	940 517
Investment loans	8 418
Other receivables	807
Total impairment allowances	**-415 028**
Amounts due from customers	**2 696 663**

Fair value measurement of the loan portfolio was conducted under the income method, which involves discounting future cash flows. In order to estimate the portfolio's fair value under this method, it is necessary to create a valuation model based on discounted cash flows arising from the contracts concluded, adjusted for future expected risk-related costs, additional income generated by the portfolio and the necessary costs of handling a given portfolio.

One of the possible approaches to developing the loan portfolio valuation model is to analyse the cohorts – subportfolios of loan agreements identified based on their characteristic features. The subportfolios may be separated out based on, for example, the period of financing (vintage) or the product type. The cohort analysis enables the

modelling of cash flows arising from the individual subportfolios (cohorts) separately and their subsequent aggregation.
The key stages of the process of estimating the fair value of the loan portfolio under the discounted cash flows method are as follows:

- The first step is to properly divide the portfolio into individual subportfolios with a similar risk profile. Further analysis is performed in respect of the subportfolios identified at this stage. It is important that the above classification should enable identifying a homogenous group of agreements and that it would be possible to perform a similar classification of the historical portfolios.
- The basis for estimating the present value of the loan portfolio arising from a given subportfolio are the contractual monthly cash flows arising from principal instalments and interest payments.
- Contractual cash flows related to the principal are then adjusted for the prepayments rate based on historic prepayments made by the customers in a given subportfolio and the sector knowledge concerning prepayments in portfolios with similar features.
- Interest margins for the individual subportfolios are established based on WIBOR/EURIBOR/LIBOR rates and contractual amounts of interest-related cash flows. This information is then compared with the forecasted fluctuations of basis interest rates.
  When the individual loan agreements bear interest based on fixed interest rates set by the management board, it is necessary to analyse the future interest rates on the basis of the management board's historic decisions, the current market situation and any changes considered.
- Future cash flows are estimated based on adjusted balances of agreements in the future periods, estimated interest margins and expected future interest rate levels.
- The risk-related cost is estimated on the basis of the historical data for the portfolio or similar portfolios. The expected loss analysis is based on the expected level of risk parameters determined based on the period that has passed since the date of launching the agreement. The main risk parameters are: DR (Default Rate), CR (Cure Rate) and LGD (Loss Given Default).
- The estimated risk cost is used to adjust the expected future cash flows.
- The value of the cash flows arising from the above elements is additionally adjusted for the amount of other costs and income related to the portfolio (e.g. fees and commission and portfolio handling costs).
- The sum of the above cash flows is then adjusted using an appropriate discount rate. The discount rate takes into account: the current and forecasted level of the risk-free rate, the cost of financing the portfolio in a given currency and the market cost of the necessary capital in connection with holding the portfolio, which set the expected market rate of return on an investment in such a portfolio.

- The sum of discounted cash flows sets the fair value of the loan portfolio as at a specified date.

The fair value estimate thus conducted, taking into account the specific nature of the portfolio, future potential risk-related losses and sensitivity to the expected changes in market conditions.

32.3.2 Amounts due to customers

In order to estimate the fair value of the deposits portfolio it was divided into:

- Current accounts
- Term deposits

In spite of the fact that current accounts are payable on demand, an assumption was adopted that their fair value equals their carrying value.

The fair value of term deposits has been estimated for two subgroups based on customer type:

- Deposits of individuals
- Corporate deposits

The next step was to prepare data concerning the market interest rates on deposits. The analysis was performed on the basis of data from three sources:

- Interest rates on deposits in comparative banks;
- NBP Report (published on the official website nbp.gov.pl, for deposits of individual and corporate deposits in PLN and EUR);
- Market quotations of WIBOR, LIBOR (USD) and EURIBOR.

Due to the fact that the financial terms related to the acquired amounts due to customers were set on a level similar to the current market terms, the fair value adjustment of these liabilities was not recognized.

32.3.3 Intangible assets

Customer relationships in the area of deposits

The valuation of customer relationships was performed on the basis of an analysis of core deposits.

- Core deposits represent the hypothetical savings for the Bank arising from the fact that the Bank’s customers maintain their cash on low-interest current accounts for a long time, instead of higher-interest term deposits. This enables the Bank to limit the financing from the market and effectively reduce interest expense.
- The spread between the interest rates of the individual current and term products was then related to the balances of core deposits in the individual periods from the valuation date to the assumed expiry of core deposits.
- The hypothetical savings thus calculated were then discounted using the discount rate representing the market cost of obtaining a similar deposit portfolio.
- As a result of Meritum Bank acquisition as at 19 February 2015 the customer relationships in the mount of PLN 4,075 thousand were recognized. They are amortized over two years. The carrying amount of the customer relationships as at 30 June 2015 amounted to PLN 3,375 thousand.

IT systems

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

Internally developed systems

- Internally developed systems include Feniks, IS, Gandalf and Hurtownia Danych (Data Warehouse).

- The estimation of these systems' fair value comprised in each case determining the operational level of utilizing the functionalities of these systems in the case of their migration to IT systems of a typical buyer on the market.

- The extent of the assumed operational utilization of system functionalities was the basis for adjusting their gross value, being the sum of capitalized expenditure incurred on their development. Gross expenditure thus adjusted constituted the fair value of the internally developed systems as at the valuation date.

External systems

- The second group of the Bank's systems were purchased systems. In the case of the Def3000 system, its gross value was adjusted for the adopted economic wear and tear. The value was then reduced for the assumed level of the system's economic utilization, as in the case of the internally developed systems. Gross expenditure thus adjusted constituted the fair value of the internally developed systems as at the valuation date. For the remaining systems it was assumed that their current book value properly reflects their fair value.

Brand

- The basic valuation method of the Bank's brand is the method of exemption from hypothetical licence fees. In accordance with this method, the measured brand has its fair value equal to the present value of income from hypothetical licence fees related to it. Income from licence fees represents savings arising from owning a brand, in the form of fees which an entity not owning a brand would have to incur for its use. The valuation approach comprised determining the correct amount 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.

- We define the market rate of the licence fee as the amount that the licensor and the licensee are able to accept through negotiations for using the brand. Establishing a reasonable licence fee rate reflects the successful closing of negotiations between the parties during which each of the parties acted in good faith and in its best interest.

- The amount of the market licence fee rates varies and depends on many factors which include profitability of the products sold under the brand or the situation of the market and the sector on which the brand is present. The rates also depend on whether the brand is properly protected and how the market perceives its attractiveness.

- The selection of an appropriate licence fee rate involved an analysis of information available concerning similar brands and licence fee rates related to their use. The selected rates are construed as market levels of licence fees which an external entity would be willing to incur for the possibility of using the brand.

- A trade mark recognized as an intangible asset at the acquisition date of Meritum was valued at PLN 3,367 thousand. Due to the fact that the Bank does not intend to use the mark in the course of future business, an asset in this respect has been written off as expenses.

32.3.4 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	360 102
- the fair value of net assets of the acquired entity	258 230
Total goodwill	**101 872**

Goodwill has been allocated entirely to the retail segment and will not be tax deductible.

Goodwill arising from the acquisition comprises mainly expected synergies from the business combination. The objective of the planned business combination is to ensure further dynamic growth, increase the market share, the scale of operations, and consequently the possibility of becoming one of the main players on the Polish banking market, optimize the topline strategy, strengthen the product offer and enhance the sales processes, including IT solutions supporting them, strengthen the innovativeness and technology competencies and presence in all the key distribution channels for strategic products.

Due to the fact that the business combination took place during the reporting period, presented below is the income statement of Meritum Bank from the acquisition date until 30 June 2015 and the income statement of the Group as though the acquisition date was 1 January 2015.

Income statement of Meritum Bank since the acquisition date included in the interim condensed consolidated income statement for the reporting period:

Meritum Bank SA	19.02.2015- 30.06.2015
Interest income	139 768
Interest expense	-29 554
Net interest income	**110 214**
Fee and commission income	6 411
Fee and commission expense	-3 338
Net fee and commission income	**3 073**
Trading result	**347**
Net gain / loss realized on other financial instruments	**-921**
Other operating income	14 067
Other operating expenses	-598
Other operating income, net	**13 469**
General administrative expenses	**-42 229**
Net impairment losses and allowances	**-52 744**
Profit before tax	**31 209**
Income tax	-5 805
Net profit	**25 404**

(in PLN thousands)

Income statement of the Alior Bank SA Group for the current reporting period, as though the acquisition date of Meritum Bank ICB SA had been as of the beginning of the annual reporting period, i.e. on 1 January 2015:

Meritum Bank SA	01.01.2015- 30.06.2015
Interest income	1 057 536
Interest expense	-301 665
Net interest income	**755 871**
Dividend income	**42**
Fee and commission income	262 406
Fee and commission expense	-99 142
Net fee and commission income	**163 264**
Trading result	**136977**
Net gain / loss realized on other financial instruments	**4544**
Other operating income	52 015
Other operating expenses	-28 623
Other operating income, net	**23 392**
General administrative expenses	**-535 450**
Net impairment losses and allowances	**-329 559**
Profit before tax	**219 081**
Income tax	-41 300
Net profit	**177 781**

33. Assets pledged as collateral

33.1 Carrying amount	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Treasury bonds blocked with REPO transactions	1 449 281	882 088	1 280 321
Registered pledge on Treasury bonds	37 645	35 072	0
Deposit as collateral of transactions performed in Alior Trader	8519	10 031	18 900
Total carrying amount	**1 495 445**	**927 191**	**1 299 221**

Apart from the assets pledged as collateral of liabilities presented separately in the statement of financial position, in the case of which the recipient has the right to sell or exchange the object of the collateral for different collateral, the Bank also had the following collateral of liabilities not meeting this criterion.

	As at 30.06.2015	Sas at 31.12.2014	As at 30.06.2014
Treasury bonds blocked with BFG	145 160	122 032	111 835
Deposits as derivative transactions (ISDA) collateral	100 195	143 427	61 284
Total	**245 355**	**265 459**	**173 119**

34. Related party transactions

(in PLN thousands)

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

In the first half of 2015 and 2014, the Group did not conclude any transactions with the parent company or its subsidiaries.

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.

Related parties	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Assets			
Loans and advances to customers	1 672	59 753	60 078
Non-current asset held for sale	0	0	38 298
Total assets	**1 672**	**59 753**	**98 376**
Liabilities and equity			
Financial liabilities measured at amortized cost	114 141	142 997	128 767
Provisions	10	9	0
Other liabilities	78	161	56
Total liabilties and equity	**114 229**	**143 167**	**128 823**

As at 30.06.2015 the majority of the amounts due to customers related to deposits placed by Alior Polska sp. z o.o, Zygmunt Zaleski Stiching and Socamil S.A.

Related parties	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Off-balance sheet liabilities granted to customers	**7 221**	**31 999**	**25 259**
Relating to financing	5 544	22 763	9 012
Guarantees	1 677	9 236	16 247

Related parties	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Interest income	26	1 547
Interest expense	-773	-1 320
Fee and commission income	74	0
Other operating income	38	48
General administrative expenses	-23 991	-29 641
Total	**-24 626**	**-29 366**

In the first half of 2015, all of the general administrative expenses related to costs incurred by the Bank due to property rental income of Alior Polska sp. z o.o.

Nature of related party transactions
In the reporting period covered by these interim condensed financial statements, 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.

(in PLN thousands)

35. Transactions with members of the Bank's management and supervisory bodies and remuneration

All transactions with members of the management and supervisory bodies are conducted in accordance with the regulations relating to banking products, on an arm's length basis.

Supervisory Board	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Assets			
Loans and advances to customers	6 138	38	1
Total assets	**6 138**	**38**	**1**
Liabilities and equity			
Financial liabilities measured at amortized cost due to customers	16 940	25 285	25 127
Provisions	1	1	0
Total liabilities and equity	**16 941**	**25 286**	**25 127**

Supervisory Board	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Off-balance sheet liabilities granted to customers	**1 056**	**1 042**	**39**
Relating to financing	1 056	1 042	39

Management Board	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Assets			
Loans and advances to customers	9 028	7 268	6 080
Total assets	**9 028**	**7 268**	**6 080**
Liabilities and equity			
Financial liabilities measured at amortized cost due to customers	6 352	2 951	2 784
Provisions	1	1	0
Other liabilities	1	0	1
Total liabilities and equity	**6 354**	**2 952**	**2 785**

Management Board	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Off-balance sheet liabilities granted to customers	**558**	**593**	**608**
Relating to financing	558	593	608

35.2 Information on the total amount of remuneration paid or payable, broken down by Management and Supervisory Board members	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Management Board	**3 832**	**8 291**
short-term employee benefits	3 832	8 291
Supervisory Board	**420**	**353**

(in PLN thousands)

short-term employee benefits	420	353

A decrease in the remuneration paid to the Members of the Management Board in the first half of 2015 in comparison to the first half of 2014 resulted from compensation paid to the Members of the Management Board who ceased to perform their functions.

36. Sale of receivables

In the first half of 2015, the Group sold loans with a total gross value of PLN 547 010 thousand, the impairment write-down recorded for the portfolio was PLN 338 570 thousand and loss on sale amounted to PLN 4 750 thousand. All benefits and risks were transferred to the buyer.

In 2014, the sales covered a portfolio with a gross value of PLN 81 310 thousand, the impairment write-down recorded in respect of the portfolio amounted to PLN 68 565 thousand and loss on sale amounted to PLN 7 645 thousand. All the benefits and risks were transferred to the buyer.

37. Management option scheme

On 13 December 2012, on the basis of a power of attorney granted in the Resolution of the Supervisory Board of Alior Bank S.A. of 10 December 2012, the 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 in the Bank's share capital and issue of subscription warrants. The Warrants were allocated as follows:

- 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.

The details concerning the Warrants awarded to the current Management Board Members are presented in the table below:

Name and surname	Number of A-series warrants granted*	Number** of deferred A-series warrants as at 30.06.2015	Number of B and C-series warrants initially allocated as at 30.06.2015
Sobieraj Wojciech	222 086	222 086	222 086
Czuba Krzysztof	88 833	88 833	88 833
Hucał Michał	53 300	66 625	88 833
Skrok Witold	71 067	88 833	88 833
Sułkowska Katarzyna	88 830	88 833	88 833
Total	524 116	555 210	577 418

The incentive scheme is also addressed to a group of key managers of the Bank who are not Management Board members.
The principles of execution of the incentive scheme are defined in the Incentive Scheme Rules and Regulations, which were adopted by 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) and the corresponding three tranches of new shares of the Bank (D, E and F) 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 in 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 in 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 in the Bank starting in the period of five years from the third anniversary of the first quotation of the Bank's shares on the WSE.

The eligible persons will be able to take up subscription warrants on the condition that the change in the price of the Bank's shares at WSE in the reference period (calculated as the difference between the final price of the offered shares and the average closing price from 30 trading session days preceding the first (for A-series subscription warrants), second (for B-series subscription warrants) or third (for C-series subscription warrants) anniversary of the first quotation of the Bank's shares on the WSE) exceeds the change in the WIG-Banki index in the same period (calculated as the difference between the WIG-Banki index as at the day of the first quotation of the Bank's shares at the WSE and the average closing value of the WIG-Banki index from 30 trading session days preceding the day of the first, second or third anniversary of the first quotation of the Bank's shares at the WSE (as appropriate)).
The issue price of the shares shall amount to the average price of the Bank's shares in the Public Offering calculated by dividing the net proceeds from the Public Offering by the total number of offered shares allocated in the Public Offering, increased by 10% (in the case of D-series Shares), 15% (in the case of E-series shares) or 17.5% (in the case of F-series shares).
The new management option scheme will be settled in the same way as the original incentive scheme (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. As at the date of its implementation, the scheme's value was PLN 24,692 thousand. In the first half of 2015, the cost of PLN 1 753 thousand was recognized.
The scheme's value was determined based on the fair value model. The fair value of share warrants was determined based on the simulation model of share prices and the WIG-Banki index value. It was adopted that both the share prices and the index value change in time in line with the geometric Brownian motion, assuming the long-term volatility of the Bank's share prices, long-term volatility of the WIG-Banki index value, correlation between the share price and the index value during the simulation period,

dividend per share rate and risk-free rate. The volatility and correlation were estimated based on historical data and comparatives (when there were no historical data). The model takes into account the exercise rights in respect of A-, B- and C-series warrants over a period of 5 years, respectively from year 1, 2 and 3 of the issue date.

On 9 April 2014 and 16 December 2014, the Bank's Supervisory Board passed resolutions on the approval of the allocation of subscription warrants for the first assessment period under the Alior Bank S.A.'s Incentive Scheme. In accordance with the resolutions, 713 140 A-series warrants were allocated, and the allocation of 262 614 warrants was postponed and the condition was introduced that eligible persons must achieve certain targets in 2014.

On 30 April 2015, the Bank's Supervisory Board and Management Board passed resolutions concerning the allocation of the postponed 262 614 A-series warrants and 1 003 050 B-series warrants. 49 968 B-series warrants were postponed and their allocation, as in the case of the A-series, was made conditional on the eligible persons achieving certain targets in 2015.

134 663 A-series warrants and 57 398 B-series warrants were not allocated to prevent a change in the scheme's valuation.

With reference to persons holding managerial positions at the Bank, as defined in the Policy on Variable Salary Components, each pool of warrants is offered and issued in four tranches: the first tranche of Subscription Warrants of 49.9% and the three subsequent tranches of 16.7% of the number of warrants for a given assessment period, provided that the conditions set in Alior Bank S.A.'s Policy on Variable Salary Components have been met.

B- and C-series Subscription Warrants will be issued to the Eligible Persons: immediately after 30 June 2016 or after the date of selling the block of the Bank's shares held by the Carlo Tassara S.p.A. Group companies – depending on which of the above circumstances occurs first.

As at the date of publication of this report, the Management Board of the Bank completed the procedure of increasing the Bank's share capital through four issues of new D-series ordinary bearer shares with a total par value of PLN 3 844 370, representing 13% of all exercisable rights under the Subscription Warrants allocated to the Scheme participants. The new issues constitute 0.53% of all presently issued shares. Statements on exercising the rights under the A-Series Subscription Warrants allocated by the Bank and taking up a total of 384 437 D-series ordinary bearer shares of PLN 10.00 par value each, with a total par value of PLN 3 844 370, at the issue price of PLN 61.84 per one D-Series Share were submitted on 29 August 2014, 28 November 2014, 27 February 2015 and 29 May 2015. On 15 October 2014, 5 February 2015, 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 in the form of the issue of D-series ordinary shares and the change in the Bank's Articles of Association.

The original incentive scheme

As a result of the settlement of the original incentive scheme (established based on the agreement of 25 August 2008), Alior Bank managers, including Management Board Members, received (indirectly, though LuxCo 82 s.a.r.l.) on 14 December 2012 2 414 118 Alior Bank shares. The remaining 1 299 909 of the Bank's shares resulting from settling the previous incentive plan were transferred by the Carlo Tassara Group to LuxCo 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 inventive scheme executed by Luxco 82 comprised 3 714 027 shares of Alior Bank S.A.
Members of the Management Board of Alior Bank S.A. were bound by a contractual lock-up in respect of up to 30% of the incentive shares over a period of 9 months, and in respect of 70% of the incentive shares by contractual lock-up over a period of 24 months from 14 December 2012. Incentive shares vested in other scheme participants, who were not members of the Management Board, were subject to contractual lock-up, in respect of 30% of the incentive shares, until the end of January 2013, and to contractual lock-up over a period of 12 months from 14 December 2012 in respect of 70% of the incentive shares.
Due to the partial expiry of the lock-ups, on 14 May 2013 LuxCo 82 s.a.r.l. sold 405 683 shares of the Bank, on 1 October 2013 it sold another block of 678 856 of the Bank's shares, and on 31 March 2014 - 1 171 474 shares of the Bank.
On 15 July 2015, LuxCo 82 s.a.r.l. sold 1 458 012 shares of the Bank. The block of 1 458 012 was sold in connection with the full settlement of the first incentive scheme to the Bank's managers. After this transaction, LuxCo no longer has any shares in the Bank.

38. Litigation

In cases related to corporate customers, the number of executory titles issued by the Bank in the first half of 2015 was 447 (in 2014 it amounted to PLN 816) and it covered the total indebtedness of PLN 177 201 thousand (in 2014 it amounted to PLN 240 273 thousand).
In cases relating to retail customers, in the first half of 2015, the Bank issued 3 361 (in 2014 20,401) bank executory titles with a total value of PLN 205 172 thousand (in 2014 PLN 404,081 thousand).
As at the end of June 2015, the total amount of claims resulting from court proceedings against the Bank (excluding collection proceedings) was PLN 39 417 thousand (at the end of 2014 it amounted to PLN 33,692 thousand).

In those cases where the probability of an outflow exceeded 50%, the Bank recognized a provision. As at 30 June 2015 it amounted to PLN 3,591 thousand (as at 31 December 2014 it amounted to PLN 2 513 thousand).

The value of proceedings relating to liabilities or receivables of the Alior Bank Group in progress in the first half of 2015 did not exceed 10% of Alior Bank's equity.
In the Bank's opinion, no single court, arbitration court or public administration body proceeding in progress in the first half of 2015, and none of the proceedings jointly, could threaten the Bank's financial liquidity.

(in PLN thousands)

39. 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 30.06.2015	As at 31.12.2014	As at 30.06.2014
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	165 383	147 475	256 223
Total	**165 383**	**147 475**	**256 223**

Amounts due from banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Receivables in respect of transactions concluded on the securities exchange:	7 266	176	299
WSE	7 266	176	299
Total	**7 266**	**176**	**299**

Amounts due from the National Deposit and securities exchange clearing houses	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Amounts due from the settlement fund	22 433	18 879	24 606
Amounts due from the compensation fund	61	56	42
Total	**22 494**	**18 935**	**24 648**

Amounts due to the National Deposit and securities exchange clearing houses	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Amounts due to the settlement fund	1 997	6	138
Total	**1 997**	**6**	**138**

Amounts due to banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Liabilities in respect of transactions concluded on the securities exchange:	287	608	9 638
WSE	287	608	9 638
Total	**287**	**608**	**9 638**

Customers' financial instruments recorded in securities accounts	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Dematerialized financial instruments:	8 296 323	6 908 065	6 974 482
including those admitted to trading on the regulated market	6 400 951	5 493 790	5 746 543
Financial instruments other than dematerialized	8 868	11 295	49 810
Total	**8 305 191**	**6 919 360**	**7 024 292**

40. Appropriation of profit for 2014 and information on no payment of dividend

On 25 May 2015, the Annual General Meeting of Alior Bank Spółka Akcyjna passed a resolution on appropriating the profit for 2014 in the total amount of PLN 337 029 551.94. The Annual General Meeting of the Bank decided to earmark the entire net profit for 2014 for transferring to supplementary capital.

The Group did not pay any dividend for 2014.

41. Significant events after the balance sheet date

On 15 July 2015, LuxCo 82 s.a.r.l. with its registered office in Luxembourg sold 1 458 012 shares of the Bank. The block of 1 458 012 shares of the Bank was sold in connection with the full settlement of the first incentive scheme to the Bank's managers. After this transaction, LuxCo no longer has any shares in the Bank.

On 11 August 2015, the District Court for the Capital City of Warsaw in Warsaw, 13th Business Department of the National Court Register registered NewCommerce Services Spółka z ograniczoną odpowiedzialnością of which the Bank is the sole shareholder.

On 31 July 2015, Alior Polska Sp. z o.o. and Alior Bank S.A. concluded an agreement for the sale of an organized part of the enterprise. The subject matter of the agreement was an establishment separated organizationally, functionally and financially within the enterprise of Alior Polska Sp. z o.o., operating under the name "Alior Polska Spółka z ograniczoną odpowiedzialnością Zakład Zarządzania Nieruchomościami" ("ZZN").
ZZN conducts business activities covering:

- real estate agency in relation to properties intended as branch premises and other properties, including their adaptation to the requirements of business activities conducted by the Bank;
- renting and leasing land, facilities, premises and usable areas, and the related supporting activities;
- services in the area of real estate administration, including real estate management;

Upon the acquisition of ZZN, all obligations associated with its operations were transferred to the Bank, including, in particular, the rights attached to real properties whose acquisition was approved by the Bank's General Shareholders' Meeting on 25 May 2015 ("GSM").
The price for the purchase of the organized part of the enterprise amounted to PLN 41,800,000. The price for the purchase of real properties which form part of ZZN, referred to in Resolution No. 27/2015 of the GSM, amounted to PLN 18,088,885.47.
The acquisition was accounted for under the acquisition method in accordance with IFRS 3. Detailed information on the settlement of the transaction will be presented in the consolidated financial statements for the first three quarters of 2015.

On August 7th 2015 the Bank concluded with Telekom Romania Mobile Communications S.A. ("Telekom Romania MC") with its registered office in Bucharest of a Cooperation Agreement for the provision of financial intermediary services by Telekom Romania MC dated (the „Agreement").

The cooperation will be focused on:

1) acquiring to banking services a substantial portion of over 6 million clients of Telekom Romania MC and clients within the Capital Group;
2) ensuring top of the line internet and mobile technology as well transaction services for those clients;
3) offering clients products and services encompassing unique features stemming from cooperation between bank and telecommunication company.

The cooperation will entail offering clients most of existing banking products through all available channels utilizing technological synergies and competitive advantages derived from operating model of the bank and telecommunication company. It will be a continuation of a business cooperation between the Bank and T-Mobile, which enabled a T-Mobile Banking Services (T-Mobile Usługi Bankowe) offer to be released in May 2014.

In connection with the entry into force on 1 July 2015 the Act on Bonds of 15 January 2015 (Act on bonds), the Management Board of Alior Bank S.A. ("the Bank") hereby informs you that on 10 August 2015 the Supervisory Board of Alior Bank S.A. gave its consent to establish the Issue Scheme of Alior Bank S.A. bonds denominated in PLN ("Issue Scheme") and to incur multiple financial liabilities by way of issuing under the Issue Scheme unsecured bearer bonds, including the subordinated bonds (the "Bonds") with the following key parameters:

1. the total value of the Issue Scheme will not exceed: PLN 2,000,000,000 (two billion zloties);
2. the bonds will be issued in series, in the period from the date of the resolution entry into force till August 1st 2020,
3. maximum maturity of the Bonds issued under the Issue Scheme: 10 years;
4. the Bonds issued under the Issue Scheme will not be secured;
5. the Bonds will be issued on the basis of art. 33 (1) or art. 33 (2) of the Act on Bonds;
6. the Bonds will not take the form of documents;
7. the terms and conditions for the issue of each series of the Bonds may include provisions relating to introducing the Bonds to the CATALYST market run as an alternative trading system by Giełda Papierów Wartościowych S.A. or BondSpot S.A.

At the same time, the Supervisory Board of Alior Bank S.A. authorized the Management Board of Alior Bank S.A. to determine the detailed terms and conditions for issuing particular Bond series issued under the Issue Scheme, allotting the bonds to investors and taking all other necessary actions aimed at carrying out the Issue Scheme. The Management Board will inform of the dates and detailed terms and conditions of the issue in consecutive reports.

In connection with the entry into force on 1 July 2015 the Act on bonds, the Bank's Management Board has decided to stop issuing the bonds within the Bond Issue Scheme approved by resolution no. 28/2013 of the Bank's Supervisory Board, of March 18, 2013, of which the Bank informed in the current report No. 16/2013 of 19 March 2013.

42. Sale of a significant block of shares

On 30 May 2015, the Bank's Management Board received notification of a memorandum of agreement having been concluded for the sale of 18 318 473 shares of the Bank, constituting 25.26% of the Bank's share capital, between Alior Lux S.a.r.l. & Co. S.C.A. with its registered office in Luxembourg and Alior Polska Sp. z o.o. with its registered office in Warsaw, and Powszechny Zakład Ubezpieczeń Spółka Akcyjna with its registered office in Warsaw.

The purchase of shares by PZU will be transacted in three tranches, after fulfilling the conditions specified in the Agreement:

1. under the first tranche, PZU will acquire 6 744 900 of the Bank's shares belonging to Alior Lux and 500 000 shares belonging to Alior Polska; 2. under the second tranche, PZU will acquire 7 244 900 of the Bank's shares belonging to Alior Lux; 3. under the third tranche, PZU will acquire 3 828 673 of the Bank's shares belonging to Alior Lux.

The execution of each subsequent tranche will take place after 70 days of executing the previous one. The Agreement was concluded on the condition of obtaining the required permits for concluding the transaction from the Polish Financial Supervision Authority, the President of the Office of Competition and Consumer Protection and the Antimonopoly Committee of Ukraine. In the event of failing to obtain the said permits by 31 March 2016, the Agreement will expire.

The Bank's Management Board was satisfied with the information that an agreement was concluded for PZU, the largest Polish insurance company, to purchase the shares held by Carlo Tassara. The Management Board is of the opinion that gaining PZU as a strategic investor will create a sound basis for the long-term development of Alior Bank and strengthen its market position.

43. Registered audit company

By a resolution dated 4 April 2014, the Supervisory Board elected PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw as the registered auditor to audit the Bank's financial statements. On 6 June 2014, a contract was concluded for the review of the condensed bi-annual financial statements for the financial period from 1 January to 30 June 2015 and for the audit of the annual financial statements for 2014. The contract was concluded for the period of performing the services related to the audit of the financial statements for 2014, 2015 and 2016.

Signatures of all the Management Board members

19.08.2015	Wojciech Sobieraj President of the Board	.... Signature
19.08.2015	Krzysztof Czuba Vice-President	.... Signature
19.08.2015	Michał Hucał Vice-President	.... Signature
19.08.2015	Joanna Krzyżanowska Vice-President	.... Signature
19.08.2015	Witold Skrok Vice-President	.... Signature
19.08.2015	Katarzyna Sułkowska Vice-President	.... Signature

Contents

(in PLN thousands)

Interim condensed separate financial statements

Interim condensed separate income statement

	Note	01.04.2015-30.06.2015	01.01.2015-30.06.2015	01.04.2014-30.06.2014	01.01.2014-30.06.2014
Interest income		566 579	1 003 588	432 324	825 810
Interest expense		-161 344	-289 003	-129 569	-254 740
Net interest income	**3**	**405 235**	**714 585**	**302 755**	**571 070**
Dividend income		**42**	**42**	**25 540**	**25 540**
Fee and commission income		126 228	260 387	138 753	263 922
Fee and commission expense		-55 678	-97 279	-54 818	-96 528
Net fee and commission income	**4**	**70 550**	**163 108**	**83 935**	**167 394**
Trading result	**5**	**71 119**	**136 670**	**62 123**	**115 009**
Net gain (realized) on other financial instruments	**6**	**-226**	**4 345**	**2 181**	**2 170**
Other operating income		**36 591**	**49 983**	14 109	25 684
Other operating costs		**-23 063**	**-28 600**	-3 488	-8 048
Net other operating income	**7**	**13 528**	**21 383**	**10 621**	**17 636**
General administrative expenses	**8**	**-277 233**	**-516 474**	**-233 074**	**-447 697**
Impairment losses & provisions	**9**	**-172 068**	**-304 139**	**-129 870**	**-247 151**
Profit before tax		**110 947**	**219 520**	**124 211**	**203 971**
Income tax	**10**	**-17 114**	**-41 057**	-18 638	-34 382
Net profit		**93 833**	**178 463**	**105 573**	**169 589**
Net profit		**93 833**	**178 463**	**105 573**	**169 589**
Weighted average number of ordinary shares		**71 468 543**	**71 468 543**	**69 941 261**	**69 941 261**
Basic earnings per share (in PLN)	**11**	**1,31**	**2,50**	**1,51**	**2,42**
Diluted earnings per share (in PLN)	**11**	**2,39**	**2,39**	**1,44**	**2,31**

Interim condensed separate statement of comprehensive income

	Note	01.04.2015-30.06.2015	01.01.2015-30.06.2015	01.04.2014-30.06.2014	01.01.2014-30.06.2014
Net profit		**93 833**	**178 463**	**105 573**	**169 589**
Items that may be reclassified to profit or loss		**-56 628**	**-44 150**	**20 345**	**22 859**
Net gains/losses on financial assets available for sale		-19 419	-14 168	5 384	7 612
Profit/loss on valuation of financial assets available for sale	13	-23 974	-17 491	6 647	9 397
Deferred tax		4 555	3 323	-1 263	-1 785
Net gain on hedging derivatives		-37 209	-29 982	14 961	15 247
Net gain on valuation of hedging derivatives	24	-45 937	-37 015	18 470	18 823
Deferred tax		8 728	7 033	-3 509	-3 576
Total comprehensive income, net		**37 205**	**134 313**	**125 918**	**192 448**

The notes on pages 84–125 are an integral part of these interim condensed separate financial statements.

(in PLN thousands)

Interim condensed separate statement of financial position

ASSETS	Note	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Cash and balances with the Central Bank	12	1 814 603	1 158 440	1 057 413
Financial assets held for trading	23	427 473	476 821	284 808
Financial assets available for sale	13	2 713 708	2 652 125	1 503 883
Hedging derivatives financial instruments	24	49 445	80 205	15 671
Amounts due from banks	15	502 037	446 993	288 961
Loans and advances to customers	14	28 351 194	23 647 990	21 877 242
Assets pledged as collateral		1 495 445	927 191	1 299 221
Property, plant and equipment	16	184 200	191 835	204 248
Intangible assets	17	352 206	214 589	189 031
Investments in subsidiaries		20 694	5 644	6 753
Non-current assets held for sale		1 879	908	38 335
Income tax asset		227 613	146 939	143 195
Deferred		227 613	146 939	143 195
Other assets	18	345 842	218 398	240 582
TOTAL ASSETS		**36 486 339**	**30 168 078**	**27 149 343**

LIABILITIES AND EQUITY	Note	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Financial liabilities held for trading	23	324 028	349 033	225 988
Financial liabilities measured at amortized cost due to banks	20	1 600 556	1 049 162	1 587 834
Financial liabilities measured at amortized cost due to customers	19	29 794 512	24 430 968	21 424 666
Hedging derivatives financial instruments	26	10 887	4 777	0
Provisions	21	14 014	8 311	4 198
Other liabilities	22	667 793	741 875	710 512
Income tax liabilities		15 666	24 553	18 681
Current		15 666	24 553	18 681
Subordinated loans		711 094	541 595	348 962
Total liabilities		**33 138 550**	**27 150 274**	**24 320 841**
Equity	25	**3 347 789**	**3 017 804**	**2 828 502**
Share capital		726 812	699 784	699 413
Supplementary capital		2 279 317	1 775 397	1 773 494
Revaluation reserve		-22 724	21 426	6 082
Other reserves		185 921	184 167	179 924
Accumulated losses		0	0	0
Current year profit		178 463	337 030	169 589
TOTAL LIABILITIES AND EQUITY		**36 486 339**	**30 168 078**	**27 149 343**

The notes on pages 84–125 are an integral part of these interim condensed separate financial statements.

(in PLN thousands)

Interim condensed separate statement of changes in equity

1.01.2014 - 31.12.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net 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				**-44 150**	**-**	**178 463**	**134 313**
Net profit				-	-	178 463	178 463
Other comprehensive income				-44 150	-	-	-44 150
Share-based payments			**1 754**	**-**	**-**	**-**	**1 754**
Share issue	**27 028**	**166 890**		**-**	**-**	**-**	**193 918**
As at 30 June 2015	**726 812**	**2 279 317**	**185 921**	**-22 724**	**0**	**178 463**	**3 347 789**

1.01.2014 - 31.12.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net 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**

1.01.2014- 30.06.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net 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	**-**	**-**	**-**	**22 859**	**-**	**169 589**	**192 448**

(in PLN thousands)

Net profit						169 589	169 589
Other comprehensive income				22 859			22 859
Share-based payments	**-**	**-**	**3 132**	**-**	**-**	**-**	**3 132**
Share issue	**63 583**	**394 412**	**-**	**-**	**-**	**-**	**457 995**
Distribution of prior year result	**-**	**-55 630**			**55 630**	**-**	**0**
As at 30 June 2014	**699 413**	**1 773 494**	**179 924**	**6 082**	**-**	**169 589**	**2 828 502**

The notes on pages 84–125 are an integral part of these interim condensed separate financial statements.

(in PLN thousands)

Interim condensed separate statement of cash flows

	Note	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Operating activities			
Profit before tax		**219 520**	**203 971**
Adjustments:		**769 303**	**-547 371**
Unrealized foreign exchange gains/losses		-1 249	-156
Income from dividend		0	-25 538
Amortization/depreciation of tangible and intangible assets		86 306	39 276
Change in tangible and intangible assets impairment write-down		3 190	7
Profit/loss on investment net sale		0	99
Change in provisions		4 944	-673
Share-based payments		1 771	3 132
Change in loans and receivables	24.2	-1 709 535	-2 228 936
Change in financial assets available for sale		256 138	1 201 445
Change in financial assets held for trading		49 348	-41 517
Change in assets pledged as collateral		-568 254	-611 485
Change in hedging asset derivatives		30 760	-3 572
Change in non-current assets held for sale		-971	0
Change in other assets	24.4	38 521	97 430
Change in deposits		1 692 645	430 174
Change in issued debt		537 476	333 919
Change in financial liabilities held for trading		-25 265	41 898
Change in hedging liabilities derivatives		6 110	0
Change in other liabilities and other comprehensive income	24.3	440 395	273 534
Income tax paid		-73 027	-56 408
Net cash flow from/ (used in) operating activities		**988 823**	**-343 400**
Investing activities			
Outflows:		**-427 069**	**-34 037**
Purchase of property, plant and equipment	24.5	-31 362	-13 104
Purchase of intangible assets	24.6	-49 952	-16 289
Purchase of shares in subsidiaries, net of cash acquired		-330 705	-4 644
Acquisition of shares in a newly established company		-15 050	0
Inflows:		**310**	**25 554**
Dividend received		0	25 538
Disposal of property, plant and equipment		310	0
Disposal of shares in subsidiaries		0	16
Net cash used in investing activities		**-426 759**	**-8 483**
Financing activities			
Outflows:		**-198 549**	**-86 220**
Repayment of long-term liabilities		-184 216	-74 730
Interest expense – loan received		0	654
Interest expense – subordinated loan		-14 333	-12 144

(in PLN thousands)

Inflows:		**386 868**	**457 995**
Inflows from share issue		193 918	457 995
Inflows from the issuance of subordinated liabilities		192 950	0
Net cash flow from financing activities		**188 319**	**371 776**
Total net cash flow		**750 383**	**19 893**
incl. foreign exchange gains/(losses)		**5 333**	**2 166**
Balance sheet change in cash and cash equivalents		**750 383**	**19 893**
Cash and cash equivalents, opening balance		**1 456 273**	**1 251 673**
Cash and cash equivalents, closing balance	24.1	**2 206 656**	**1 271 566**

Additional disclosures on operating cash flows

Interest income received	849 922	825 976
Interest expense paid	-255 811	-241 293

The notes on pages 84–125 are an integral part of these interim condensed separate financial statements.

1. Basis of preparation

Scope and comparatives
In connection with the registration of the business combination between the Bank and Meritum Bank ICB S.A., the condensed interim financial statements of Alior Bank S.A. cover the combined data of Alior Bank and Meritum for the 6-month period ended 30 June 2015 and comprise the comparatives for the 6-month period ended 30 June 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 on CIRS. From January 2015, interest income and expenses related to making a placement and accepting a deposit under a CIRS transaction are presented in net interest income, whereas in 2014 they were presented in net trading income. The purpose of introducing the change is to ensure the consistency of the presented net income with its economic substance.

Additionally, the following changes were introduced in the Note related to the Statement of financial position for better transparency of the data presented (in accordance with the annual financial statements for the financial year from 1 January 2014 to 31 December 2014):
- assets constituting collateral were presented separately which resulted in changes in amounts due from customers, from banks and available-for-sale financial assets;
- financial liabilities measured at amortized cost were divided into amounts due to customers and banks;
- provisions for off-balance sheet liabilities were transferred from other liabilities to provisions;
- provisions for holiday-pay and for bonuses were transferred from provisions to other liabilities.

Interim condensed separate income statement

Items from the income statement	Data from the financial statements as at 30.06.2014		Change		Restated data 30.06.2014	
	01.04.2014-30.06.2014	01.01.2014-30.06.2014	01.04.2014-30.06.2014	01.01.2014-30.06.2014	01.04.2014-30.06.2014	01.01.2014-30.06.2014
Interest income	425 122	811 608	7 202	14 202	432 324	825 810
Interest expense	-125 412	-246 496	-4 157	-8 244	-129 569	-254 740
Net interest income	**299 710**	**565 112**	**3 045**	**5 958**	**302 755**	**571 070**
Trading result	**65 168**	**120 967**	**-3 045**	**-5 958**	**62 123**	**115 009**

(in PLN thousands)

Interim condensed separate statement of financial position

Notes to the statement of financial position	Data from the financial statements as at 30.06.2014	Change	Restated data 30.06.2014
Available-for-sale financial assets	2 784 204	1 280 321	1 503 883
Amounts due from banks	302 578	13 617	288 961
Amounts due from customers	21 882 525	5 283	21 877 242
Assets pledged as collateral	0	-1 299 221	1 299 221
TOTAL ASSETS	**24 969 307**	**0**	**24 969 307**
Financial liabilities measured at amortized cost	23 012 500	23 012 500	0
Amounts due to banks	0	-1 587 834	1 587 834
Amounts due to customers	0	-21 424 666	21 424 666
Provisions	7 907	3 709	4 198
Other liabilities	706 803	-3 709	710 512
TOTAL LIABILITIES AND EQUITY	**23 727 210**	**0**	**23 727 210**

Statement of compliance

These interim condensed separate financial statements of Alior Bank Spółka Akcyjna for the first half of 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union as of 30 June 2015, and interpreted by the opinion of the Polish Financial Supervision Authority (KNF) from 12 February 2015 and the interpretation of Ministry of Finance (MF) from 11 February 2015 in relation to recognition of fees paid to the Banking Guarantee Fund (BFG), and in compliance 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. Doubts regarding the recognition of fees paid to the Banking Guarantee Fund in the income statement arose as a result of the entry into force from 1 January 2015 of interpretation number 21 issued by the IFRS Interpretations Committee (IFRIC 21). Taking into account the above-mentioned position of the MF and the KNF, the Bank applied analogous approach to recognition of fees as in previous years, i.e. decided to amortise the fees paid to the Banking Guarantee Fund over the whole year of 2015.
The total cost of obligatory annual premium and prudential levy paid to the BFG in 2015 amounts to PLN 60 936 thousand, of which PLN 29 675 thousand was recognised as an expense in the period ended 30 June 2015.

These interim condensed financial statements comply with the requirements of the International Accounting Standard 34 as regards interim financial reporting. These interim condensed 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 30 June 2015, and the interim condensed statement of financial position as at 30 June 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 determination of the tax burden for the 6 months of 2015 in accordance with IAS 34, and amendments to standards which are binding from 1 January 2015.

(in PLN thousands)

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 30 June 2015.
As of the date of approval of these interim condensed 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 year from 1 January 2014 to 31 December 2014, published on 27 February 2015 and available on Alior Bank S.A.'s website with the exception of changes described in note 2.2 of the interim condensed consolidated financial statements.

Notes to the interim condensed separate income statement

3. Separate net interest income

3.1. Net interest income by entity	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Interest income	**1 003 588**	**825 810**
financial sector	78 993	62 170
non-financial sector	891 938	733 366
central and local government institutions	32 657	30 274
Interest expense	**-289 003**	**-254 740**
financial sector	-104 196	-76 018
non-financial sector	-183 082	-178 185
central and local government institutions	-1 725	-537
Net interest income	**714 585**	**571 070**

3.2. Net interest income by product	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Interest income	**1 003 588**	**825 810**
Interest income from financial instruments measured at amortized cost including the effective interest rate method	936 679	781 279
loans	876 608	717 298
financial assets available for sale	44 354	47 487
receivables acquired	13 864	15 729
other	1 853	765
Other interest income	66 909	44 531
current accounts	7 549	9 135
overnight deposits	600	307
hedging derivatives	58 760	35 089
Interest expense	**-289 003**	**-254 740**

(in PLN thousands)

Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-228 878	-193 751
term deposits	-169 071	-146 180
repo transactions in securities	-10 009	-6 313
cash deposits	-636	-2 300
own issue	-47 673	-37 142
other	-1 489	-1 816
Other interest expense	-60 125	-60 989
current deposits	-21 270	-32 931
hedging derivatives	-38 855	-28 058
Net interest income	**714 585**	**571 070**

4. Separate net fee and commission income

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Fee and commission income	**260 387**	**263 922**
brokerage commissions	33 151	27 866
payment cards	41 893	60 694
revenue from bancassurance activity	45 001	75 853
loans and advances	34 373	29 302
accounts maintenance	39 850	23 491
transfers	17 862	15 290
remittances and withdrawals services	10 227	9 733
acquired receivables	6 662	6 575
guarantees, letters of credit, collections, promises	7 432	6 247
other commissions	23 936	8 871
Fee and commission expense	**-97 279**	**-96 528**
brokerage commissions	-1 842	-2 840
costs of card transactions and ATM , including costs of payment card issue	-28 075	-29 315
insurance of bank products	-12 308	-7 607
commissions for ATM sharing	-11 318	-10 914
fees paid under service agreements	-4 752	-9 542
compensation and awards to customers	-8 242	-9 242
commissions paid to agents	-9 603	-6 299
assistance services	-2 110	-3 991
costs of customers acquisition	-2 873	-1 568
other commissions	-16 156	-15 210
Net fee and commission income	**163 108**	**167 394**

The Bank does not conduct any fiduciary activities.

5. Separate trading result

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Foreign exchange transactions result	103 354	93 349
Interest rate transactions result	33 554	20 326
Over hedge	-225	0
Other financial instruments result	-13	1 334
Trading result	**136 670**	**115 009**

(in PLN thousands)

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 denominated 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.

6. Separate net gain realized on other financial instruments

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Financial assets available for sale	4 574	2 119
Own issue	-229	51
- income from re-purchase	259	105
- losses on repurchase	-488	-54
Investment certificates	0	-144
Net gain realized on other financial instruments	**4 345**	**2 170**

7. Separate net other operating income

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Other operating income from:	**49 983**	**25 684**
management of third party assets	2 178	8 518
received compensations, fines and penalties	196	118
fees paid by counterparts	9 676	3 010
sale of receivables	8 109	22
reimbursement of litigation costs	10 769	6 605
other	19 055	7 411
Other operating expenses due to:	**-28 600**	**-8 048**
management of third party assets	-903	-1 898
paid compensations, fines and penalties	-2 002	-385
awards given to customers	-270	-438
operating risk	-12 309	-911
litigation costs	-4 841	-2 435
other	-8 275	-1 981
Net other operating income and expense	**21 383**	**17 636**

8. Separate general administrative expenses

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Payroll costs	**-275 457**	**-246 749**
remuneration due to employment contracts	-224 280	-202 029
remuneration surcharges	-43 825	-37 928
share-based payments	-1 754	-3 133
other	-5 598	-3 659
General and administrative costs	**-198 384**	**-157 387**

(in PLN thousands)

IT costs	-20 963	-17 445
lease and building maintenance expenses	-72 905	-71 089
marketing costs	-25 292	-15 415
training costs	-4 770	-5 850
cost of advisory services	-10 101	-7 924
costs of Banking Guarantee Fund	-29 675	-14 949
lease of property, plant and equipment and intangible assets	-1 562	-2 403
costs of telecommunications services	-7 973	-8 173
external services	-12 999	-6 976
other	-12 144	-7 163
Amortization and depreciation	**-39 872**	**-39 276**
property, plant and equipment	-23 363	-23 970
intangible assets	-16 509	-15 306
Taxes and fees	-2 761	**-4 285**
Total general administrative expenses	**-516 474**	**-447 697**

9. Separate net impairment losses and provisions

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Impairment losses on impaired loans and advances to customers	-310 961	-229 667
financial sector	-3 013	-612
non-financial sector	-307 948	-229 055
retail customers	-208 287	-141 368
business customers	-99 661	-87 687
IBNR for customers without impairment losses	13 993	-18 358
financial sector	137	-175
non-financial sector	13 856	-18 183
retail customers	13 445	-17 764
business customers	411	-419
Off-balance reserve	961	881
Property, plant and equipment and intangible assets	-8 132	-7
Net impairment losses & provisions	**-304 139**	**-247 151**

10. Separate corporate income tax

10.1 Presented in the income statement	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Current tax	69 008	43 139
current year	69 008	43 139
Prior year tax adjustment	-27 951	-8 757
origination and reversal of temporary differences	-27 951	-8 757
Accounting tax recognized in the income statement	**41 057**	**34 382**

10.2 Effective tax rate calculation	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Profit before tax	**219 520**	**203 971**
Income tax at 19%	**41 709**	**38 754**
Non-tax deductible expenses	**7 156**	**4 104**
Representation costs	68	39
PFRON	572	538

(in PLN thousands)

Impairment losses on loans in the part not covered with deferred tax	532	2 669
Prudential charge to BFG	2 860	0
Costs of provisions for management options	333	595
Donations	0	22
Other	2 791	241
Non-taxable revenues	**-6 140**	**-5 577**
Release of loan impairment allowances in the part not covered with the deferred tax	-71	-4
Dividends received	0	-4 853
Other	-6 069	-720
Recognition of tax loss	**0**	**-2 897**
Recognition of assets related to contribution of receivables to Obrót Wierzytelnościami Alior Polska sp. z o.o. S.K.A	**-1 668**	**-2**
Other	**41 057**	**34 382**
Accounting tax recognized in the income statement	**18,70%**	**16,86%**
Effective tax rate	**219 520**	**203 971**

11. Earnings per share

	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Net profit	178 463	169 589
Weighted average number of ordinary shares	71 468 543	69 941 261
Share options	3 139 189	3 331 250
Adjusted weighted average number of shares	74 607 732	73 272 511
Net earnings per ordinary share (PLN)	**2,50**	**2,42**
Diluted earnings per one share	**2,39**	**2,31**

(in PLN thousands)

Notes to the interim condensed separate statement of financial position

12. Cash and balances with the Central Bank

	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current account with the Central Bank	1 617 978	932 357	858 218
Cash	196 625	226 083	199 195
Cash and balances with the central bank	**1 814 603**	**1 158 440**	**1 057 413**

13. Available-for-sale financial assets

13.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Debt instruments	**2 700 748**	**2 649 120**	**1 503 205**
issued by the State Treasury	2 269 145	2 062 300	946 558
T-bonds	2 269 145	2 062 300	946 558
issued by monetary institutions	0	149 967	99 421
bonds	0	0	99 421
money bills	0	149 967	0
issued by other financial institutions	123 858	125 725	105 007
bonds	104 119	104 633	105 007
Eurobonds	19 739	21 092	0
issued by companies	307 745	311 128	352 219
bonds	307 745	311 128	352 219
Equity instruments	**12 960**	**3 005**	**678**
Available-for-sale financial assets	**2 713 708**	**2 652 125**	**1 503 883**

13.2 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
without set maturity date	12 960	3 005	678
≤ 1M	0	149 967	40 093
> 3M ≤ 6M	130 886	0	99 421
> 6M ≤ 1Y	261 365	775 059	233 101
> 1Y ≤ 2Y	1 091 110	303 091	108 288
> 2Y ≤ 5Y	1 021 331	1 141 518	490 026
> 5Y ≤ 10Y	196 056	279 485	532 276
Available-for-sale financial assets	**2 713 708**	**2 652 125**	**1 503 883**

13.3 Impairment allowance on debt instruments	As at 30.06.2015		As at 31.12.2014		As at 30.06.2014	
	Gross amount	Impairment allowance	Gross amount	Impairment allowance	Gross amount	Impairment allowance
Bonds issued by companies	111 849	6 491	111 852	6 491	4 316	4 316

(in PLN thousands)

13.4 Change in the balance of debt instruments impairment allowances	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
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 30 June 2015 and the comparatives as at 31 December 2014 and 30 June 2014.

In accordance with IFRS 13, the Bank introduced the following classification:
• to level 1 – all securities for which quotations are available from active financial markets;
The group includes mainly debt Treasury securities. The fair value is determined based on the purchase price from the quotations on the interbank market, brokers' quotations and BondSpot quotations.

• to level 2 – instruments for which prices are not directly observable, but the prices used for measurement are based on quotations from active transaction markets. The group includes NBP bills and commercial debt securities.

The fair value is determined based on the discounted future cash flows method which assumes that the profitability curves will be based on quotations of profitability of securities on the interbank market.
Debt commercial securities are measured based on profitability curves adjusted by the credit spread, if the spread may be determined on the basis of observable market quotations, e.g. based on quotations of credit swaps.
Debt commercial securities quoted on exchanges, with low transaction volumes on the market, were also recognized on this level.

• to 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 the fair values of which are impacted, apart from parameters derived from market quotations, also by the observable credit spread. The spread is calculated based on the prices on the primary market or prices at the moment of the transaction. The spread value is periodically updated in periods when reliable market quotations are available or when prices from similar volume transactions are known. The amount of the spread also changes on the basis of information on changes in the financial standing of the security issuer. At the end of the first half of 2015 the sensibility to change in the valuation of these assets in an event of the credit spread going up by 1 basis point was PLN 100 thousand.

Instruments are transferred between particular valuation levels at the end of the reporting period. The premises for the transfers are based on the terms and conditions described in international financial reporting standards, i.e., *inter alia*, on the availability of quotations of the instruments on active markets, the availability of quotations regarding measurement components, or the existence of unobservable factors on the fair value.

(in PLN thousands)

In the period 1 January 2015 to 30 June 2015 there were no transfers of financial assets within the hierarchy levels.

13.5 Fair value	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 1	**2 332 541**	**2 127 557**	**990 929**
T-bonds	2 269 145	2 062 300	946 558
Other bonds	63 396	65 257	44 371
Level 2	**0**	**149 967**	**0**
Money bills	0	149 967	0
Level 3	**381 167**	**374 601**	**512 954**
Equity instruments	12 960	3 005	678
Other bonds	368 207	371 596	512 276
Valuation of available for sale financial assets by level	**2 713 708**	**2 652 125**	**1 503 883**

13.6 Movements on financial assets available for sale classified as level 3	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	**374 601**	**291 037**	**291 037**
Reclassification	0	151 275	151 275
Increases, including	**49 326**	**221 065**	**100 945**
Acquisition	48 261	221 058	100 125
Other changes presented in profit and loss account	0	0	**820**
Fair value adjustment	420	0	0
Foreign exchange differences	645	7	0
Decreases, including	**-42 760**	**-288 776**	**-30 303**
Sale	-42 550	-280 518	-29 118
Other changes recognised in income statement	-210	-4 634	-426
Fair value adjustment	0	-3 624	-758
Financial assets available for sale classified as level 3 at the end of the period	**381 167**	**374 601**	**512 954**

The valuation of available-for-sale assets is presented in the revaluation reserve, interest and discount income – in interest income and the result on sale in the result on other financial instruments.

14. Amounts due from customers

14.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
Working capital facility	155 713	142 530	138 923
Consumer loans	7 974 028	6 217 208	5 759 201
Consumer finance loans	627 229	704 834	653 218
Loans for purchase of securities	157 355	142 921	165 108
Credit card borrowings loans	233 182	204 619	193 662
Loans for residential real estate	5 777 712	4 991 141	4 022 934
Other mortgage loans	901 946	877 230	834 135
Other receivables	221 313	20 436	25 663

(in PLN thousands)

Corporate segment	**12 302 716**	**10 347 071**	**10 084 398**
Working capital facility	6 971 721	5 527 749	5 665 472
Car loans	101 325	141 299	189 317
Investment loans	4 674 986	4 134 162	3 659 108
Acquired receivables (factoring)	521 040	517 347	550 711
Other receivables	33 644	26 514	19 790
Amounts due from customers	**28 351 194**	**23 647 990**	**21 877 242**

14.2 By gross amounts and carrying amounts	**As at 30.06.2015**	**As at 31.12.2014**	**As at 30.06.2014**
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
Loans for residential real estate	5 777 712	4 991 141	4 022 934
unimpaired	5 679 299	4 908 611	3 940 966
impaired	128 762	112 240	99 978
IBNR	-4 919	-6 531	-3 005
Impairment allowance	-25 430	-23 179	-15 005
Consumer finance loans	627 229	704 834	653 218
unimpaired	616 111	691 187	643 991
impaired	46 526	49 064	39 270
IBNR	-1 495	-2 392	-3 350
Impairment allowance	-33 913	-33 025	-26 693
Other retail loans	9 643 537	7 604 944	7 116 692
unimpaired	9 383 400	7 274 942	6 860 430
impaired	1 034 928	1 034 794	862 828
IBNR	-109 353	-71 927	-62 510
Impairment allowance	-665 438	-632 865	-544 056
Corporate segment	**12 302 716**	**10 347 071**	**10 084 398**
unimpaired	11 788 593	9 838 275	9 602 170
impaired	1 267 592	1 028 647	928 857
IBNR	-34 317	-18 130	-16 394
Impairment allowance	-719 152	-501 721	-430 235
Amounts due from customers	**28 351 194**	**23 647 990**	**21 877 242**

14.3 Receivables from customers impaired	**As at 30.06.2015**	**As at 31.12.2014**	**As at 30.06.2014**
Receivables from customers individually assessed	**667 418**	**801 399**	**744 810**
Retail segment	**211 816**	**309 349**	**284 039**
Amounts due from customers	309 870	595 598	563 630
Impairment allowance	-98 054	-286 249	-279 591
Corporate segment	**455 602**	**492 050**	**460 771**
Amounts due from customers	941 881	908 514	820 107
Impairment allowance	-486 279	-416 464	-359 336
Receivables from customers collectively assessed	**366 457**	**232 556**	**170 134**
Retail segment	**273 619**	**197 680**	**132 284**
Amounts due from customers	900 346	600 500	438 447
Impairment allowance	-626 727	-402 820	-306 163
Corporate segment	**92 838**	**34 876**	**37 850**
Amounts due from customers	325 711	120 133	108 750

(in PLN thousands)

Impairment allowance	-232 873	-85 257	-70 900
Receivables from customers impaired	**1 033 875**	**1 033 955**	**914 944**

14.4 Change in the balance of receivables impairment allowances and IBNR	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	1 289 770	873 374	873 374
Changes due to the acquisition of a subsidiary	415 028	0	0
Changes during the year:	296 968	500 265	248 025
Increases	1 309 104	1 001 224	482 105
Retail segment	1 086 879	622 589	277 221
Corporate segment	222 225	378 635	204 884
Decreases	-1 012 136	-500 959	-234 080
Retail segment	-892 037	-303 500	-118 089
Corporate segment	-120 099	-197 459	-115 991
Transfer to costs	-408 165	-105 583	-20 357
Other changes	417	21 714	206
Impairment allowances and IBNR at the end of the period	**1 594 018**	**1 289 770**	**1 101 248**

14.5 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
≤ 1M	1 900 817	2 048 850	1 909 060
> 1M ≤ 3M	333 567	267 977	294 561
> 3M ≤ 6M	500 931	389 449	389 332
> 6M ≤ 1Y	866 444	741 573	589 871
>1Y ≤ 2Y	1 443 389	1 101 573	972 705
>2Y ≤ 5Y	3 287 641	2 474 771	2 244 103
>5Y ≤ 10Y	3 263 685	2 444 547	2 219 342
>10Y ≤ 20Y	2 449 216	2 076 617	1 697 829
>20Y	2 002 788	1 755 562	1 476 041
Corporate segment	**12 302 716**	**10 347 071**	**10 084 398**
≤ 1M	5 162 886	3 561 340	3 997 134
> 1M ≤ 3M	795 073	622 870	635 103
> 3M ≤ 6M	273 100	587 109	218 065
> 6M ≤ 1Y	896 615	870 559	797 448
>1Y ≤ 2Y	1 270 871	1 339 352	965 916
>2Y ≤ 5Y	1 869 076	1 766 626	2 001 784
>5Y ≤ 10Y	1 565 629	1 212 647	1 158 869
>10Y ≤ 20Y	469 466	386 568	310 079
Amounts due from customers	**28 351 194**	**23 647 990**	**21 877 242**

(in PLN thousands)

14.6 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**16 048 478**	**13 300 919**	**11 792 844**
PLN	14 921 956	12 277 760	10 812 002
EUR	862 925	836 381	814 404
GBP	77 847	30 769	491
USD	11 191	4 615	577
CHF	174 503	151 388	165 264
Other	56	6	106
Corporate segment	**12 302 716**	**10 347 071**	**10 084 398**
PLN	9 859 197	8 056 802	7 718 148
EUR	2 302 057	2 165 986	2 225 815
GBP	7 133	4 375	3 242
USD	97 853	86 068	98 403
CHF	36 476	33 839	37 590
Other	0	1	1 200
Total receivables	**28 351 194**	**23 647 990**	**21 877 242**

15. Amounts due from banks

15.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current accounts	178 199	291 440	52 955
Overnight Deposits (O/N)	213 773	6 394	152 553
Term deposits	193	0	8 645
Deposits as derivative transactions (ISDA) collateral	100 195	143 427	61 284
Other	9 677	5 732	13 524
Amounts due from banks	**502 037**	**446 993**	**288 961**

15.2 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
≤ 1M	501 844	446 993	288 961
> 1M ≤ 3M	89	0	0
> 3M ≤ 6M	104	0	0
Amounts due from banks	**502 037**	**446 993**	**288 961**

15.3 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
PLN	224 839	16 393	8 078
EUR	138 943	188 227	139 474
GBP	12 083	27 844	21 787
USD	51 931	153 248	78 602
CHF	12 963	5 608	12 498
Other currencies	61 278	55 673	28 522
Amounts due from banks	**502 037**	**446 993**	**288 961**

(in PLN thousands)

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

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

16. Property, plant and equipment

As at 30.06.2015	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2015	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:	-5 082	13 318	-6 323	1 659	3 572
Purchases in 2015	1 616	9 791	1 347	435	13 189
Reclassifications in 2015	-1 360	1 224	-1	137	0
Sales in 2015	0	0	0	-310	-310
Other changes	-5 338	2 303	-7 669	1 397	-9 307
Value at cost as at 30.06.2015	2 012	221 516	152 121	84 108	459 757
Accumulated depreciation as at 01.01.2015	0	121 777	68 785	46 067	236 629
Changes due to the acquisition of a subsidiary	0	9 320	2 097	5 474	16 891
Depreciation for 2015	0	11 444	4 419	7 500	23 363
Other changes	0	0	0	-3 751	-3 751
Accumulated depreciation as at 30.06.2015	0	142 541	75 301	55 290	273 132
Impairment allowances as at 01.01.2015	0	577	2 006	19	2 602
Changes in impairment allowances in 2015	0	328	-505	0	-177
Impairment allowances as at 30.06.2015	0	905	1 501	19	2 425
Net value as at 01.01.2015	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**
Net value as at 30.06.2015	**2 012**	**78 070**	**75 319**	**28 799**	**184 200**

As at 31.12.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2014	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 as at 31.12.2014	7 094	196 229	155 293	72 450	431 066
Accumulated depreciation as at 01.01.2014	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	21 614	15 477	9 366	46 457
Other changes				-2 563	-2 563
Accumulated depreciation as at 31.12.2014	0	121 777	68 785	46 067	236 629
Impairment allowances as at 01.01.2014	0	182	193	19	394
Changes in impairment allowances in 2014	0	395	1 813	0	2 208
Impairment allowances as at 31.12.2014	0	577	2 006	19	2 602

(in PLN thousands)

Net value as at 01.01.2014	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at 31.12.2014	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**

As at 30.06.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2014	13 332	174 125	150 247	70 546	408 250
Changes due to:	-8 276	16 158	4 046	1 140	13 068
Purchases in 2014	7 019	7 153	3 931	1 037	19 140
Reclassifications in 2014	-7 692	7 246	236	188	-22
Sales in 2014	0		0	0	0
Other changes	-7 603	1 759	-121	-85	-6 050
Value at cost as at 30.06.2014	5 056	190 283	154 293	71 686	421 318
Accumulated depreciation as at 01.01.2014	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	13 000	7 662	3 308	23 970
Other changes	0	0	0	-37	-37
Accumulated depreciation as at 30.06.2014	0	113 163	60 970	42 535	216 668
Impairment allowances as at 01.01.2014	0	182	193	19	394
Changes in impairment allowances in 2014	0	1	6	0	7
Impairment allowances as at 30.06.2014	0	183	200	19	402
Net value as at 01.01.2014	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at 30.06.2014	**5 056**	**76 937**	**93 123**	**29 132**	**204 248**

17. Intangible assets

As at 30.06.2015	Goodwill	Capital expenditure	Computer software and licences	Trademark	Other*	Total
Value at cost as at 01.01.2015	2 321	35 704	307 574	300	0	345 899
Changes due to the acquisition of a subsidiary	101 872	1 255	57 801	3 367	4 704	168 999
Changes in intangible assets	0	-4 759	23 232	0	0	18 473
Purchases in 2015	0	4 758	12 690	0	0	17 448
Reclassifications in 2015	0	-8 861	8 844	0	0	-17
Capitalized costs of salaries	0	16 884	1 024	0	0	17 908
Other changes	0	-17 540	675	0	0	-16 865
Value at cost as at 30.06.2015	104 193	32 200	388 607	3 667	4 704	533 371
Accumulated amortization as at 01.01.2015	0	0	128 620	0	0	128 620
Changes due to the acquisition of a subsidiary			29 442	0	514	29 956
Amortization for 2015	0	0	15 803	0	706	16 509
Other changes	0	0	23	0	0	23
Accumulated amortization as at 30.06.2015	0	0	173 888	0	1 220	175 108
Impairment allowances as at 01.01.2015	2 321	27	342	0	0	2 690
Changes in impairment allowances in 2015	0	0	0	3 367	0	3 367
Impairment allowances as at 30.06.2015	2 321	27	342	3 367	0	6 057
Net value as at 01.01.2015	**0**	**35 677**	**178 612**	**300**	**0**	**214 589**
Net value as at 30.06.2015	**101 872**	**32 173**	**214 377**	**300**	**3 484**	**352 206**

*) including customer relationships

(in PLN thousands)

As at 31.12.2014	Goodwill	Capital expenditure	Computer software and licences	Trademark	Total
Value at cost as at 01.01.2014	0	53 760	233 514	300	287 574
Changes in intangible assets	2 321	-18 056	74 060	0	58 325
Purchases in 2014	0	28 005	9 777	0	37 782
Reclassifications in 2014	0	-54 164	54 164	0	0
Capitalized costs of salaries	0	8 103	10 119	0	18 222
Other changes	2321	0	0	0	2 321
Value at cost as at 31.12.2014	2 321	35 704	307 574	300	345 899
Accumulated amortization as at 01.01.2014	0	0	99 524	0	99 524
Amortization for 2014	0	0	28 999	0	28 999
Other changes	0	0	97		97
Accumulated amortization as at 31.12.2014	0	0	128 620		128 620
Impairment allowances as at 01.01.2014	0	0	2	0	2
Changes in impairment allowances in 2014	2 321	27	340	0	2 688
Impairment allowances as at 31.12.2014	2321	27	342	0	2 690
Net value as at 01.01.2014	**0**	**53 760**	**133 988**	**300**	**188 048**
Net value as at 31.12.2014	**0**	**35 677**	**178 612**	**300**	**214 589**

As at 30.06.2014	Goodwill	Capital expenditure	Computer software and licences	Trademark	Total
Value at cost at the 01.01.2014	0	53 760	233 514	300	287 574
Changes in intangible assets	0	-46 334	62 623	0	16 289
Purchases in 2014	0	3 630	11 294	0	14 924
Reclassifications in 2014		-51 042	51 063		21
Capitalized costs of salaries	0	9 893		0	9 893
Other changes	0	-8815	266	0	-8 549
Value at cost as at 30.06.2014	0	7 426	296 137	300	303 863
Accumulated amortization as at 01.01.2014	0	0	99 524	0	99 524
Amortization for 2014	0	0	15 306	0	15 306
Accumulated amortization as at 30.06.2014	0		114 830	0	114 830
Impairment allowances as at 01.01.2014	0	0	2	0	2
Impairment allowances as at 30.06.2014	0	0	2	0	2
Net value as at 01.01.2014	**0**	**53 760**	**133 988**	**300**	**188 048**
Net value as at 30.06.2014	**0**	**7 426**	**181 305**	**300**	**189 031**

18. Other assets

18.1 Other assets	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Sundry debtors	**272 833**	**180 563**	**206 180**
Other settlements	115 307	42 834	63 967
Receivables related to the sale of goods and services (including insurance)	71 159	10 448	48 331
Guarantee deposits	10 722	11 034	11 500
Settlements of payment cards	75 645	116 247	82 382
Deferred costs	**102 303**	**28 939**	**36 806**
Settlements of rental charges and utilities	601	379	136

(in PLN thousands)

Maintenance and support of systems, servicing of plant and equipment	7 404	6 692	7 002
Mandatory costs of Banking Guarantee Fund	30 469	0	13 213
Other deferred costs	63 829	21 868	16 455
Accrued income on PCC settlements with the Tax Office	**0**	**0**	**2 500**
Settlements of VAT	**1 142**	**16 100**	**1 407**
Other assets (gross)	**376 278**	**225 602**	**246 893**
Impairment allowances	-30 436	-7 204	-6 311
Other assets (net)	**345 842**	**218 398**	**240 582**
including financial assets	272 833	180 563	206 180

18.2 Change in the balance of other assets impairment allowances	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	7 204	5 996	5 996
Changes due to the acquisition of a subsidiary	11 453	0	0
Changes during the year:	11 779	1 208	315
Increases	11 918	1 371	442
Decreases	-139	-163	-127
Impairment allowances at the end of the period	**30 436**	**7 204**	**6 311**

19. Amounts due to customers

19.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current deposits	11 521 228	9 863 710	9 447 311
Term deposits	15 755 734	12 623 311	10 212 916
Own issue of Banking Securities	2 179 432	1 641 956	1 469 538
Other liabilities	338 118	301 991	294 901
Total amounts due to customers	**29 794 512**	**24 430 968**	**21 424 666**

19.2 By customer type and segment	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**18 958 037**	**14 849 410**	**13 803 981**
Current deposits	8 260 354	6 736 053	6 956 189
Term deposits	10 366 322	7 796 845	6 528 896
Banking securities issued	148 347	156 769	167 505
Other liabilities	183 014	159 743	151 391
Corporate segment	**10 836 475**	**9 581 558**	**7 620 685**
Current deposits	3 260 874	3 127 657	2 491 122
Term deposits	5 389 412	4 826 466	3 684 020
Banking securities issued	2 031 085	1 485 187	1 302 033
Other liabilities	155 104	142 248	143 510
Total amounts due to customers	**29 794 512**	**24 430 968**	**21 424 666**

19.3 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**18 958 037**	**14 849 410**	**13 803 981**
≤ 1M	10 470 382	8 305 470	9 108 960
> 1M ≤ 3M	3 015 433	2 819 115	1 912 625
> 3M ≤ 1Y	5 125 641	2 974 459	2 072 235

(in PLN thousands)

> 1Y ≤ 5Y	338 204	742 513	704 141
>5Y	8 377	7 853	6 020
Corporate segment	**10 836 475**	**9 581 558**	**7 620 685**
≤ 1M	6 417 948	6 541 802	4 899 867
> 1M ≤ 3M	1 833 807	1 027 542	927 612
> 3M ≤ 1Y	1 051 338	962 364	704 108
> 1Y ≤ 5Y	1 526 615	1 042 498	1 082 011
>5Y	6 767	7 352	7 087
Total amounts due to customers	**29 794 512**	**24 430 968**	**21 424 666**

19.4 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Retail segment	**18 958 037**	**14 849 410**	**13 803 981**
PLN	16 401 832	12 810 749	11 748 612
Other	2 556 205	2 038 661	2 055 369
Corporate segment	**10 836 475**	**9 581 558**	**7 620 685**
PLN	9 600 001	8 630 687	6 333 656
Other	1 236 474	950 871	1 287 029
Total amounts due to customers	**29 794 512**	**24 430 968**	**21 424 666**

20. Amounts due to banks

20.1 By type	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Current deposits	11 040	11 015	11 019
Overnights	0	0	47 546
Term deposits	0	0	169 051
Banking securities issued	32 657	22 676	22 689
Other liabilities	105 830	131 550	67 615
Repo	1 451 029	883 921	1 269 914
Total liabilities	**1 600 556**	**1 049 162**	**1 587 834**

20.2 By maturity (as at the balance sheet date)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
≤ 1M	1 315 736	1 026 486	1 565 145
> 1M ≤ 3M	252 163	0	0
> 3M ≤ 1Y	12 657	10 003	0
> 1Y ≤ 5Y	20 000	12 673	22 689
Total amounts due to banks	**1 600 556**	**1 049 162**	**1 587 834**

20.3 By currency	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
PLN	1 497 462	926 887	1 445 315
EUR	80 664	86 568	120 669
USD	22 401	35 707	21 850
ZAR	29	0	0
Total amounts due to banks	**1 600 556**	**1 049 162**	**1 587 834**

(in PLN thousands)

21. Provisions

	Provisions for disputed claims	Provisions for employee benefits	Off-balance reserve	Restructuring provision	Total provisions
As at 1 January 2015	2 513	824	4 974	0	8 311
Changes due to the acquisition of a subsidiary	711	54	0	0	765
Provisions recorded	3 138	6	4 139	5 561	12 844
Provisions released	-67	0	-5 100	0	-5 167
Provisions utilized	-2 704	0	0	0	-2 704
Other changes	0	0	-35	0	-35
As at 30 June 2015	**3 591**	**884**	**3 978**	**5 561**	**14 014**

	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**

	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	1 379	67	2 865	4 311
Provisions released	-126	0	-3 746	-3 872
Provisions utilized	-1 109	0	0	-1 109
Other changes	0	0	-3	-3
As at 30 June 2014	**402**	**690**	**3 106**	**4 198**

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 Bank commits to paying based on the Remuneration Regulations.

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

(in PLN thousands)

22. Other liabilities

	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interbank settlements	278 123	182 431	221 345
Taxation, customs duty, social and health insurance payables and other public settlements	24 813	21 918	21 278
Liabilities in respect of payment card settlements	8 248	3 890	4 097
Other settlements	73 547	33 359	68 107
including settlements with insurers	33 646	12 832	53 742
Settlements of banking certificates of deposits	101 920	121 904	99 811
Accruals	24 996	39 734	27 218
Income received in advance	42 859	269 248	170 878
Provision for bancassurance resignations	79 458	44 465	89 673
Provision for employee benefits	23 366	23 496	6 815
Other liabilities	10 463	1 430	1 290
Total other liabilities	**667 793**	**741 875**	**710 512**
including financial liabilities	359 918	219 680	293 549

Settlements with insurers comprise insurance premiums relating to the cover granted by the Bank to its Customers under one of the Group insurance contracts (concluded by the Bank with insurers and offered to its Customers).
As of 30 June 2015, 31 December 2014 and 30 June 2014, there were no liabilities in the case of which the Bank would not discharge the contractual payments.

23. Financial assets and financial liabilities held for trading

The Bank classified derivative instruments and securities (shares, bonds) to the category of financial assets and liabilities held for trading as at 30 June 2015, 31 December 2014 and 30 June 2014. Derivative transactions are concluded for trading purposes and for the purpose of managing market risk. The Bank concludes the following types of derivative transactions: FX-Forward, FX-Swap, IRS, CIRS, FRA, Commodity Futures, Commodity Forwards and Forward security transactions. Derivative financial instruments are measured on a daily basis using the discounted cash flow method. The Bank also enters into option transactions. In accordance with the binding laws, in concluding option transactions, the Bank 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).

23.1 Derivative financial instruments (nominal value)	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interest rate transactions	18 837 650	16 130 395	17 901 227
SWAP	16 521 876	12 336 676	14 375 327
FRA	200 000	400 000	400 000
Cap Floor Options	2 115 774	3 393 719	3 125 900
Foreign exchange transactions	5 784 128	6 169 370	4 681 320
FX swap	1 539 116	1 906 986	1 530 362
FX forward	2 182 068	2 169 979	1 405 252
CIRS	1 679 280	1 750 256	1 467 511

(in PLN thousands)

FX options	383 664	342 149	278 195
Other options	4 246 889	2 996 972	2 320 426
Other instruments	974 480	573 411	491 119
Derivative financial instruments (nominal value)	**29 843 147**	**25 870 148**	**25 394 092**

23.2 Financial assets held for trading	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Shares	3 112	2 729	2 623
Bonds	467	946	890
Certificates	3 964	0	0
Interest rate transactions	190 424	260 481	160 057
SWAP	184 574	246 522	151 170
FRA	744	1 790	154
Cap Floor Options	5 106	12 169	8 733
Foreign exchange transactions	121 655	110 794	49 188
FX swap	28 166	14 133	4 632
FX forward	53 583	42 485	17 125
CIRS	37 531	51 641	26 668
FX options	2 375	2 535	763
Other options	78 092	81 198	59 276
Other instruments	29 759	20 673	12 774
Financial assets held for trading	**427 473**	**476 821**	**284 808**

23.3 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Without specified maturity date	7 154	2 730	2 623
≤ 1W	18 162	12 190	11 591
> 1W ≤ 1M	37 243	59 687	16 374
> 1M ≤ 3M	74 138	47 440	24 939
> 3M ≤ 6M	17 878	46 079	14 987
> 6M ≤ 1Y	42 249	44 121	34 920
> 1Y ≤ 2Y	67 733	67 607	48 674
> 2Y ≤ 5Y	131 715	173 918	108 766
> 5Y ≤ 10Y	31 201	23 049	21 934
Financial assets held for trading	**427 473**	**476 821**	**284 808**

23.4 Financial liabilities held for trading	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interest rate transactions	153 562	201 221	127 551
SWAP	148 447	189 017	118 793
Cap Floor Options	5 115	12 204	8 758
Foreign exchange transactions	60 507	45 414	28 659
FX swap	2 512	6 886	5 443
FX forward	10 244	8 410	6 984
CIRS	45 346	27 585	15 468
FX options	2 405	2 533	764

(in PLN thousands)

Other options	78 092	81 198	59 276
Other instruments	31 867	21 200	10 502
Financial liabilities held for trading	**324 028**	**349 033**	**225 988**

23.5 By maturity	**As at 30.06.2015**	**As at 31.12.2014**	**As at 30.06.2014**
without defined timeframe	78	0	0
≤ 1W	7 139	9 000	1 885
> 1W ≤ 1M	12 622	15 805	10 039
> 1M ≤ 3M	58 540	35 914	9 616
> 3M ≤ 6M	11 036	15 688	8 680
> 6M ≤ 1Y	61 062	30 949	28 996
> 1Y ≤ 2Y	52 747	70 095	56 679
> 2Y ≤ 5Y	105 154	154 772	96 203
> 5Y ≤ 10Y	15 650	16 810	13 890
Financial liabilities held for trading	**324 028**	**349 033**	**225 988**

The list below shows the hierarchy of valuation methods of financial instruments held for trading measured to fair value as at 30 June 2015 and the comparatives as at 31 December 2014 and as at 30 June 2014.

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

- to 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.

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

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

Instruments of this level include options embedded in deposit certificates issued by the 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 on the basis of statistical analysis. 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 30 June 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 amounted to PLN 4.9 million and it will be offset exactly by the change in the valuation of the option on the financial liabilities side.

(in PLN thousands)

In the period 1 January 2015 to 30 June 2015 there were no transfers of financial instruments with the hierarchy levels.

23.6 Valuation of financial assets	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 1	**28 247**	**17 268**	**11 655**
Shares	3 112	2 729	2 623
Bonds	467	946	890
Certificates	3 964	0	0
Other instruments	20 704	13 593	8 142
Level 2	**321 134**	**378 355**	**213 877**
SWAP	184 574	246 522	151 170
FRA	744	1 790	154
Cap Floor Options	5 106	12 169	8 733
FX swap	28 166	14 133	4 632
FX forward	53 583	42 485	17 125
CIRS	37 531	51 641	26 668
FX options	2 375	2 535	763
Other instruments	9 055	7 080	4 632
Level 3	**78 092**	**81 198**	**59 276**
Other options	78 092	81 198	59 276
Total financial assets	**427 473**	**476 821**	**284 808**

23.7 Movements on financial assets classified as level 3	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	**81 198**	**46 618**	**46 618**
Increases, including	**79 852**	**91 893**	**55 513**
Derivatives revaluation of previous year	13 852	16 778	16 778
Derivatives transactions	32 028	36 845	14 579
Positive valuation of derivatives	33 972	38 270	24 156
Decreases, including	**-82 958**	**-57 313**	**-42 855**
Derivatives revaluation of previous year	-38 270	-18 673	-18 673
Settlement/redemption	-13 562	-24 788	-14 250
Negative valuation of derivatives	-31 126	-13 852	-9 932
Financial assets classified as level 3 at the end of the period	**78 092**	**81 198**	**59 276**

23.8 Valuation of financial liabilities	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 1	**19 291**	**16 624**	**7 638**
Other instruments	19 291	16 624	7 638
Level 2	**226 645**	**251 211**	**159 074**
SWAP	148 447	189 017	118 793
Cap Floor Options	5 115	12 204	8 758
FX swap	2 512	6 886	5 443

(in PLN thousands)

FX forward	10 244	8 410	6 984
CIRS	45 346	27 585	15 468
FX options	2 405	2 533	764
Other instruments	12 576	4 576	2 864
Level 3	**78 092**	**81 198**	**59 276**
Other options	78 092	81 198	59 276
Total financial liabilities	**324 028**	**349 033**	**225 988**

23.9 Movements on financial liabilities classified as level 3	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Opening balance	**81 198**	**46 618**	**46 618**
Increases, including	**79 872**	**91 888**	**55 513**
Derivatives revaluation of previous year	13 847	16 778	16 778
Derivatives transactions	32 028	36 845	14 579
Positive valuation of derivatives	33 997	38 265	24 156
Decreases, including	**-82 978**	**-57 308**	**-42 855**
Derivatives revaluation of previous year	-38 265	-18 673	-18 673
Settlement/redemption	-13 562	-24 788	-14 250
Negative valuation of derivatives	-31 151	-13 847	-9 932
Financial liabilities classified as level 3 at the end of the period	**78 092**	**81 198**	**59 276**

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

24. Notes to the interim condensed separate statement of cash flows

24.1 Cash and cash equivalents	As at 30.06.2015	As at 30.06.2014
Cash and balances with the Central Bank	1 814 603	1 057 413
Current accounts with other banks	178 199	52 956
Term accounts with other banks	213 854	161 197
Total	**2 206 656**	**1 271 566**

24.2 Operating activities – change in the balance of loans and other receivables	As at 30.06.2015	As at 30.06.2014
Change in receivables from customers – statement of financial position	-1 748 815	-2 223 352
Change in amounts due from banks – statement of financial position	-54 940	-35 291
Change in cash and cash equivalents in the balance sheet – nostro accounts	-113 241	-46 866
Change in cash and cash equivalents in the balance sheet – deposits up to 3 months	207 461	76 573
Change in the balance of loans and other receivables	**-1 709 535**	**-2 228 936**

(in PLN thousands)

24.3 Operating activities – change in the balance of other liabilities	As at 30.06.2015	As at 30.06.2014
Increase/(decrease) in other liabilities – statement of financial position	-107 327	-400 625
Change in revaluation reserve – statement of financial position	-44 150	22 859
Change in the balance of other liabilities measured at amortized cost - statement of financial position	587 496	621 650
Change in the deferred income tax provision in the revaluation reserve	-8 581	5 362
Accrued expenses in respect of purchasing fixed assets	5 969	0
Accrued expenses in respect of purchasing intangible assets	-350	0
Other comprehensive income	7 338	24 288
Change in the balance of other liabilities	**440 395**	**273 534**

24.4 Operating activities – change in the balance of other assets	As at 30.06.2015	As at 30.06.2014
Net increase/decrease in other assets – statement of financial position	38 521	97 195
Disposal of shares in companies	0	235
Change in the balance of other assets	**38 521**	**97 430**

24.5 Investing activities – purchase of property, plant and equipment	As at 30.06.2015	As at 30.06.2014
Change in balance – statement of financial position	-31 362	-13 104
Purchase of property, plant and equipment	**-31 362**	**-13 104**

24.6 Investing activities – purchase of intangible assets	As at 30.06.2015	As at 30.06.2014
Change in balance – statement of financial position	-49 952	-16 289
Purchase of intangible assets	**-49 952**	**-16 289**

25. Hedge accounting

The Bank uses the principles of hedge accounting for cash flow hedges. 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 Bank 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 30.06.2015	As at 31.12.2014	As at 30.06.2014
Interest rate transactions	11 485 000	5 835 000	2 500 000
SWAP	11 485 000	5 835 000	2 500 000
Hedging instruments (nominal value)	**11 485 000**	**5 835 000**	**2 500 000**

(in PLN thousands)

25.2. Financial assets held for trading-hedging instruments	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 2	49 445	80 205	15 671
Interest rate transactions	49 445	80 205	15 671
SWAP	49 445	80 205	15 671
Financial assets held for trading-hedging instruments	**49 445**	**80 205**	**15 671**

25.3. By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
> 3M ≤ 6M	7 248	8 896	0
> 6M ≤ 1Y	16 654	49	2 173
> 1Y ≤ 2Y	21 547	47 856	8 154
> 2Y ≤ 5Y	3 996	23 404	5 344
Financial assets held for trading-hedging instruments	**49 445**	**80 205**	**15 671**

25.4.Financial liabilities held for trading-hedging instruments	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Level 2	10 887	4 777	0
Interest rate transactions	10 887	4 777	0
SWAP	10 887	4 777	0
Financial liabilities held for trading-hedging instruments	**10 887**	**4 777**	**0**

25.5. By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
> 6M ≤ 1Y	3 976	875	0
> 1Y ≤ 2Y	1 678	2 221	0
> 2Y ≤ 5Y	5 233	1 681	0
Financial liabilities held for trading-hedging instruments	**10 887**	**4 777**	**0**

25.6. The nominal value of hedging instruments by implementation date:

Instrument type	Nominal value as at 30 June 2015					
	to 1 month	from 1 month to 3 months	from 3 months to 1 year	from 1 year to 5 years	from 5 years	Total
IRS PLN FIXED - FLOAT	-	-	6 040 000	5 445 000	-	11 485 000

(in PLN thousands)

26. Equity

26.1 Equity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Share capital	726 812	699 784	699 413
Supplementary capital	2 279 317	1 775 397	1 773 494
Other capital	185 921	184 167	179 924
Share-based payments – equity component	185 921	184 167	179 924
Revaluation reserve	-22 724	21 426	6 082
On measurement of available for sale assets	-20 366	-6 198	-6 145
On measurement of hedging derivatives	-2 358	27 624	12 227
Profit for the year	178 463	337 030	169 589
Total equity	**3 347 789**	**3 017 804**	**2 828 502**

26.2 Revaluation reserve	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Valuation of financial assets available for sale	-20 366	-6 198	-6 145
treasury bills	0	-25	0
treasury bonds	-25 364	-7 601	-8 373
other bonds	221	-26	786
deferred tax	4 777	1 454	1 442
Valuation of hedging instruments	-2 358	27 624	12 227
IRS	-2 911	34 104	15 095
deferred tax	553	-6 480	-2 868
Revaluation reserve	**-22 724**	**21 426**	**6 082**

27. Fair value

Fair value is the price which would be received on the sale of an asset or paid for settling a liability in a transaction concluded on an arm's length basis on the main (or most favourable) market as at the measurement date in prevailing market conditions (i.e. the selling price) irrespective of whether it is directly observable or estimated using another measurement technique.
The fair value of financial instruments is based on prices quoted on an active main (or most favourable) market, and is not decreased by transaction costs. If the market price is not available, the fair value of an instrument is determined using valuation models or discounted cash flow techniques.

The following are used in valuation techniques:

- latest market transactions concluded directly between informed and interested parties, if such information is available;
- references to present fair value of another instrument with nearly identical characteristics;
- the discounted cash flow method.

If there is a measurement technique universally used by market participants for measuring instruments and it was shown to deliver a reliable estimate of prices in actual market transactions, the Bank uses that method. Selected measurement techniques mainly use market data. They are only based to a small extent on data specific for the Bank. The measurement technique covers all the factors which would be taken into consideration by market participants when determining the price, and complies with the economically accepted methods of valuation of financial instruments. The Bank verifies the correctness of valuation using the prices obtained from available market transactions for the same instrument or based on other available market data.

(in PLN thousands)

Balance-sheet items measured at fair value

Financial instrument	Frequency	Recognition/presentation
Available-for-sale financial assets, derivative hedging instruments	Every day	Other comprehensive income
Fx forwards, fx swaps, 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 value of the Bank's financial instruments presented in the balance sheet at fair value as at 30 June 2015, 31 December 2014 and 30 June 2014 was equal to their carrying amounts.

Since 2013, Alior Bank SA adjusts the measurement of its assets by counterparty credit risk. The amount of the adjustment is equivalent to the change in the measurement of derivatives resulting from any party's default (the Bilateral Credit Value Adjustment). As at 30 June 2015, the BCVA adjustment amounted to PLN (1 162) thousand. The total BCVA adjustment comprises the CVA adjustment (reflecting exclusively counterparty default risk) amounting to PLN (1 364) thousand and DVA adjustment (reflecting the risk of the Bank's insolvency) of PLN 202 thousand. The amount of the adjustment is calculated based on estimates of the following parameters: bilateral probability of default (PD), the LGD ratio (Loss Given Default), the expected exposure or negative exposure on the transaction (EE and NEE).

The PD and LGD ratios are assessed using internal models used by the Bank, and with the use of market quotations of credit risk. Counterparty exposure is calculated in consideration of the current measurement and its projection calculated based on expected changes in market conditions. Additionally, in assessing the credit risk adjustment mutual liabilities are taken into consideration following from hedging contracts regulating the relations between the parties to the transaction.

(in PLN thousands)

Fair value measurement for disclosure purposes

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

Financial instrument	Fair value hierarchy level	As at 30.06.2015		As at 31.12.2014		As at 30.06.2014	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with the Central Bank	n/a	1 814 603	1 814 603	1 158 440	1 158 440	1 057 413	1 057 413
Loans and advances to customers:	level 3	28 351 194	27 158 016	23 647 990	23 296 579	21 877 242	21 795 169
Retail segment (carrying amount)							
Working capital facility		157 355	151 581	142 921	139 791	138 923	138 923
Consumer loans		7 974 028	7 882 135	6 217 208	6 132 524	5 759 201	5 679 671
Consumer finance loans		627 229	620 591	704 834	706 709	653 218	656 721
Loans for purchase of securities		155 713	155 713	142 530	142 530	165 108	165 527
Credit card borrowings loans		233 182	227 001	204 619	199 866	193 662	193 873
Loans for residential real estate		5 777 712	5 602 837	4 991 141	4 846 854	4 022 934	4 023 230
Other mortgage loans		901 946	872 458	877 230	849 874	834 135	834 294
Other receivables		221 313	221 043	20 436	20 428	25 663	25 662
Corporate segment (carrying amount)							
Working capital facility		6 971 721	6 943 640	5 527 749	5 491 586	5 665 472	5 667 246
Car loans		101 325	102 352	141 299	141 288	189 317	189 317
Investment loans		4 674 986	4 671 112	4 134 162	4 102 105	3 659 108	3 650 120
Acquired receivables		521 040	521 040	517 347	517 347	550 711	550 711
Other receivables		33 644	32 044	26 514	26 105	19 791	19 874
Non-current asset held for sale	level 3	502 037	502 037	446 993	446 993	288 961	288 961
Assets pledged as collateral	level 3	1 879	1 879	908	908	38 335	38 335
Other assets	level 3	345 842	345 842	218 398	218 398	240 582	240 582
Financial liabilities measured at amortized cost:	level 3	31 395 068	31 396 762	25 480 130	25 495 661	23 012 500	23 020 034
Due to banks							
Current deposits		11 040	11 040	11 015	11 015	11 019	11 019
Overnights		0	0	0	0	47 546	47 546
Banking securities issued		0	0	0	0	169 051	169 051
Other liabilities		105 830	105 830	131 550	131 550	67 615	67 615
Repo		1 451 029	1 451 029	883 921	883 921	1 269 914	1 269 914
Due to customers							
Current deposits		11 521 228	11 521 228	9 863 710	9 863 710	9 447 311	9 447 311
Term deposits		15 755 734	15 755 734	12 623 311	12 623 311	10 212 916	10 212 916
Banking securities issued		2 212 089	2 212 089	2 213 783	1 664 632	1 680 163	1 492 227
Other liabilities		338 118	338 118	301 991	301 991	294 901	294 901

(in PLN thousands)

Subordinated liabilities	level 3	711 094	711 094	541 595	541 595	348 962	348 962
Management option plan	level 3	22 542	93 649	20 789	64 940	16 546	60 144
Other liabilities	level 3	667 793	667 793	741 875	741 875	710 512	710 512
Guarantees	level 3	1 590 199	847	1 539 975	2 245	1 497 934	1 527

Amounts due from customers:

In the method of calculating the fair value of amounts due from customers applied by the Bank (with the exception of overdraft facilities) the Bank compares the margins earned on newly extended loans (in the month preceding the reporting date) with the margins on the whole loan portfolio. If the margins on newly extended loans are higher than the margins on the current portfolio, the fair value of the loan is lower than its carrying amount.
Amounts due from customers have all been classified to level 3 of the fair value hierarchy due to applying the valuation method with significant unobservable input data, i.e. the margins currently achieved on the newly granted loans.

Financial liabilities measured at amortized cost:

The Bank adopted that fair value of customer deposits, bank deposits and other financial liabilities maturing up to 1 year approximates their carrying amounts. Deposits are accepted as part of the Bank's ongoing operations on a daily basis, thus their terms approximate the current market terms for identical transactions. The maturity periods of these items are short, therefore, there is no significant difference between the carrying amount and fair value.
For disclosure purposes, the Group designates the fair value of financial liabilities with residual maturities (or revaluation of the floating rate) above 1 year. This group of equity and liabilities includes own issues and subordinated loans. In designating the fair value of this group of liabilities, the Group designates the fair value of the expected payments based on the current interest rate curves and the initial spread of the issue.
Own issues and subordinated bonds have all been classified to level 3 of the fair value hierarchy due to applying the valuation method with significant unobservable input data, including the original spread of the issue above the market curve. In the case of issues and subordinated loans with residual maturity (or revaluation of the rate) below 1 year, the carrying amount properly reflected the fair value of the instrument.

Option scheme

Fair value of share warrants is determined based on the simulation model of share prices and the WIG-Banki index value. It was adopted that both the share prices and the index value change in time in line with the geometric Brownian motion, assuming: long-term volatility of the Bank's share prices, long-term volatility of the WIG-Banki index value, correlation between the share price and the index value during the simulation period, dividend per share rate and risk-free rate. The volatility and correlation were estimated based on historical data and comparatives (when there were no historical data). The model takes into account the exercise rights in respect of A-, B- and C-series warrants over a period of 5 years, respectively from year 1, 2 and 3 of the issue date. As at the reporting date, valuation is performed using the model based on the updated estimates of the input observable data: the Bank's share prices, WIG-Banki index values and interest rate, as well as input unobservable data: volatility of the Bank's shares, WIG-Banki index value and correlation between the Bank's share price and the WIG-Banki index value.

(in PLN thousands)

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

Financial assets and liabilities valued based on unobservable market data

Measurement for disclosure purposes	As at 30.06.2015	Method (valuation techniques)	Significant unobservable input data
Amounts due from customers	27 158 016	comparative measurement	margin on newly granted loans
Amounts due to banks and customers	31 396 762	discounted cash flows	spread of the issue above the market curve
Option scheme	93 649	simulation model	volatility of the Bank's share prices, volatility of the WIG-Banki index prices, correlation between the Bank's share price and the WIG-Banki index value
Guarantees	847	cash flows	future cash flows considering the amounts of collateral

Financial assets and liabilities valued based on observable market data

	Method (valuation techniques)	Significant observable input data
Derivative financial instruments – held for trading	Bank utilizes the method of discounted future cashflows. It is based on construction of the yield curves from interbank quotations (including: deposit rates, FRA rates, OIS rates, IRS rates and fx swap points, fx basis swap points).	FX forward transactions: NBP fixing exchange rates, yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions; fx swap points CIRS transactions: NBP fixing exchange rates, yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions; fx basis points FX options: yield curves, fx volatilities OIS, IRS, FRA transactions: yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions Cap/Floor options: yield curves, interest rate volatilities Commodities forwards: yield curves based on commodity futures
Derivative financial instruments – hedging instruments	Bank utilizes the method of discounted future cashflows. It is based on construction of the yield curves from interbank quotations (including: deposit rates, FRA rates, OIS rates, IRS rates and fx swap points, fx basis swap points).	IRS transactions: yield curves based on interbank deposit rates and quotations of: FRA, OIS, IRS transactions
NBP money market bills	Fair value is based on discounted future cashflows method with yield curve build from interbank deposit rates	Interbank deposit rates

(in PLN thousands)

28. Capital adequacy ratio

Calculation of funds and capital adequacy ratio	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Total own funds for the capital adequacy ratio	**3 509 151**	**2 965 852**	**2 794 048**
Common equity Tier I capital	**2 811 375**	**2 603 420**	**2 453 715**
Tier II capital	**697 776**	**362 432**	**340 333**
Capital requirements	**2 197 108**	**1 845 697**	**1 704 736**
Capital requirements for the following risks: credit, counterparty, credit valuation adjustment, dilution and delivery of instruments to be settled at a later date	1 957 592	1 659 221	1 517 738
Total capital requirements for the following risks: equity instrument price risk, debt instrument price risk, commodity prices and FX risk	2 372	1 657	1 832
Capital requirement for general interest rate risks	28 923	26 207	26 554
Capital requirements for operating risk	208 221	158 612	158 612
Tier 1	**10,24%**	**11,28%**	**11,51%**
Capital adequacy ratio	**12,78%**	**12,86%**	**13,11%**

The capital adequacy ratio and the Tier I ratio as at 30 June 2015, 31 December 2014 and 30 June 2014 were calculated in compliance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending the Regulation (EU) No 648/2012 ("the CRR Regulation").

29. Off-balance sheet items

29.1 Off-balance sheet contingent liabilities granted to customers	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Off-balance sheet liabilities granted	8 519 173	7 786 373	7 372 672
Relating to financing	6 928 974	6 246 398	5 874 738
Guarantees	1 590 199	1 539 975	1 497 934
Performance guarantees	376 068	416 402	287 440
Financial guarantees	1 214 131	1 123 573	1 210 494
Off-balance sheet contingent liabilities granted	**8 519 173**	**7 786 373**	**7 372 672**

29.2 By maturity	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
≤ 1W	2 244	760	4 906
> 1W ≤ 1M	22 251	57 610	25 223
> 1M ≤ 3M	114 977	90 459	101 608
> 3M ≤ 6M	149 606	141 211	120 765
> 6M ≤ 1Y	422 049	222 121	254 698
> 1Y ≤ 2Y	194 894	299 870	272 383
> 2Y ≤ 5Y	281 973	273 794	224 072
> 5Y ≤ 10Y	737 346	447 268	471 939
> 10Y ≤ 20Y	9 259	6 882	22 340
Off-balance sheet liabilities granted in respect of guarantees	**1 934 599**	**1 539 975**	**1 497 934**

The Bank offers its individual customers contingent liabilities in respect of renewable overdraft facilities and credit cards, which are granted for an indefinite period; at the same time, close monitoring of cash inflows to the account is conducted.
Contingent liabilities for corporate customers include:
- current account limits (for a period of 12 months);
- guarantees (for a maximum period of 6 years);
- credit cards for an indefinite period (with monitoring of adequacy of cash inflows and portfolio or individual monitoring);
- loans launched in tranches for a period of up to 2 years.

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

The increase in contingent liabilities in the first half of 2015 was due to the transfer of credit lines as a result of the acquisition of Meritum.

30. Acquisition of Meritum Bank ICB S.A. by Alior Bank S.A. and merger

30.1 Description of the transaction

On 20 October 2014, Alior Bank S.A. a memorandum of agreement with Innova Financial Holding S.a.r.l., WCP Cooperatief U.A. and the European Bank for Reconstruction and Development concerning the sale of shares of Meritum Bank ICB SA. The execution of the memorandum of agreement for the sale of shares of Meritum Bank was made dependent on meeting the suspending conditions, including among other things obtaining approval from the Office of Competition and Consumer Protection (UOKiK) and obtaining a decision from the Polish Financial Supervision Authority (PFSA).

The UOKiK's approval of concentration which would involve Alior Bank SA acquiring control over Meritum Bank ICB SA was issued 16 December 2014.

On 10 February 2015, the PFSA issued a decision stating that there was no basis for raising any objection against the Bank acquiring the shares of Meritum Bank ICB S.A. in an amount that would ensure exceeding 50% interest in the share capital and the total number of votes at Meritum's General Meeting.

On 19 February 2015, Alior Bank concluded the promised agreement for the sale of Meritum shares with Innova Financial Holdings S.à r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development based on which Alior Bank SA acquired a total of 12 382 746 shares in Meritum with a nominal value of PLN 30 each, representing 97.9% of Meritum's share capital and 95.0% of the total number of votes at Meritum's General Meeting for a total price of PLN 352 541 731.72.
The full purchase price was paid in cash and it did not contain any contingent components.

In connection with concluding the agreement for the sale of Meritum's shares, Alior and the Investors Innova Financial Holdings S.à r.l and WCP Coöperatief U.A. concluded agreements for taking up D-series subscription warrants of the Bank based on which the Bank offered the Investors D-Series Subscription Warrants of the Bank and each of the Investors accepted the Bank's offer and took up the D-Series Subscription Warrants of the Bank free of charge. The D-Series Subscription Warrants of the Bank entitled to taking up H-Series Shares in the Bank issued under a conditional share capital increase of the Bank enacted by the Resolution of the Bank's Extraordinary General Meeting. In exercising their rights arising from the D-Series Subscription Warrants, on 19 February 2015, the Investors submitted statements of taking up H-series ordinary bearer shares of the Bank and paid up the H-Series Shares of the Bank with a monetary contribution (the issue price of one H-series share thus paid up was PLN 73.30) totalling PLN 172 658 003.40.

Moreover, on 19 February 2015, the Bank informed of its intention of combining with its subsidiary Meritum. The business combination was carried out pursuant to Art. 492 § 1.1 of the Commercial Companies Code, by transferring all the assets and liabilities of Meritum as the acquiree to the Bank as the acquirer (business combination by acquisition). The execution of the business combination occurred after obtaining approvals and permits related to the business combination required by law, including permission from the Polish Financial Supervision Authority for conducting the business combination and resolutions of the Bank's and Meritum's General Meetings concerning the business combination, and in particular resolutions concerning granting approval of the business combination plan.

In the second quarter of 2015, the process of the acquisition of the remaining shares of Meritum has been completed (as at 30 June 2015). The Bank owned 100% of shares of Meritum Bank ICB S.A.

On 30 June 2015, the District Court for the Capital City of Warsaw in Warsaw, 13th Business Department of the National Court Register registered the business combination between the Bank and Meritum Bank ICB S.A.

The full purchase price was paid in cash and it did not contain any contingent components.

The objective of acquiring the shares of Meritum Bank S.A. was for the Bank to obtain economic benefits by increasing the customer base and strengthening its competitive position.
Through the business combination with Meritum Bank, Alior Bank intends to achieve a number of topline, cost and net provisions-related synergies. The Bank plans to carry out the organizational merger process combined with the realization of the synergies in the third and fourth quarter of 2015. The Bank intends to achieve the main cost synergies in the areas of business process optimization and cost savings. Savings will be realized by reducing duplicated functions in the Bank's headquarters and resigning from duplicating systems and licences currently used by Alior Bank and Meritum Bank, and coordinating the marketing policy. The Bank also intends to carry out sales network optimization.

30.2 Settlement of the purchase transaction and merger

In the interim condensed separate financial statement for the period 30 June 2015 financial data of Meritum was presented after the merger with Alior Bank.

(in PLN thousands)

The legal merger of Meritum with Alior Bank constituted a transaction under common control. According to the accounting policy adopted by the Bank, in accounting for the legal merger of the parent company with its subsidiary, the predecessor accounting method is apllied, ie. the recognition of the subsidiary at the carrying amounts of the assets and liabilities recognised in the consolidated financial statements of the Group for this subsidiary, including goodwill arising on the acquisition of this subsidiary.

Therefore, merger of Meritum with Alior Bank was reported in the Bank's books at the amounts which would have been recognised for Meritum as at the merger date, i.e. 30 June 2015, in the interim condensed consolidated financial statement of the Group prepared in accordance with IFRS.

The purchase transaction was settled under the acquisition method in accordance with IFRS 3, *Business Combinations,* the application of which requires, among other things recognition and measurement of identifiable assets and liabilities acquired, which were measured at fair value as at the date of acquisition and all non-controlling interests in the acquiree, and recognition and measurement of goodwill or gain on bargain purchase.

The table below shows the identifiable assets and liabilities acquired:

ASSETS	**Meritum Bank**	**Fair value adjustments and eliminations**	**Identifiable acquired assets at fair value**
Cash and balances with Central Bank	4	0	4
Available-for-sale financial assets	317 721	0	317 721
Amounts due from banks	29 497	0	29 497
Loans and advances to customers	2 919 044	34 937	2 953 981
Property, plant and equipment	6 946	0	6 946
Intangible assets	35 070	102 094	137 164
Investments in subsidiaries	1 254	-1 254	0
Income tax assets	53 061	-6 758	46 303
Deferred	53 061	-6 758	46 303
Other assets	165 965	-135 881	165 965
TOTAL ASSETS	**3 528 562**	**-13 619**	**3 514 943**

LIABILITIES	**Meritum Bank**	**Fair value adjustments and eliminations**	**Identifiable liabilities assumed at fair value**
Financial liabilities held for trading	260	0	260
Amounts due to banks	444 492	-444 492	0
Amounts due to customers	2 652 829	0	2 652 829
Provisions	759	0	759
Other liabilities	33 245	0	33 245
Income tax liabilities	1 816	0	1 816
Current	1 816	0	1 816
Subordinated liabilities	147 681	0	147 681
TOTAL LIABILITIES:	**3 281 082**	**-444 492**	**2 836 590**

(in PLN thousands)

30.3.1 Amounts due from customers

The portfolio of amounts due to customers acquired under the acquisition transaction of Meritum Bank ICB SA which was measured at fair value as at the acquisition date was presented in the interim condensed financial statements without netting off, i.e. the gross value (including fair value adjustment) and impairment allowances were presented as separate line items. This was because the information thus presented is more useful and it reflects the market practice applied by banks.

By type	Identifiable acquired amounts due from customers at fair value
Retail segment	**2 360 761**
Consumer loans	2 115 870
Credit card borrowing loans	39 902
Other receivables	204 989
Corporate segment	**1 020 520**
Working capital facility	1 004 830
Investment loans	14 597
Other receivables	1 093
Total impairment allowances	**-427 300**
Amounts due from customers	**2 953 981**

Fair value measurement of the loan portfolio was conducted under the income method, which involves discounting future cash flows. In order to estimate the portfolio's fair value under this method, it is necessary to create a valuation model based on discounted cash flows arising from the contracts concluded, adjusted for future expected risk-related costs, additional income generated by the portfolio and the necessary costs of handling a given portfolio.

One of the possible approaches to developing the loan portfolio valuation model is to analyse the cohorts – subportfolios of loan agreements identified based on their characteristic features. The subportfolios may be separated out based on, for example, the period of financing (vintage) or the product type. The cohort analysis enables the modelling of cash flows arising from the individual subportfolios (cohorts) separately and their subsequent aggregation.

The key stages of the process of estimating the fair value of the loan portfolio under the discounted cash flows method are as follows:

- The first step is to properly divide the portfolio into individual subportfolios with a similar risk profile. Further analysis is performed in respect of the subportfolios identified at this stage. It is important that the above classification should enable identifying a homogenous group of agreements and that it would be possible to perform a similar classification of the historical portfolios.
- The basis for estimating the present value of the loan portfolio arising from a given subportfolio are the contractual monthly cash flows arising from principal instalments and interest payments.
- Contractual cash flows related to the principal are then adjusted for the prepayments rate based on historic prepayments made by the customers in a

given subportfolio and the sector knowledge concerning prepayments in portfolios with similar features.

- Interest margins for the individual subportfolios are established based on WIBOR/EURIBOR/LIBOR rates and contractual amounts of interest-related cash flows. This information is then compared with the forecasted fluctuations of basis interest rates.
  When the individual loan agreements bear interest based on fixed interest rates set by the management board, it is necessary to analyse the future interest rates on the basis of the management board's historic decisions, the current market situation and any changes considered.

- Future cash flows are estimated based on adjusted balances of agreements in the future periods, estimated interest margins and expected future interest rate levels.

- The risk-related cost is estimated on the basis of the historical data for the portfolio or similar portfolios. The expected loss analysis is based on the expected level of risk parameters determined based on the period that has passed since the date of launching the agreement. The main risk parameters are: DR (Default Rate), CR (Cure Rate) and LGD (Loss Given Default).

- The estimated risk cost is used to adjust the expected future cash flows.

- The value of the cash flows arising from the above elements is additionally adjusted for the amount of other costs and income related to the portfolio (e.g. fees and commission and portfolio handling costs).

- The sum of the above cash flows is then adjusted using an appropriate discount rate. The discount rate takes into account: the current and forecasted level of the risk-free rate, the cost of financing the portfolio in a given currency and the market cost of the necessary capital in connection with holding the portfolio, which set the expected market rate of return on an investment in such a portfolio.

- The sum of discounted cash flows sets the fair value of the loan portfolio as at a specified date.

The fair value estimate thus conducted, taking into account the specific nature of the portfolio, future potential risk-related losses and sensitivity to the expected changes in market conditions.

30.3.2 Amounts due to customers

In order to estimate the fair value of the deposits portfolio it was divided into:

- Current accounts
- Term deposits

In spite of the fact that current accounts are payable on demand, an assumption was adopted that their fair value equals their carrying value.

The fair value of term deposits has been estimated for two subgroups based on customer type:

- Deposits of individuals
- Corporate deposits

The next step was to prepare data concerning the market interest rates on deposits. The analysis was performed on the basis of data from three sources:

- Interest rates on deposits in comparative banks;
- NBP Report (published on the official website nbp.gov.pl, for deposits of individual and corporate deposits in PLN and EUR);
- Market quotations of WIBOR, LIBOR (USD) and EURIBOR.

Due to the fact that the financial terms related to the acquired amounts due to customers were set on a level similar to the current market terms, the fair value adjustment of these liabilities was not recognized.

30.3.3 Intangible assets

Customer relationships in the area of deposits

The valuation of customer relationships was performed on the basis of an analysis of core deposits.

- Core deposits represent the hypothetical savings for the Bank arising from the fact that the Bank's customers maintain their cash on low-interest current accounts for a long time, instead of higher-interest term deposits. This enables the Bank to limit the financing from the market and effectively reduce interest expense.
- The spread between the interest rates of the individual current and term products was then related to the balances of core deposits in the individual periods from the valuation date to the assumed expiry of core deposits.
- The hypothetical savings thus calculated were then discounted using the discount rate representing the market cost of obtaining a similar deposit portfolio.
- As a result of Meritum Bank acquisition as at 19 February 2015 the customer relationships in the mount of PLN 4,075 thousand were recognized. They are amortized over two years. The carrying amount of the customer relationships as at 30 June 2015 amounted to PLN 3,375 thousand.

IT systems

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

Internally developed systems

- Internally developed systems include Feniks, IS, Gandalf and Hurtownia Danych (Data Warehouse).

- The estimation of these systems' fair value comprised in each case determining the operational level of utilizing the functionalities of these systems in the case of their migration to IT systems of a typical buyer on the market.

- The extent of the assumed operational utilization of system functionalities was the basis for adjusting their gross value, being the sum of capitalized expenditure incurred on their development. Gross expenditure thus adjusted constituted the fair value of the internally developed systems as at the valuation date.

External systems

- The second group of the Bank's systems were purchased systems. In the case of the Def3000 system, its gross value was adjusted for the adopted economic wear and tear. The value was then reduced for the assumed level of the system's economic utilization, as in the case of the internally developed systems. Gross expenditure thus adjusted constituted the fair value of the internally developed systems as at the valuation date. For the remaining systems it was assumed that their current book value properly reflects their fair value.

Brand

- The basic valuation method of the Bank's brand is the method of exemption from hypothetical licence fees. In accordance with this method, the measured brand has its fair value equal to the present value of income from hypothetical licence fees related to it. Income from licence fees represents savings arising from owning a brand, in the form of fees which an entity not owning a brand would have to incur for its use. The valuation approach comprised determining the correct amount 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.

- We define the market rate of the licence fee as the amount that the licensor and the licensee are able to accept through negotiations for using the brand. Establishing a reasonable licence fee rate reflects the successful closing of negotiations between the parties during which each of the parties acted in good faith and in its best interest.

- The amount of the market licence fee rates varies and depends on many factors which include profitability of the products sold under the brand or the situation of the market and the sector on which the brand is present. The rates also depend on whether the brand is properly protected and how the market perceives its attractiveness.

- The selection of an appropriate licence fee rate involved an analysis of information available concerning similar brands and licence fee rates related to their use. The selected rates are construed as market levels of licence fees which an external entity would be willing to incur for the possibility of using the brand.

- A trade mark recognized as an intangible asset at the acquisition date of Meritum was valued at PLN 3,367 thousand. Due to the fact that the Bank does not intend to use the mark in the course of future business, an asset in this respect has been written off as expenses.

30.3.4 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	360 102
- the fair value of net assets of the acquired entity	258 230
Total goodwill	**101 872**

(in PLN thousands)

Goodwill has been allocated entirely to the retail segment and will not be tax deductible.

Goodwill arising from the acquisition comprises mainly expected synergies from the business combination. The objective of the planned business combination is to ensure further dynamic growth, increase the market share, the scale of operations, and consequently the possibility of becoming one of the main players on the Polish banking market, optimize the topline strategy, strengthen the product offer and enhance the sales processes, including IT solutions supporting them, strengthen the innovativeness and technology competencies and presence in all the key distribution channels for strategic products.

Due to the fact that the business combination took place during the reporting period, presented below is the income statement of Meritum Bank from the acquisition date until 30 June 2015, , included in the income statement of Alior Bank SA for the period .

Income statement of Meritum Bank from the acquisition date until 30 June 2015

Meritum Bank SA	**19.02.2015-30.06.2015**
Interest income	139 992
Interest expense	-29 561
Net interest income	**110 431**
Fee and commission income	6 411
Fee and commission expense	-3 338
Net fee and commission income	**3 073**
Trading result	**347**
Net gain / loss realized on other financial instruments	**-921**
Other operating income	14 067
Other operating expenses	-1 860
Other operating income, net	**12 207**
General administrative expenses	**-41 225**
Net impairment losses and allowances	**-52 744**
Profit before tax	**31 168**
Income tax	-5 805
Net profit	**25 363**

31.Assets pledged as collateral

31.1 Carrying amount	**As at 30.06.2015**	**As at 31.12.2014**	**As at 30.06.2014**
Treasury bonds blocked with REPO transactions	1 449 281	882 088	1 280 321
Registered pledge on Treasury bonds	37 645	35 072	0
Deposit as collateral of transactions performed in Alior Trader	8519	10 031	18 900
Total carrying amount	**1 495 445**	**927 191**	**1 299 221**

Apart from the assets pledged as collateral of liabilities presented separately in the statement of financial position, in the case of which the recipient has the right to sell or exchange the object of the collateral for different collateral, the Bank also had the following collateral of liabilities not meeting this criterion.

(in PLN thousands)

31.2	As at 30.06.2015	As at 31.12.2014	As at 30.06.2014
Treasury bonds blocked with BFG	145 160	122 032	111 835
Deposits as derivative transactions (ISDA) collateral	100 195	143 427	61 284
Total	**245 355**	**265 459**	**173 9**

32. Related party transactions

Related party transactions have been discussed in Note 34 of the interim condensed consolidated financial statements.

33. Significant events after the balance sheet date

Significant events after the balance sheet date have been discussed in Note 41 of the interim condensed consolidated financial statements.

Signatures of all the Management Board members

19.08.2015	Wojciech Sobieraj President of the Board	.... Signature
19.08.2015	Krzysztof Czuba Vice-President	.... Signature
19.08.2015	Michał Hucał Vice-President	.... Signature
19.08.2015	Joanna Krzyżanowska Vice-President	.... Signature
19.08.2015	Witold Skrok Vice-President	.... Signature
19.08.2015	Katarzyna Sułkowska Vice-President	.... Signature