Financial report

of the Alior Bank Spółka Akcyjna Group

for the first quarter of 2025

Selected financial data concerning the financial statements

PLN	01.01.2025 - 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 - 31.03.2024*	% (A-B) /B
	A		B	C
Net interest income	1 284 780	5 183 711	1 269 409	1.2%
Net fee and commission income	209 292	867 009	216 016	-3.1%
Trading result & other	-28 584	9 317	12 998	-319.9%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-135 955	-464 846	-113 139	20.2%
General administrative expenses	-615 800	-2 117 647	-545 328	12.9%
Gross profit	642 227	3 197 877	768 758	-16.5%
Net profit	476 314	2 445 022	578 125	-17.6%
Net cash flow	3 234 189	-415 908	-359 082	-1000.7%
Loans and advances to customers	63 138 358	62 735 968	62 625 845	0.8%
Amounts due to customers	78 464 615	76 936 600	76 834 304	2.1%
Equity	11 843 329	11 206 719	9 818 001	20.6%
Total assets	96 589 402	93 293 487	91 379 464	5.7%
Selected ratios				
Profit per ordinary share (PLN)	3.65	18.73	4.43	-17.6%
Capital adequacy ratio	17.37%	19.02%	17.46%	-0.5%
Tier 1	17.37%	19.02%	16.97%	2.4%

EUR	01.01.2025 - 31.03.2025	01.01.2024 - 31.12.2024	01.01.2024 - 31.03.2024*	% (A-B) /B
	A		B	C
Net interest income	307 011	1 204 338	293 770	4.5%
Net fee and commission income	50 012	201 433	49 991	0.0%
Trading result & other	-6 830	2 165	3 008	-327.1%
Net expected credit losses, impairment allowances of non-financial assets and cost of legal risk of FX mortgage loans	-32 488	-107 998	-26 183	24.1%
General administrative expenses	-147 152	-491 995	-126 201	16.6%
Gross profit	153 467	742 967	177 908	-13.7%
Net profit	113 820	568 055	133 791	-14.9%
Net cash flow	772 842	-96 628	-83 100	-1030.0%
Loans and advances to customers	15 090 790	14 681 949	14 561 102	3.6%
Amounts due to customers	18 753 941	18 005 289	17 864 704	5.0%
Equity	2 830 691	2 622 682	2 282 778	24.0%
Total assets	23 085 973	21 833 252	21 246 591	8.7%
Selected ratios				
Profit per ordinary share (PLN)	0.87	4.35	1.02	-14.7%
Capital adequacy ratio	17.37%	19.02%	17.46%	-0.5%
Tier 1	17.37%	19.02%	16.97%	2.4%

**Restated – note 2.3*

Selected items of the financial statements were translated into EUR at the following exchange rates	31.03.2025	31.12.2024	31.03.2024
NBP's avarage exchange rate as at the end of the period	4.1839	4.2730	4.3009
NBP's avarage exchange rates as at the last day of each month	4.1848	4.3042	4.3211

Selected financial indicators

	31.03.2025	31.03.2024	(A-B) [p.p]	(A-B)/B [%]
	A	B		
ROE	16.8%	24.4%	-7.6	-31.1%
ROA	2.0%	2.6%	-0.6	-23.1%
C/I	42.0%	36.4%	5.6	15.4%
CoR	0.74%	0.68%	0.06	8.82%
L/D	78.5%	81.5%	-3.0	-3.7%
NPL	6.69%	7.65%	-0.96	-12.55%
NPL coverage	51.36%	51.20%	0.16	0.31%
TCR	17.37%	17.46%	-0.09	-0.52%
TIER 1	17.37%	16.97%	0.40	2.36%

Interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for 3-month period ended 31 March 2025

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

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(in PLN '000)

Interim consolidated income statement

	Note	01.01.2025-31.03.2025	01.01.2024-31.03.2024
Interest income calculated using the effective interest method		1 639 984	1 681 564
Income of a similar nature		130 266	142 142
Interest expense		-485 470	-554 297
Net interest income	4	**1 284 780**	**1 269 409**
Fee and commission income		284 946	455 369
Fee and commission expense		-75 654	-239 353
Net fee and commission income	5	**209 292**	**216 016**
Dividend income		27	48
The result on financial assets measured at fair value through profit or loss and FX result		-18 466	10 976
The result on derecognition of financial instruments not measured at fair value through profit or loss		**2 776**	**897**
measured at fair value through other comprehensive income		2 773	712
measured at amortized cost		3	185
Other operating income		24 497	29 952
Other operating expenses		-37 418	-28 875
Net other operating income and expenses		**-12 921**	**1 077**
General administrative expenses		-615 800	-545 328
Net expected credit losses	6	-119 933	-111 243
The result on impairment of non-financial assets		-128	-102
Cost of legal risk of FX mortgage loans	7	-15 894	-1 794
Banking tax		-71 506	-71 198
Gross profit		**642 227**	**768 758**
Income tax	8	-165 913	-190 633
Net profit		**476 314**	**578 125**
Net profit attributable to the Bank's shareholders		476 314	578 125
Weighted average number of ordinary shares		130 553 991	130 553 991
Basic/diluted earnings per ordinary share (in PLN)		3.65	4.43

**Restated – note 2.3*

Interim consolidated statement of comprehensive income

	01.01.2025-31.03.2025	01.01.2024-31.03.2024
Net profit	**476 314**	**578 125**
Other comprehensive net income, that may be reclassified to the income statement once the relevant conditions have been met	**159 920**	**-9 711**
Exchange rate differences from the conversion of entities operating abroad	**-256**	**-2 236**
Results of the measurement of financial assets (net)	**53 812**	**54 092**
Gain/loss from fair value measurement	56 058	54 668
Gain/loss reclassified to profit or loss after derecognition	-2 246	-576
Results on the measurement of hedging instruments (net)	**106 364**	**-61 567**
Gain/loss from fair value measurement of financial instruments hedging cash flows in the part constituting an effective hedge	35 193	-154 626
Gain/loss on financial instruments hedging cash flows reclassified to profit or loss	71 171	93 059
Total comprehensive income, net	**636 234**	**568 414**
- attributable to the Bank's shareholders	636 234	568 414

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim consolidated statement of financial position

ASSETS	Note	31.03.2025	31.12.2024
Cash and cash equivalents	16	5 357 540	2 123 351
Amounts due from banks	17	2 028 632	1 821 581
Investment financial assets and derivatives	18	22 190 922	23 602 885
measured at fair value through other comprehensive income		19 939 607	21 204 007
measured at fair value through profit or loss		264 599	240 942
measured at amortized cost		1 986 716	2 157 936
Derivative hedging instruments		393 161	274 711
Loans and advances to customers	19	63 138 358	62 735 968
Assets pledged as collateral	21	972 560	18 029
Property, plant and equipment		672 752	697 757
Intangible assets		474 239	471 899
Income tax assets	14	736 462	823 185
current income tax assets		6 628	0
deferred income tax assets		729 834	823 185
Other assets	20	624 776	724 121
TOTAL ASSETS		**96 589 402**	**93 293 487**

LIABILITIES AND EQUITY	Note	31.03.2025	31.12.2024
Amounts due to banks	22	1 179 652	160 125
Amounts due to customers	23	78 464 615	76 936 600
Financial liabilities	26	240 528	196 450
Derivative hedging instruments		315 823	450 383
Change in fair value measurement of hedged items in hedged portfolio against interest rate risk	24	32 678	-53 015
Provisins		324 236	321 794
Other liabilities	25	2 227 520	1 708 435
Income tax liabilities		40 025	278 980
current income tax liabilities		38 409	277 359
deferred income tax liabilities		1 616	1 621
Debt securities issued	27	1 920 996	2 087 016
Total liabilities		**84 746 073**	**82 086 768**
Share capital		1 305 540	1 305 540
Supplementary capital		7 438 105	7 438 105
Revaluation reserve		-36 988	-197 164
Other reserves		161 792	161 792
Foreign currency translation differences		0	256
Retained earnings		2 498 566	53 168
Profit for the period		476 314	2 445 022
Equity		**11 843 329**	**11 206 719**
TOTAL LIABILITIES AND EQUITY		**96 589 402**	**93 293 487**

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim consolidated statement of changes in consolidated equity

01.01.2025 - 31.03.2025	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
Aa at 1 January 2025	**1 305 540**	**7 438 105**	**161 792**	**-197 164**	**256**	**2 498 190**	**11 206 719**
Comprehensive income incl.	**0**	**0**	**0**	**160 176**	**-256**	**476 314**	**636 234**
net profit	0	0	0	0	0	476 314	476 314
other comprehensive income	0	0	0	160 176	-256	0	159 920
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**376**	**376**
As at 31March 2025	**1 305 540**	**7 438 105**	**161 792**	**-36 988**	**0**	**2 974 880**	**11 843 329**

01.01.2024 - 31.12.2024	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
Aa at 1 January 2024	**1 305 540**	**6 027 552**	**161 792**	**-291 439**	**2 252**	**2 043 893**	**9 249 590**
Dividend paid	0	0	0	0	0	-577 048	-577 048
Transfer of last year's profit	0	1 410 553	0	0	0	-1 410 553	0
Comprehensive income incl.	**0**	**0**	**0**	**94 275**	**-1 996**	**2 445 022**	**2 537 301**
net profit	0	0	0	0	0	2 445 022	2 445 022
other comprehensive income	0	0	0	94 275	-1 996	0	92 279
Other changes in equity	**0**	**0**	0	**0**	**0**	**-3 124**	**-3 124**
As at 31 December 2024	**1 305 540**	**7 438 105**	**161 792**	**-197 164**	**256**	**2 498 190**	**11 206 719**

01.01.2024 - 31.03.2024	Share capital	Supplementary capital	Other reserves	Revaluation reserve	Exchange differences on revaluation of foreign units	Retained earnings	Total equity
Aa at 1 January 2024	**1 305 540**	**6 027 552**	**161 792**	**-291 439**	**2 252**	**2 043 893**	**9 249 590**
Comprehensive income incl.	**0**	**0**	**0**	**-7 475**	**-2 236**	**578 125**	**568 414**
net profit	0	0	0	0	0	578 125	578 125
other comprehensive income	0	0	0	-7 475	-2 236	0	-9 711
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**-3**	**-3**
As at 31 March 2024	**1 305 540**	**6 027 552**	**161 792**	**-298 914**	**16**	**2 622 015**	**9 818 001**

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim consolidated statement of cash flows

	01.01.2025-31.03.2025	01.01.2024-31.03.2024*
Operating activities		
Profit before tax for the year	**642 227**	**768 758**
Adjustments:	**-187 232**	**-152 256**
Unrealized foreign exchange gains/losses	-256	-2 236
Amortization/depreciation of property, plant and equipment and intangible assets	61 705	64 151
Change in property, plant and equipment and intangible assets impairment write-down	128	102
Net interest income	-1 284 780	-1 269 409
Interest income received	1 407 658	1 593 667
Interest expenses paid	-371 660	-538 483
Dividends received	-27	-48
The gross profit after adjustments but before increase/decrease in operating assets/liabilities	**454 995**	**616 502**
Change in loans and receivables	-577 361	1 483 972
Change in financial assets measured at fair value through other comprehensive income	1 498 926	-4 248 558
Change in financial assets measured at fair value through profit or loss	-23 657	89 697
Change in assets pledged as collateral	-954 531	30 483
Change in non-current assets held for sale	0	0
Change in other assets	99 345	91 267
Change in deposits	1 547 995	1 916 420
Change in own issue	-228 919	-264 567
Change in financial liabilities	44 078	-10 146
Change in hedging derivative	-84 988	-11 839
Change in other liabilities	1 660 294	-301 094
Change in provisions	2 442	-15 601
Short-term lease contracts	310	164
Cash from operating activities before income tax	**3 438 930**	**-623 300**
Income tax paid	**-323 066**	**-337 271**
Net cash flow from operating activities	**3 115 863**	**-960 571**
Investing activities		
Outflows:	**-46 098**	**-62 165**
Purchase of property, plant and equipment	-17 334	-29 095
Purchase of intangible assets	-27 254	-32 092
Acquisition of assets measured at amortized cost	-1 510	-978
Inflows:	**185 896**	**1 086 918**
Disposal of property, plant and equipment	3 305	142
Redemption of assets measured at amortized cost	182 591	1 086 776
Net cash flow from investing activities	**139 798**	**1 024 753**
Financing activities		
Outflows:	**-21 472**	**-423 264**
Prniciple payments - subordinated lliabilities	0	-391 700
Interest payments – subordinated and long-term lliabilities	0	-11 008
Prniciple payments - lease liabilities	-19 311	-17 989
Interest payments - lease liabilities	-2 161	-2 567
Inflows:	**0**	**0**
Issue of debt securities - long-term liabilities	0	0
Net cash flow from financing activities	**-21 472**	**-423 264**
Total net cash flow	**3 234 189**	**-359 082**
incl. exchange gains/(losses)	**-19 069**	**-10 786**
Balance sheet change in cash and cash equivalents	**3 234 189**	**-359 082**
Cash and cash equivalents, opening balance	2 123 351	2 539 259
Cash and cash equivalents, closing balance	5 357 540	2 180 177

The notes presented on pages 7-60 constitute an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Notes to the interim consolidated financial statements

1 Information about the Bank and the Group

1.1 General information, duration and the scope of business of Alior Bank SA

Alior Bank Spółka Akcyjna is the parent company of the Aliror Bank Capital Group with its registered office in Warsaw, Poland, ul. Łopuszańska 38D, was entered to the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register under KRS number: 0000305178. The Bank was assigned the tax identification number NIP: 107-001-07-31 and the statistical number REGON: 141387142.

Since 14 December 2012 the Bank has been listed on the Warsaw Stock Exchange (ISIN number: PLALIOR00045).

Alior Bank is a universal deposit and credit bank providing services to natural and legal persons and other entities that are domestic and foreign persons. The Bank's core business covers maintenance of bank accounts, granting loans, issue of bank securities, and purchase and sale of foreign currencies. The Bank is also involved in stock broking activity, financial advisory, and intermediation services, and provides other financial services, Information on the companies in the Group is detailed in note 1.4 of this chapter. In accordance with the provisions of its Articles of Association. Alior Bank has been operating in the territory of the Republic of Poland and the European Economic Area. The Bank provides its services primarily to customers from Poland. The number of foreign customers in the overall number of the Bank's customers is negligible.

1.2 Shareholders of Alior Bank Spółka Akcyjna

In the period from the date of submission of the previous periodic report, i.e. from 4 March 2025, there were changes in the ownership structure of significant shareholdings of the Bank.

As at 31 March 2025, the shareholders holding 5% or more of the overall numer of votes at the General Meeting were as follows:

Shareholder	Number of shares	Nominal value of shares [PLN]	Percentage in the share capital	Number of votes	Number of votes in the total number of votes
31.03.2025					
PZU SA Group*	41 658 850	416 588 500	31.91%	41 658 850	31.91%
Nationale-Nederlanden OFE (with DFE)**	12 841 601	128 416 010	9.84%	12 841 601	9.84%
Allianz OFE**	11 526 440	115 264 400	8.83%	11 526 440	8.83%
Generali OFE (with DFE)***	6 557 620	65 576 200	5.02%	6 557 620	5.02%
Other shareholders	57 969 480	579 694 800	44.40%	57 969 480	44.40%
Total	**130 553 991**	**1 305 539 910**	**100%**	**130 553 991**	**100%**

**The PZU Group includes entities that have concluded a written agreement regarding the purchase or sale of the Bank's shares and the consistent exercise of voting rights at the Bank's general meetings, i.e.: Powszechny Zakład Ubezpieczeń SA, Powszechny Zakład Ubezpieczeń Na Życie SA, PZU Specjalistyczny Fundusz Inwestycyjny Otwarty UNIVERSUM, PZU Fundusz Inwestycyjny Closed Non-Public Assets BIS 1 and PZU Closed-End Investment Fund for Non-Public Assets BIS 2. On the conclusion of the above-mentioned agreement, the Bank informed in current report no. 21/2017.*
***Information on the number of shares and votes held at the Bank's General Meeting by managed entites by Nationale – Nederlanden PTE and Allianz PTE has been based on the Bank's Shareholder Identification Report as at 31 December 2024.*
****The increase in the share of the Funds (Generali Otwarty Fundusz Emerytalny and Generali Dobrowolny Fundusz Emerytalny) managed by Generali Powszechne Towarzystwo Emerytalne S.A. in the total number of votes in the Bank occurred as a result of a share purchase transaction settled on 6 March 2025.*

As at the date of publication of this report, according to information available to Alior Bank SA, shareholders holding 5 % or more of the total number of votes at the General Meeting remained unchanged.

(in PLN '000)

1.3 The composition of the Bank's Management Board and the Bank's Supervisory Board together with information about number of shares of Alior Bank held by Bank Management Board and Supervisory Board members

As at the day of preparing this financial statement in comparison to the annual reporting period ended on 31 December 2024, there were no changes in the composition of the Bank's Management Board.

First and last name	Function
Piotr Żabski	President of the Management Board
Marcin Ciszewski	Vice President of the Management Board
Jacek Iljin	Vice President of the Management Board
Wojciech Przybył	Vice President of the Management Board
Zdzisław Wojtera	Vice President of the Management Board

On 22 April 2025, the Supervisory Board of the Bank appointed Ms. Beata Stawiarska to the Management Board of the Bank for the three-year 6th joint term of office, which began on 1 January 2024, with effect from 5 May 2025, as Vice President of the Management Board of the Bank.

At the end of the reporting period, i.e.31 March 2025 and as at the date of publication of the report, members of the Management Board did not hold shares of Alior Bank.

In comparison to the annual reporting period ended on 31 December 2024, there were changes in the composition of the Bank's Supervisory Board.

On 12 February 2025, Mr. Artur Chołody, for personal reasons, resigned from the position of Member of the Supervisory Board delegated to temporarily perform the duties of Vice President of the Bank's Management Board and from the position of Member of the Bank's Supervisory Board.

On 13 February 2025, Mr Paweł Wajda resigned from further performance of the function of Chairman of the Supervisory Board of the Bank and from further performance of the function of Member of the Supervisory Board of the Bank and from the mandate of Member of the Supervisory Board of the Bank. The resignation was submitted with legal effect at the end of the day on 25 February 2025 (i.e. at midnight).

On 25 February 2025, Mr. Rafał Janczura resigned from the position of Member of the Supervisory Board of the Bank with effect at the end of 4 March 2025.

On 26 February 2025, the Extraordinary General Meeting of the Bank appointed the following persons to the Supervisory Board of the Bank:

- Mr. Tomasz Kulik from 5 March 2025,
- Mr. Waldemar Maj from 5 March 2025, subject to the condition of submitting effective resignations from the functions performed, listed in the statement of Mr. Waldemar Maj dated 20 February 2025.
- Mr. Wojciech Kostrzewa from 5 March 2025, subject to the condition of submitting effective resignations from the functions performed, listed in the statement of Mr. Wojciech Kostrzewa dated 19 February 2025.

First and last name	Function
Wojciech Kostrzewa	Chairperson of the Supervisory Board
Jan Zimowicz	Deputy Chairperson of the Supervisory Board
Radosław Grabowski	Member of the Supervisory Board
Maciej Gutowski	Member of the Supervisory Board
Tomasz Kulik	Member of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board

First and last name	Function
Waldemar Maj	Member of the Supervisory Board
Robert Pusz	Member of the Supervisory Board

In accordance with the Bank's best knowledge there was no change in the number of shares hold by the members of Supervisory Board starting from the date of preparation of the annual financial statements, ie from 4 March 2025. As at 31 March 2025, and as at the date of publication of financial statements, members of the Supervisory Board of Alior Bank SA did not hold any shares in the Bank.

1.4 Information about the Alior Bank Group

Alior Bank SA is the parent company of the Alior Bank SA Group. The composition of the Group as at 31 March 2025 and as at the date of preparation date of financial statements was as follows:

Company's name - subsidiaries	24.04.2025	31.03.2025	31.12.2024
Alior Services sp. z o.o.	100%	100%	100%
Alior Leasing sp. z o.o.	100%	100%	100%
- AL Finance sp. z o.o.	*100%*	*100%*	*100%*
- Alior Leasing Individual sp. z o.o.	*100% - Alior Leasing sp. z o.o.*	*100% - Alior Leasing sp.z o.o.*	*90% - Alior Leasing sp.z o.o. 10% - AL Finance sp. z o.o.*
Meritum Services ICB SA	100%	100%	100%
Alior TFI SA	100%	100%	100%
Corsham sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o.	100%	100%	100%
RBL_VC sp. z o.o. ASI spółka komandytowo-akcyjna	100%	100%	100%

**On 30 January 2025, AL Finance sp. z o.o. sold its shares in Alior Leasing Individual sp. z o.o. to Alior Leasing sp. z o.o.*

1.5 Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 24 April 2025.

1.6 Seasonal or cyclical nature of operations

The Group's operations are not affected by any material events of seasonal or cyclical nature within the meaining of §21 IAS 34.

2 Accounting principles

2.1 Basis for preparation

Statement of compliance

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group for the 3-month period ended 31 March 2025 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the requirements set out in the Regulation of the Minister of Finance of 29 of March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read together with the consolidated financial statements of the Alior Bank Group for 2024.

The interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the financial period from 1 January 2025 to 31 March 2025 and interim consolidated statement of financial position as at 31 March 2025 including the comparatives have been prepared in accordance with the same accounting policies as those applied in the preparation of the annual financial statements ended 31 December 2024, except for the changes in the standards that entered into force on 1 January 2025 and changes in accounting policies described in note 2.2.

Scope and reporting currency

The interim condensed consolidated financial statements of the Alior Bank SA Group comprise the data of the Bank and its subsidiaries. These interim condensed consolidated financial statements have been prepared in Polish zloty ("PLN"). All figures, unless otherwise indicated, are rounded to the nearest thousand.

Going concern

The interim condensed separate financial statements of the Alior Bank Spółka Akcyjna Capital Group for the period from 1 January 2025 to 31 March 2025 have been prepared on the assumption that the Bank will continue as a going concern for a period of at least 12 months from the date of their preparation.

As at the date of approval of this report by the Bank's Management Board, there are no circumstances indicating a threat to the continued operation of the Capital Group.

2.2 Accounting principles

2.2.1 Significant estimates

The Group makes estimates and makes assumptions that affect the values of assets and liabilities presented in this and the next reporting period. Estimates and assumptions that are subject to continuous evaluation are based on historical experience and other factors, including expectations as to future events that seem justified in a given situation.

Recognition of bancassurance income

The Group allocates the received remuneration for distribution of insurance products related to the sale of loans – in accordance with the economic content of the transaction – as remuneration constituting:

- an integral part of the remuneration received for the offered financial instruments;
- remuneration for agency services;
- remuneration for the provision of additional activities performed during the insurance contract (recognised by the Group over a period when the services are provided).

The economic title of the received remuneration determines the way it is disclosed in the Bank's books.

The model of "relative fair value" is applied to determine the split of the remuneration related to insurance offered in connection with cash and mortgage loans and insurance sold without any relationship to financial instruments (in terms of provision for customer resigns and administrative costs).

The "relative fair value" model approved by the Group consists in estimating the fair value of each element of the overall service of loan sale with insurance in order to determine the proportion of fair value of both services. In accordance with such proportion of fair value, remuneration under the joint loan and insurance transaction is allocated to each component.

Impairment of loans, expected credit losses

At each reporting date, the Group assesses the credit quality of the receivables and assesses whether there are objective triggers for impairment of credit exposures and whether the credit exposure has impaired.

The Group accepts that a financial asset or a group of financial assets are impaired and such impairment loss is incurred only when there are objective indications resulting from one or more events that have occurred after the initial recognition of such asset and the event (or events) causing trigger has a negative impact on the expected future cash flows of a given exposure, leading to the recognition of a loss. Therefore, for all impaired credit exposures, the Group determines an allowance representing the difference between the gross exposure value and the expected recoveries after taking into account the default status / probability in a given time horizon.

Exposures with no identified impairment indications are grouped in homogeneous groups in terms of the risk profile and a provision is recognised for such group of exposures to cover expected losses (ECL).

The estimated losses expected are based on:

- estimated exposure value at the time of default (EAD model);
- estimated distribution of risk of default within the lifetime of the exposure (life-time PD model);
- estimated level of loss in case of default of the client (LGD model).

Information on the adopted assumptions affecting the amount of expected losses are presented in note 19 – Loans and advances to customers.

Non-current assets impairment

In accordance with IAS 36, the Group assesses non-current assets in terms of the existence of premises indicating their impairment. If there is such evidence, the Group estimates the asset's recoverable amount. When the carrying amount of a given asset exceeds its recoverable amount, its impairment is recognized, and a write-off is made to adjust its value to the level of its recoverable amount.

Investment financial assets and derivatives

For the purposes of disclosures in accordance with IFRS 7, the Group estimates changes to measurements of debt instruments measured at fair value through other comprehensive income and derivative instruments with a linear risk profile not covered with hedge accounting assuming a parallel shift of profitability curves by 50pb. To this end, the Group constructs profitability curves on the basis of market data. The Group analyses the impact on transaction measurement of changes to profitability curves with the assumed scenarios.

Provisions for the reimbursement of commissions in the event of early repayment

The Group constantly monitors the value of the estimated amount of expected payments resulting from prepayments of consumer loans made before the judgment date of Court of Justice of the European Union ('CJEU') of 11 September 2019 in case C-383/18 (so-called Lexitor case). The basis for updating the value of the estimate is the inclusion in the calculation of the historically observed trend of the amount of loan cost reimbursements resulting from the customer complaints submitted to the Bank.

Provision for legal risk related to the FX indexed loan portfolio

The Group estimated the costs of legal risk related to the FX indexed loan portfolio and applied the provisions of IFRS 9B.5.4.6 to its recognition - it treated this estimate as an adjustment to the gross carrying amount of the portfolio of mortgage loans indexed with foreign currencies or created provisions in accordance with the requirements of IAS 37 (where the amount of the estimated legal risk costs exceeds the gross carrying amount of the credit exposure or the amount of the estimate relates to repaid foreign currency mortgage loans or when the estimated amount relates to expected legal claims, including statutory interest).

(in PLN '000)

The costs of legal risk constituting an adjustment to the gross carrying amount were estimated taking into account a number of assumptions, including the Group's assumption of an increase in the market scale of lawsuits, among others in connection with the position of the Advocate General of the European Court of Justice published on 16 February 2023 and the judgment of the European Court of Justice of 15 June 2023.

These costs were estimated on the basis of:

- the pace of the inflow of disputes regarding the legal risk of mortgage loans in foreign currencies and the estimated percentage of the portfolio of FX mortgage loans that will be the subject of litigation, observed so far and forecast by the Group in future periods,
- statistics of the value of the subject matter of the dispute in previous lawsuits,
- the estimated percentage of disputes lost by banks, reported by the Polish Bank Association, including the percentage of cases ending with the invalidation of the contract and the percentage of cases ending with the conversion of contracts into Polish zloty.

Actuarial provision

Provisions for employee benefits are measured with actuarial techniques and assumptions. The calculation covers all retirement benefits potentially disbursable in the future. The provision has been established on the basis of a list of persons with all the required personal data, including seniority, age, and gender. The accrued provisions are equal to the discounted payments to be made in the future subject to staff rotation and apply to the period until the end of the reporting period.

Fair value measurement rules

The principles for the fair value measurement of derivatives and non-quoted debt securities measured at fair value are presented in note 29 – Fair value and have not changed from the principles presented in the financial statements prepared as at 31 December 2024.

Hedge accounting

For the purposes of disclosures in accordance with IFRS 7, the Group estimates changes to measurements of the derivative instruments with a linear risk profile assuming a parallel shift of profitability curves by 50 pb. To this end, the Group constructs profitability curves on the basis of market data. The Group analyses the impact on transaction profitability of a change of profitability curves for the portfolio of derivative instruments with a linear risk profile, covered with hedge accounting.

2.2.2 Significant accounting policies

Detailed accounting policies were presented in the annual consolidated financial statements of the Alior Bank Group for the year ended 31 December 2024 published on Alior Bank's website on 4 March 2025.

2.2.3 Changes in accounting standards

In these interim condensed consolidated financial statements, the same accounting standards have been applied as in the case of annual consolidated financial statements for the year 2024 and the standards and interpretations adopted by the European Union and applicable to the annual periods starting 1 January 2025 mentioned below.

Change	Impact on the Group's report
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	These changes specify how an entity should assess whether a currency is convertible into another currency and how it should determine the spot exchange rate if it cannot be converted. The change will not have a impact on the Group's financial statements.

(in PLN '000)

Standards and interpretations that have been issued but are not yet effective because they have not been approved by the European Union or have been approved by the European Union but have not been previously applied by the Group, were presented in the annual consolidated financial statements of the Group for 2024. No standards or changes to accounting standards will be published in 2025.

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

Compared to the financial statements prepared as at 31 March 2024, the Group made the following changes:

1. corrected the presentation of brokerage commissions, after the change these commissions are presented in the item "Fee and commission income", previously the Group presented this income in the item "Other operating income". In the Group's opinion, the introduced change is a better place of presentation due to the fact that brokerage commissions are related to the basic financial services offered by the Bank's subsidiary. The above change did not affect the net result.

Income statement items	Published 01.01.2024-31.03.2024	change	Restated 01.01.2024-31.03.2024
Fee and commission income	450 692	4 677	455 369
Net fee and commission income	211 339	4 677	216 016
Other operating income	34 629	-4 677	29 952
Net other operating income and expenses	5 754	-4 677	1 077

2. changed the presentation in the Cash Flow Statement by correcting the balances of individual financial assets and liabilities by interest, which is presented in the Interest received (on assets) or Interest paid (on liabilities) item. This change helps to increase transparency of disclosure (IAS 7 p. 31) and is an adjustment to market practice.

Cash flow statement items	Published 01.01.2024-31.03.2024	change	Restated 01.01.2024-31.03.2024
Net interest income	0	-1 269 409	-1 269 409
Interest income received	0	1 593 667	1 593 667
Interest costs paid	0	-538 483	-538 483
Total adjustments not affecting the change in balance sheet positions	**0**	**-214 225**	**-214 226**
Change in loans and receivables	1 438 293	45 679	1 483 972
Change in financial assets measured at fair value through other comprehensive income	-4 405 343	156 785	-4 248 558
Change in deposits	1 890 009	26 411	1 916 420
Change in own issue	-221 548	-43 019	-264 567
Change in hedging derivative	-30 893	19 054	-11 839
Change in other liabilities	-328 569	27 475	-301 094
Total operating activity adjustment	**-1 658 051**	**232 385**	**-1 425 666**
Redemption of assets measured at amortized cost	1 104 936	-18 160	1 086 776
Total investment activity adjustment	**1 104 936**	**-18 160**	**1 086 776**

3 Operating segments

Segment description

The Alior Bank SA Group conducts business activities within segments offering specific products and services addressed to natural and legal persons (including foreign ones). The split of business segments provides for consistency with the sale management model and for providing customers with a comprehensive product offer.

(in PLN '000)

The operations of the Alior Bank Group include three basic business segments:

- retail segment,
- business segment,
- treasury activities.

The core products for retail client segment are as follows:

- credit products: cash loans, credit cards, revolving limits in the current account, mortgage loans, installment loans, deferred payments,
- deposit products: savings and checking accounts, term deposits, savings deposits,
- brokerage house products,
- transactional services: cash deposits and withdrawals, transfers,
- currency exchange transactions,
- bancassurance products.

The core products for business customers are as follows:

- credit products: overdraft, working capital loans, investment loans, credit cards,
- deposit products: term deposits,
- current and subsidiary accounts,
- transactional services: cash deposits and withdrawals, transfers,
- treasury products: FX exchange transactions (also term FX transactions), derivative instruments,
- factoring,
- leasing.

The item Treasury activity covers management effects of the global position – liquidity and FX position, resulting from the activity of the Group's units.

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

- net interest income including internal transfer rates of funds between the bank's units and the Bank's Treasury Department,
- commission income,
- income from treasury transactions and FX transactions by customers,
- other operating income and expenses.

The measure of the profit of a given segment is the gross profit.

Results and volumes split by segment for the six months ended 31 March 2025

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
External interest income	**676 569**	**386 780**	**221 431**	**1 284 780**	**0**	**1 284 780**
external income	901 655	349 743	388 586	1 639 984	0	1 639 984
income of a similar nature	0	107 515	22 751	130 266	0	130 266
external expense	-225 086	-70 478	-189 906	-485 470	0	-485 470
Internal interest income	**58 754**	**-65 725**	**6 971**	**0**	**0**	**0**
internal income	633 609	248 201	888 781	1 770 591	0	1 770 591
internal expense	-574 855	-313 926	-881 810	-1 770 591	0	-1 770 591
Net interest income	**735 323**	**321 055**	**228 402**	**1 284 780**	**0**	**1 284 780**
Fee and commission income	129 799	156 127	-980	284 946	0	284 946
Fee and commission expense	-63 819	-10 067	-1 768	-75 654	0	-75 654
Net fee and commission income	**65 980**	**146 060**	**-2 748**	**209 292**	**0**	**209 292**
Dividend income	0	0	27	27	0	27

(in PLN '000)

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
The result on financial assets measured at fair value through profit or loss and FX result	15	5 387	-23 868	-18 466	0	-18 466
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**2 776**	**2 776**	**0**	**2 776**
measured at fair value through other comprehensive income	0	0	2 773	2 773	0	2 773
measured at amortized cost	0	0	3	3	0	3
Other operating income	15 547	8 950	0	24 497	0	24 497
Other operating expenses	-23 071	-14 347	0	-37 418	0	-37 418
The result on other operating income	**-7 524**	**-5 397**	**0**	**-12 921**	**0**	**-12 921**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**793 794**	**467 105**	**204 589**	**1 465 488**	**0**	**1 465 488**
Net expected credit losses	-63 404	-56 529	0	-119 933	0	-119 933
The result on impairment of non-financial assets	-90	-38	0	-128	0	-128
Cost of legal risk of FX mortgage loans	-15 894	0	0	-15 894	0	-15 894
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**714 406**	**410 538**	**204 589**	**1 329 533**	**0**	**1 329 533**
General administrative expenses	-464 204	-223 102	0	-687 306	0	-687 306
Gross profit	**250 202**	**187 436**	**204 589**	**642 227**	**0**	**642 227**
Income tax	0	0	0	0	-165 913	-165 913
Net profit	**250 202**	**187 436**	**204 589**	**642 227**	**-165 913**	**476 314**
Assets	63 228 383	32 624 557	0	95 852 940	736 462	96 589 402
Liabilities	61 859 810	22 846 238	0	84 706 048	40 025	84 746 073

Results and volumes split by segment for the six months ended 31 March 2024*

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
External interest income	**691 342**	**389 081**	**188 986**	**1 269 409**	**0**	**1 269 409**
external income	918 606	376 118	386 840	1 681 564	0	1 681 564
income of a similar nature	0	106 822	35 320	142 142	0	142 142
external expense	-227 264	-93 859	-233 174	-554 297	0	-554 297
Internal interest income	**70 013**	**-61 004**	**-9 009**	**0**	**0**	**0**
internal income	653 861	273 929	918 782	1 846 572	0	1 846 572
internal expense	-583 848	-334 933	-927 791	-1 846 572	0	-1 846 572
Net interest income	**761 355**	**328 077**	**179 977**	**1 269 409**	**0**	**1 269 409**
Fee and commission income	125 256	328 151	1 962	455 369	0	455 369
Fee and commission expense	-50 592	-187 046	-1 715	-239 353	0	-239 353
Net fee and commission income	**74 664**	**141 105**	**247**	**216 016**	**0**	**216 016**
Dividend income	0	0	48	48	0	48
The result on financial assets measured at fair value through profit or loss and FX result	48	4 599	6 329	10 976	0	10 976
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**0**	**0**	**897**	**897**	**0**	**897**

(in PLN '000)

	Retail segment	Business segment	Treasury activities	Total operating segments	Unallocated items	Total Group
measured at fair value through other comprehensive income	0	0	712	712	0	712
measured at amortized cost	0	0	185	185	0	185
Other operating income	21 141	8 811	0	29 952	0	29 952
Other operating expenses	-22 896	-5 979	0	-28 875	0	-28 875
The result on other operating income	**-1 755**	**2 832**	**0**	**1 077**	**0**	**1 077**
Total result before expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**834 312**	**476 613**	**187 498**	**1 498 423**	**0**	**1 498 423**
Net expected credit losses	-79 367	-31 876	0	-111 243	0	-111 243
The result on impairment of non-financial assets	-75	-27	0	-102	0	-102
Cost of legal risk of FX mortgage loans	-1 794	0	0	-1 794	0	-1 794
Total result after expected credit losses, the result on impairment of non-financial assets and cost of legal risk of FX mortgage loans	**753 076**	**444 710**	**187 498**	**1 385 284**	**0**	**1 385 284**
General administrative expenses	-433 550	-182 976	0	-616 526	0	-616 526
Gross profit	**319 526**	**261 734**	**187 498**	**768 758**	**0**	**768 758**
Income tax	0	0	0	0	-190 633	-190 633
Net profit	**319 526**	**261 734**	**187 498**	**768 758**	**-190 633**	**578 125**
Assets	59 630 843	30 820 405	0	90 451 248	928 216	91 379 464
Liabilities	55 999 383	25 486 501	0	81 485 884	75 579	81 561 463

Restated – note 2.3

Notes to the interim consolidated income statement

4 Net interest income

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Interest income calculated using the effective interest method	**1 639 984**	**1 681 564**
term deposits	2 929	4 388
loans measured at amortized cost	1 226 367	1 267 477
investment financial assets measured at amortized cost	24 246	26 125
investment financial assets measured at fair value through other comprehensive income	283 159	281 734
receivables acquired	6 923	7 475
repo transactions in securities	28 370	20 875
current accounts	45 356	43 630
overnight deposits	1 179	3 434
other	21 455	26 426
Income of a similar nature	**130 266**	**142 142**
derivatives instruments	22 751	35 320
leasing	107 515	106 822
Interest expense	**-485 470**	**-554 297**
term deposits	-191 893	-228 297
own issue	-38 114	-47 753
repo transactions in securities	-28 342	-34 984
cash deposits	-1 248	-1 197
leasing	-2 161	-2 567
other	-1 931	-2 996

(in PLN '000)

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
current deposits	-106 684	-94 826
derivatives	-115 097	-141 677
Net interest income	**1 284 780**	**1 269 409**

5 Net fee and commission income

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024*
Fee and commission income	**284 946**	**455 369**
payment and credit cards service	39 022	192 047
transaction margin on currency exchange transactions	72 662	85 321
maintaining bank accounts	26 097	27 213
brokerage commissions	20 251	19 766
revenue from bancassurance activity	21 516	25 372
loans and advances	34 459	38 465
transfers	14 715	14 308
cash operations	7 806	8 304
guarantees, letters of credit, collection, commitments	3 988	3 105
receivables acquired	1 013	1 129
for custody services	2 766	1 945
repayment of seizure	2 521	2 162
from leasing activities	20 072	22 842
other commissions	18 058	13 390
Fee and commission expenses	**-75 654**	**-239 353**
costs of card and ATM transactions, including costs of cards issued	-20 594	-186 592
commissions paid to agents	-13 412	-12 333
insurance of bank products	-5 459	-4 951
costs of awards for customers	-8 127	-6 044
commissions for access to ATMs	-6 240	-6 406
commissions paid under contracts for performing specific operations	-6 484	-7 012
brokerage commissions	-1 370	-1 254
for custody services	-1 172	-1 054
transfers and remittances	-7 157	-6 450
other commissions	-5 639	-7 257
Net fee and commission income	**209 292**	**216 016**

Restated – note 2.3

01.01.2025 - 31.03.2025	Retail segment	Business segment	Treasury activities	Total
Fee and commission income	**129 799**	**156 127**	**-980**	**284 946**
payment and credit cards service	29 219	9 803	0	39 022
transaction margin on currency exchange transactions	42 985	30 657	-980	72 662
maintaining bank accounts	12 562	13 535	0	26 097
brokerage commissions	20 251	0	0	20 251
revenue from bancassurance activity	7 656	13 860	0	21 516
loans and advances	4 868	29 591	0	34 459
transfers	4 859	9 856	0	14 715
cash operations	3 711	4 095	0	7 806

(in PLN '000)

01.01.2025 - 31.03.2025	Retail segment	Business segment	Treasury activities	Total
guarantees, letters of credit, collection, commitments	0	3 988	0	3 988
receivables acquired	0	1 013	0	1 013
custody services	0	2 766	0	2 766
repayment of seizure	0	2 521	0	2 521
from leasing activities	0	20 072	0	20 072
other commissions	3 688	14 370	0	18 058

01.01.2024 - 31.03.2024	Retail segment	Business segment	Treasury activities	Total
Fee and commission income	**125 256**	**328 151**	**1 962**	**455 369**
payment and credit cards service	28 546	163 501	0	192 047
transaction margin on currency exchange transactions	38 643	45 946	732	85 321
maintaining bank accounts	12 606	14 605	2	27 213
brokerage commissions	19 766	0	0	19 766
revenue from bancassurance activity	11 089	14 283	0	25 372
loans and advances	5 520	32 945	0	38 465
transfers	4 815	9 473	20	14 308
cash operations	3 825	4 479	0	8 304
guarantees, letters of credit, collection, commitments	0	3 105	0	3 105
receivables acquired	0	1 129	0	1 129
custody services	0	1 945	0	1 945
repayment of seizure	0	2 162	0	2 162
from leasing activities	0	22 842	0	22 842
other commissions	446	11 736	1 208	13 390

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

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
FX result and net income on currency derivatives, including:	**8 333**	**12 711**
FX result	-25 716	-17 995
currency derivatives	34 049	30 706
Interest rate derivatives result	**-13 280**	**-3 738**
Ineffective part of hedge accounting	**-1 024**	**334**
Change in fair value measurement for the hedged risk	**-14 882**	**269**
Net income from other financial instruments	**2 387**	**1 400**
The result on financial assets measured at fair value through profit or loss and FX result	**-18 466**	**10 976**

(in PLN '000)

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

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Result on derecognition of debt securities measured at fair value through other comprehensive income	2 773	712
Result on investment financial assets measured at amortized cost	3	185
The result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	**2 776**	**897**

8 The result on other operating income and expense

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024*
Other operating income from:	**24 497**	**29 952**
income from contracts with business partners	1 315	1 653
reimbursement of costs of claim enforcement	9 050	8 729
received compensations, recoveries, penalties and fines	222	152
management of third-party assets	4 225	3 556
from license fees from Partners	725	810
due to VAT settlement	151	101
reversal of impairment losses on other assets	525	707
other	8 284	14 244
Other operating expenses due to:	**-37 418**	**-28 875**
fees and costs of claim enforcement	-12 959	-12 233
provision for legal claims	-5 228	-8 389
paid compensations, fines, and penalties	-3 465	-604
management of third-party assets	-454	-404
recognition of complaints	-1 030	-630
impairment losses on other assets	-1 495	-921
due to VAT settlement	-2 416	-109
other	-10 371	-5 585
The result on other operating income and expense	**-12 921**	**1 077**

**Restated – note 2.3*

9 General administrative expenses

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Payroll costs	**-335 015**	**-311 719**
salaries and other benefits for employees	-268 906	-252 391
social security	-56 150	-51 700
costs of bonus for senior executives settled in phantom shares	-4 150	-2 783
other	-5 809	-4 845
General and administrative costs	**-211 157**	**-161 790**
building maintenance expenses	-20 982	-22 137
costs of Banking Guarantee Fund	-74 636	-40 644
IT costs	-51 571	-42 822

(in PLN '000)

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
marketing costs	-16 732	-15 294
cost of advisory services	-8 164	-5 035
external services	-8 040	-7 751
training costs	-3 386	-2 134
costs of telecommunications services	-6 015	-5 977
other	-21 631	-19 996
Amortization and depreciation	**-61 705**	**-64 151**
property, plant and equipment	-24 518	-21 830
intangible assets	-16 586	-21 771
right to use the asset	-20 601	-20 550
Taxes and fees	**-7 923**	**-7 668**
General administrative expenses	**-615 800**	**-545 328**

10 Net expected credit losses

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Expected credit losses Stage 3	**-131 811**	**-165 594**
retail customers	-81 304	-95 415
business customers	-50 507	-70 179
Expected credit losses Stage 1 and 2(ECL)	**15 612**	**-17 943**
Stage 2	**12 867**	**-9 550**
retail customers	5 512	10 548
business customers	7 355	-20 098
Stage 1	**2 745**	**-8 393**
retail customers	3 898	4 467
business customers	-1 153	-12 860
POCI	**-29 288**	**-17 735**
Recoveries from off-balance sheet	**26 311**	**78 747**
Investment securities	**-514**	**-1 519**
Off-balance provisions	**-243**	**12 801**
Net expected credit losses	**-119 933**	**-111 243**

11 The result on impairment of non-financial assets

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Tangible fixed assets	-40	-102
Intangible assets	-88	0
The result on impairment of non-financial assets	**-128**	**-102**

(in PLN '000)

12 Cost of legal risk of FX mortgage loans

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	-9 009	-1 458
Provisions	-7 984	-336
Other	1 099	0
Cost of legal risk of FX mortgage loans	**-15 894**	**-1 794**

13 Banking Tax

The Act on Tax from Certain Financial Institutions of 15 January 2016 became effective on 1 February 2016 – the Act applies to banks and insurance companies. The tax accrues on the surplus of assets in excess of PLN 4 billion as detailed in trial balances as at the end of each month. Banks are entitled to reduce the tax base by, among others, the value of own funds, the value of assets in the form of Treasury securities, the value of assets in the form of securities guaranteed by the State Treasury, the value of assets acquired from the NBP, constituting security for a refinancing loan granted by the NBP. The tax is payable monthly (the monthly rate is 0.0366%) by the 25th day of the month following the month to which it applies and is recognised in the profit and loss account in the period to which it applies.

14 Income tax

In accordance with IAS 34, the Capital Group took into account the principle of recognizing income tax charges on the financial result based on the management's best possible estimate of the weighted average annual income tax rate that the Capital Group expects in 2025. The projected annual effective tax rate is approximately 24%.

14.1 Tax charge disclosed in the profit and loss account

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Current tax	110 746	133 816
Deferred income tax	55 167	56 817
Income tax	**165 913**	**190 633**

14.2 Effective tax rate calculation

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Gross profit	**642 227**	**768 758**
Income tax at 19%	122 023	146 064
Non-tax-deductible expenses (tax effect)	**45 809**	**44 887**
Impairment losses on loans not deductible for tax purposes	12 130	20 125
Prudential fee to BGF	14 181	7 722
Tax on Certain Financial Institutions	13 586	13 517
Cost of legal risk of FX mortgage loans	3 020	341
Other	2 892	3 182
Non-taxable income (tax effect)	**-630**	-1 331

(in PLN '000)

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Other	**-1 289**	**1 013**
Accounting tax recognized in the income statement	**165 913**	**190 633**
Effective tax rate	**25.83%**	**24.80%**

15 Profit per share

	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Net profit	**476 314**	**578 125**
Weighted average number of ordinary shares	130 553 991	130 553 991
Basic/diluted net profit per share (PLN)	**3.65**	**4.43**

Basic profit per share is calculated as the quotient of profit attributable to the Bank's shareholders and the weighted average number of ordinary shares in the year.
Pursuant to IAS 33, diluted earnings per share are calculated based on the ratio of the profit attributable to the Bank's shareholders to the weighted average number of ordinary shares, adjusted as if all dilutive potential ordinary shares were converted into shares. As at 31 March 2025 and 31 March 2024, the Group did not have dilutive instruments.

Notes to the interim consolidated statement of financial position

16 Cash and cash equivalents

16.1 Financial data

	31.03.2025	31.12.2024
Current account with the central bank	2 971 184	1 397 492
Cash	434 296	434 835
Current accounts in other banks	1 950 073	291 004
Term deposits in other banks	2 033	42
Gross carrying amount	**5 357 586**	**2 123 373**
Expected credit losses	-46	-22
Carrying amount	**5 357 540**	**2 123 351**

17 Amounts due from banks

17.1 Financial data

	31.03.2025	31.12.2024
Reverse Repo	1 316 214	971 908
Deposits as derivative transactions (ISDA) collateral	589 991	725 785
Other	122 439	123 892
Gross carrying amount	**2 028 644**	**1 821 585**
Expected credit losses	-12	-4
Carrying amount	**2 028 632**	**1 821 581**

(in PLN '000)

18 Investment financial assets and derivatives

18.1 Financial data

	31.03.2025	31.12.2024
Investment financial assets and derivatives	**22 190 922**	**23 602 885**
measured at fair value through other comprehensive income	19 939 607	21 204 007
measured at fair value through profit or loss	264 599	240 942
measured at amortized cost	1 986 716	2 157 936

18.2 Investment financial assets and derivatives by type

measured at fair value through other comprehensive income	31.03.2025	31.12.2024
Debt instruments	**19 799 624**	**21 064 006**
Issued by the central governments	**17 286 867**	**16 846 832**
T-bonds	16 087 055	16 633 632
T-bills	1 199 812	213 200
Issued by monetary institutions	**2 512 757**	**4 217 174**
eurobonds	538 903	251 781
money bills	1 398 437	3 398 372
bonds	575 417	567 021
Equity instruments	**139 983**	**140 001**
Total	**19 939 607**	**21 204 007**

measured at fair value through profit or loss	31.03.2025	31.12.2024
Debt instruments	**4 001**	**1 982**
Issued by the central governments	**3 997**	**1 978**
T-bonds	3 997	1 978
Issued by other financial institutions	**4**	**4**
bonds	4	4
Equity instruments	**26 646**	**26 090**
Derivative financial instruments	**233 952**	**212 870**
Interest rate transactions	**125 904**	**135 874**
SWAP	124 853	134 884
Cap Floor Options	1 051	786
FRA	0	197
Forward	0	7
Foreign exchange transactions	**75 903**	**70 431**
FX Swap	27 793	35 852
FX forward	32 339	8 447
CIRS	4 732	8 092
FX options	11 039	18 040
Other instruments	**32 145**	**6 565**
Total	**264 599**	**240 942**

(in PLN '000)

measured at amortized cost	31.03.2025	31.12.2024
Debt instruments	**1 986 716**	**2 157 936**
Issued by the central governments	**1 986 655**	**2 056 853**
T-bonds	1 986 655	2 056 853
Issued by other financial companies	**61**	**101 083**
bonds	61	101 083
Total	**1 986 716**	**2 157 936**

19 Loans and advances to customers

19.1 Accounting principles

During I quarter of 2025, the Group did not change the rules and methodology for classifying loan exposures and estimating provisions for expected credit losses. The applied rules are the same as those described in the annual financial statements.

Rules for classifying exposures covered by key statutory customer support instruments

The key statutory customer support tools available, inter alia, due to the macroeconomic situation, include:

- Borrowers Support Fund,
- moratoriums available to customers who have lost their source of income,
- payment moratoria for PLN mortgage portfolios,
- moratoriums for customers affected by flooding.

Exposures covered by the Borrowers Support Fund and exposures covered by moratoriums for customers who have lost their source of income are classified by the Group to forbearance and, consequently, to Stage 2 (unless they meet the impairment / default criteria, which would result in classification to Stage 3).

Mortgage exposures covered by payment moratoriums and exposures covered by moratoriums resulting from the effects of flooding are subject to general classification rules, where the use of moratoriums does not meet the conditions of the facility offered due to the worsened financial situation, as it is not a criterion for using the instrument.

19.2 Future macroeconomic factors in the assessment of credit quality and impairment allowances estimation

The Group ensures that future macroeconomic factors are included in all significant components of the estimated credit losses. Taking into account future macroeconomic factors ensures that the current valuation of ECL reflects the expected scale of deterioration in the credit quality of the portfolio due to the tough macroeconomic environment.
The Group currently considers the key risk areas to be significant, unprecedented changes in the macroeconomic environment (changes in interest rates, inflation, exchange rates, energy prices) resulting from the long-term effects of the pandemic and other global challenges, as well as the effect of the war in Ukraine and geopolitical risk.

A complex macroeconomic environment and its impact on the loan portfolio

Due to significant - unprecedented - changes in the macroeconomic environment (changes in interest rates, inflation, exchange rates, energy prices), the FLI component in the portfolio valuation is important, reflecting the Group's expectations regarding the scenario development of macroeconomic factors.

The Group ensures that future macroeconomic factors are included in all material components of the expected credit loss estimate. The FLI adjustments developed for individual risk parameters ensure that the risk parameter estimates are adjusted to future macroeconomic factors and are included at the level of individual exposures. Within the individual models of expected loss parameters, the Group has developed econometric solutions and sensitivity analyses that enable the assessment of the impact of macroeconomic scenarios on the behavior of the credit portfolio.

The Group uses econometric models describing changes in the DR (default rate) and LGD (loss given default) parameters depending on macroeconomic scenarios.

In particular, in terms of the methodology used for the PD parameter, the Group uses:

- for the retail customer segment, econometric models making the evolution of the DR level dependent on macroeconomic factors in individual scenarios,
- for the corporate client segment that does not keep full accounting, an econometric model forecasting the level of DR depending on macro factors,
- for the corporate client segment maintaining full accounting, industry models enabling the simulation of the client's rating assessment, fed with current information on changes in the macroeconomic environment, taking into account the current levels of sales revenues and margin levels.

In the area of the LGD parameter, a solution is used that makes the level of recovery dependent on the dynamics of changes in macroeconomic factors such as Gross Domestic Product, wages, and the NBP base rate (the scope and sensitivity to a given factor were adjusted depending on the model segment).

As regards the collateral included in the valuation of credit exposure impairment, the Group takes into account the risk of negative future macroeconomic factors affecting the collateral value and applies an additional haircut over the current market valuations and estimated recovery rates reflecting the economic recoverability of collateral.

The models used in the PD parameter area assume that the disposable income of households is influenced by factors such as GDP dynamics, real wage dynamics, reference rate, unemployment rate or EUR/PLN exchange rate. Interdependencies between macroeconomic variables are taken into account at the stage of creating scenarios.

Sensitivity of results to variability of assumptions

The Group assumes 3 scenarios of the future macroeconomic situation:

- base, with a probability of implementation of 50% (where the GDP growth rate at the end of the following years in the period 2025-2026 is 3.7% y/y and 3.6% y/y, respectively, and the NBP base rate is 5.00% and 3.5% ,respectively),
- negative, with a probability of implementation of 25% (where the GDP growth rate at the end of the following years in the period 2025-2026 is 1.7% y/y and 2.2%, respectively, and the NBP base rate is 6.3% and 4.3%,respectively),
- optimistic, with a probability of implementation of 25% (where the GDP growth rate at the end of the following years in the period 2025-2026 is 5.1% y/y and 5.3%, respectively, and the NBP base rate is 4.3% and 3.0%,respectively).

developed internally by the Macroeconomic Analysis Department.

19.3 Quality and structure of the loan portfolio

Key credit portfolio quality indicators as at 31 March 2025

As at 31 March 2025, despite the negative macroeconomic environment and geopolitical situation, the Group did not observe a significant negative impact on the quality of the loan portfolio. The share of 30-day overdue loans in the regular portfolio as at 31 March 2025 was 0.38% compared to 0.35 % as at 31 December 2024.

(in PLN '000)

In the Group's opinion, this situation is largely due to:

- insignificant, negative transmission of the increased interest rates on the debt servicing capacity of the Bank's clients,
- insignificant impact on the quality of the loan portfolio of the armed conflict in Ukraine,
- the scale of support clients receive in terms of payment moratoriums and the borrowers' support fund.

The Group adapts its lending policies and processes to the current macroeconomic situation and the resulting threats (both in terms of adapting the lending policy and processes to the pandemic environment, high interest rate environment and the geopolitical and economic effects of the war in Ukraine). The changes are aimed at supporting customers (including in the scope of business activities conducted by corporate customers) while at the same time focusing on minimizing the Group's credit losses.

Thanks to all the above circumstances and actions, the quality of the loan portfolio has so far remained resilient to the effects of the current macroeconomic and geopolitical environment.

As at 31 March 2025 the level of write-downs for exposures classified to Stage 1 and Stage 2 is approx. PLN 0.9 billion and remains stable compared to the level maintained as at 31 December 2024. The key credit parameters of the regular portfolio are presented below (non-default):

Date	DPD 30+*	PD	LGD	Stage 2 share in he regular portfolio	Coverage of regular portfolio write-offs
31.12.2024	0.35%	2.5%	29.8%	12.5%	1.5%
31.03.2025	0.38%	2.4%	29.4%	12.8%	1.5%

according to the EBA definition

As at 31 March 2025 and 31 December 2024, the structure of the portfolio with evidence of impairment, together with the structure of the recoverable amount of collateral, was as follows (in MPLN):

Date	individual portfolio			collective portfolio		
	exposure value	% of collateral coverage*	% coverage with write-offs	exposure value	% of collateral coverage*	% coverage with write-offs
31.12.2024	1 328	47%	48%	2 945	34%	54%
31.03.2025	1 240	45%	50%	2 981	34%	54%

expressed at the economic recoverable amount

19.4 Financial data

Loans and advances granted to customers	31.03.2025	31.12.2024
Retail segment	**41 564 710**	**41 083 887**
Consumer loans	20 657 930	20 545 323
Mortgage loans	20 906 780	20 538 564
Corporate segment	**24 766 277**	**24 847 907**
Finance lease receivables	5 859 227	5 833 675
Other loans and advances	18 907 050	19 014 232
Gross carrying amount	**66 330 987**	**65 931 794**
Expected credit losses	-3 192 629	-3 195 826
Carrying amount	**63 138 358**	**62 735 968**

(in PLN '000)

Loans and advances granted to customers 31.03.2025	Stage 1	Stage 2	Stage 3	POCI	Total
Retail segment	**37 642 123**	**2 649 800**	**1 251 126**	**21 661**	**41 564 710**
Consumer loans	18 017 590	1 642 198	980 025	18 117	20 657 930
Mortgage loans	19 624 533	1 007 602	271 101	3 544	20 906 780
Corporate segment	**16 288 004**	**5 263 531**	**2 970 298**	**244 444**	**24 766 277**
Finance lease receivables	5 032 279	494 412	332 536	0	5 859 227
Other loans and advances	11 255 725	4 769 119	2 637 762	244 444	18 907 050
Gross carrying amount	**53 930 127**	**7 913 331**	**4 221 424**	**266 105**	**66 330 987**
Expected credit losses	-399 902	-527 529	-2 234 235	-30 963	-3 192 629
Carrying amount	**53 530 225**	**7 385 802**	**1 987 189**	**235 142**	**63 138 358**

Loans and advances granted to customers 31.12.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Retail segment	**37 236 339**	**2 649 477**	**1 175 673**	**22 398**	**41 083 887**
Consumer loans	17 943 094	1 663 438	920 082	18 709	20 545 323
Mortgage loans	19 293 245	986 039	255 591	3 689	20 538 564
Corporate segment	**16 509 247**	**4 998 708**	**3 097 073**	**242 879**	**24 847 907**
Finance lease receivables	5 016 586	481 977	335 112	0	5 833 675
Other loans and advances	11 492 661	4 516 731	2 761 961	242 879	19 014 232
Gross carrying amount	**53 745 586**	**7 648 185**	**4 272 746**	**265 277**	**65 931 794**
Expected credit losses	-402 948	-541 367	-2 217 542	-33 969	-3 195 826
Carrying amount	**53 342 638**	**7 106 818**	**2 055 204**	**231 308**	**62 735 968**

In the first quarter of 2025, the Group sold loans with a total gross value amounting to PLN 9 574 thousand, while the allowance for expected credit losses for this portfolio amounted to PLN 5 033 thousand. The impact of debt sales on the cost of risk in 2025 amounted to PLN (+) 4 159 thousand (profit).

From 1 January to 31 March 2025 the Group wrote off the financial assets amounted to PLN 156 917 thousand. The financial assets that are written off concerned both the loan portfolio of retail and business customers.

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Retail segment					
Consumer loans					
Gross carrying amount					
As at 01.01.2025	**17 943 094**	**1 663 438**	**920 082**	**18 709**	**20 545 323**
New / purchased / granted financial assets	3 315 775	0	0	1 191	3 316 966
Changes due to the sale or expiry of the instrument	-1 504 692	-49 505	-8 610	-358	-1 563 165
Transfer to Stage 1	207 128	-201 741	-5 387	0	0
Transfer to Stage 2	-390 003	410 855	-20 852	0	0
Transfer to Stage 3	-39 451	-110 192	149 643	0	0
Valuation changes	-1 513 274	-71 115	-16 278	-1 236	-1 601 903
Assets written off the balance sheet	0	0	-38 193	-180	-38 373
Other changes, including exchange differences	-987	458	-380	-9	-918
As at 31.03.2025	**18 017 590**	**1 642 198**	**980 025**	**18 117**	**20 657 930**
Expected credit losses					
As at 01.01.2025	**271 944**	**232 658**	**596 776**	**-543**	**1 100 835**
New / purchased / granted financial assets	26 690	0	0	1 964	28 654
Changes due to the sale or expiry of the instrument	-19 191	-5 406	-10 824	-391	-35 812
Transfer to Stage 1	34 462	-32 924	-1 538	0	0

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Transfer to Stage 2	-17 085	24 304	-7 219	0	0
Transfer to Stage 3	-2 345	-22 732	25 077	0	0
Change in the estimate of expected credit losses	-25 534	29 539	69 361	813	74 179
Net expected credit losses in the income statement	**-3 003**	**-7 219**	**74 857**	**2 386**	**67 021**
Assets written off the balance sheet	0	0	-38 193	-180	-38 373
Fair value evaluation at the moment of initial recognition	0	0	0	-1 888	-1 888
Other changes, including exchange differences	0	-23	10 311	-514	9 774
As at 31.03.2025	**268 941**	**225 416**	**643 751**	**-739**	**1 137 369**
Carrying amount as at 31.03.2025	**17 748 649**	**1 416 782**	**336 274**	**18 856**	**19 520 561**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Retail segment					
Consumer loans					
Gross carrying amount					
As at 01.01.2024	**17 881 785**	**1 854 685**	**1 404 457**	**25 222**	**21 166 149**
New / purchased / granted financial assets	2 741 580	0	0	4 364	2 745 944
Changes due to the sale or expiry of the instrument	-1 019 210	-49 530	-16 758	-922	-1 086 420
Transfer to Stage 1	262 906	-257 922	-4 984	0	0
Transfer to Stage 2	-477 887	513 678	-35 791	0	0
Transfer to Stage 3	-38 339	-135 322	173 661	0	0
Valuation changes	-1 451 947	-76 450	-19 007	-1 767	-1 549 171
Assets written off the balance sheet	0	0	-96 053	-932	-96 985
Other changes, including exchange differences	-2 162	280	-607	14	-2 475
As at 31.03.2024	**17 896 726**	**1 849 419**	**1 404 918**	**25 979**	**21 177 042**
Expected credit losses					
As at 01.01.2024	**284 009**	**345 675**	**908 104**	**1 264**	**1 539 052**
New / purchased / granted financial assets	23 721	0	0	6 105	29 826
Changes due to the sale or expiry of the instrument	-13 815	-7 593	-21 459	-229	-43 096
Transfer to Stage 1	55 683	-53 394	-2 289	0	0
Transfer to Stage 2	-23 551	35 733	-12 182	0	0
Transfer to Stage 3	-596	-2 168	2 764	0	0
Change in the estimate of expected credit losses	-45 203	16 588	125 739	310	97 434
Net expected credit losses in the income statement	**-3 761**	**-10 834**	**92 573**	**6 186**	**84 164**
Assets written off the balance sheet	0	0	-96 053	-932	-96 985
Fair value evaluation at the moment of initial recognition	0	0	0	-5 854	-5 854
Other changes, including exchange differences	-31	-69	8 975	-524	8 351
As at 31.03.2024	**280 217**	**334 772**	**913 599**	**140**	**1 528 728**
Carrying amount as at 31.03.2024	**17 616 509**	**1 514 647**	**491 319**	**25 839**	**19 648 314**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Retail segment					
Mortgage loans					
Gross carrying amount					
As at 01.01.2025	**19 293 245**	**986 039**	**255 591**	**3 689**	**20 538 564**
New / purchased / granted financial assets	787 276	0	0	0	787 276
Changes due to the sale or expiry of the instrument	-237 025	-13 927	-2 716	-31	-253 699

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Transfer to Stage 1	105 107	-103 203	-1 904	0	0
Transfer to Stage 2	-166 321	171 472	-5 151	0	0
Transfer to Stage 3	-8 638	-21 550	30 188	0	0
Valuation changes	-79 703	-7 657	-2 283	-80	-89 723
Assets written off the balance sheet	0	0	-1 489	0	-1 489
Other changes, including exchange differences	-69 408	-3 572	-1 135	-34	-74 149
As at 31.03.2025	**19 624 533**	**1 007 602**	**271 101**	**3 544**	**20 906 780**
Expected credit losses					**0**
As at 01.01.2025	**20 399**	**45 113**	**111 019**	**92**	**176 623**
New / purchased / granted financial assets	282	0	0	0	282
Changes due to the sale or expiry of the instrument	-391	-594	-1 820	-13	-2 818
Transfer to Stage 1	5 105	-4 622	-483	0	0
Transfer to Stage 2	-1 836	3 369	-1 533	0	0
Transfer to Stage 3	-127	-2 277	2 404	0	0
Change in the estimate of expected credit losses	-3 929	5 830	7 881	68	9 850
Net expected credit losses in the income statement	**-896**	**1 706**	**6 449**	**55**	**7 314**
Assets written off the balance sheet	0	0	-1 489	0	-1 489
Fair value evaluation at the moment of initial recognition	0	0	0	0	0
Other changes, including exchange differences	-62	-173	662	-66	361
As at 31.03.2025	**19 441**	**46 646**	**116 641**	**81**	**182 809**
Carrying amount as at 31.03.2025	**19 605 092**	**960 956**	**154 460**	**3 463**	**20 723 971**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Retail segment					
Mortgage loans					
Gross carrying amount					
As at 01.01.2024	**17 340 908**	**901 058**	**303 506**	**6 774**	**18 552 246**
New / purchased / granted financial assets	1 374 339	0	0	817	1 375 156
Changes due to the sale or expiry of the instrument	-208 123	-10 263	-9 368	-579	-228 333
Transfer to Stage 1	60 198	-57 346	-2 852	0	0
Transfer to Stage 2	-107 443	114 465	-7 022	0	0
Transfer to Stage 3	-7 916	-27 069	34 985	0	0
Valuation changes	42 315	-4 844	-5 458	-343	31 670
Assets written off the balance sheet	0	0	-2 699	-12	-2 711
Other changes, including exchange differences	-27 137	-2 012	-664	274	-29 539
As at 31.03.2024	**18 467 141**	**913 989**	**310 428**	**6 931**	**19 698 489**
Expected credit losses					
As at 01.01.2024	**31 777**	**22 815**	**129 309**	**-308**	**183 593**
New / purchased / granted financial assets	3	0	0	55	58
Changes due to the sale or expiry of the instrument	-421	-28	-457	-37	-943
Transfer to Stage 1	2 806	-2 806	0	0	0
Transfer to Stage 2	-21	1 586	-1 565	0	0
Transfer to Stage 3	0	-35 521	35 521	0	0
Change in the estimate of expected credit losses	-3 073	37 055	-30 656	269	3 595
Net expected credit losses in the income statement	**-706**	**286**	**2 843**	**287**	**2 710**
Assets written off the balance sheet	0	0	-2 699	-12	-2 711

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Fair value evaluation at the moment of initial recognition	0	0	0	-307	-307
Other changes, including exchange differences	-36	-48	314	-86	144
As at 31.03.2024	**31 035**	**23 053**	**129 767**	**-426**	**183 429**
Carrying amount as at 31.03.2024	**18 436 106**	**890 936**	**180 661**	**7 357**	**19 515 060**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate segment					
Finance lease receivables					
Gross carrying amount					
As at 01.01.2025	**5 016 586**	**481 977**	**335 112**	**0**	**5 833 675**
New / purchased / granted financial assets	611 610	0	0	0	611 610
Changes due to the sale or expiry of the instrument	-92 456	-7 249	-8 109	0	-107 814
Transfer to Stage 1	115 608	-110 023	-5 585	0	0
Transfer to Stage 2	-225 314	235 677	-10 363	0	0
Transfer to Stage 3	-17 305	-54 097	71 402	0	0
Valuation changes	-363 282	-21 603	-25 160	0	-410 045
Assets written off the balance sheet	0	0	-15 626	0	-15 626
Other changes, including exchange differences	-13 168	-30 270	-9 135	0	-52 573
As at 31.03.2025	**5 032 279**	**494 412**	**332 536**	**0**	**5 859 227**
Expected credit losses					
As at 01.01.2025	**25 920**	**26 552**	**131 745**	**0**	**184 217**
New / purchased / granted financial assets	6 238	0	0	0	6 238
Changes due to the sale or expiry of the instrument	-860	-160	-1 690	0	-2 710
Transfer to Stage 1	784	-735	-49	0	0
Transfer to Stage 2	-1 677	2 170	-493	0	0
Transfer to Stage 3	-369	-5 354	5 723	0	0
Change in the estimate of expected credit losses	-2 663	4 241	8 417	0	9 995
Net expected credit losses in the income statement	**1 453**	**162**	**11 908**	**0**	**13 523**
Assets written off the balance sheet	0	0	-15 626	0	-15 626
Other changes, including exchange differences	-93	-112	-167	0	-372
As at 31.03.2025	**27 280**	**26 602**	**127 860**	**0**	**181 742**
Carrying amount as at 31.03.2025	**5 004 999**	**467 810**	**204 676**	**0**	**5 677 485**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate segment					
Finance lease receivables					
Gross carrying amount					
As at 01.01.2024	**4 526 911**	**541 859**	**433 023**	**0**	**5 501 793**
New / purchased / granted financial assets	700 636	0	0	0	700 636
Changes due to the sale or expiry of the instrument	-86 108	-9 799	-8 591	0	-104 498
Transfer to Stage 1	161 393	-152 928	-8 465	0	0
Transfer to Stage 2	-285 100	297 954	-12 854	0	0
Transfer to Stage 3	-10 859	-54 469	65 328	0	0
Valuation changes	-337 665	-23 160	-28 472	0	-389 297
Assets written off the balance sheet	0	0	-10 842	0	-10 842
Other changes, including exchange differences	-10 569	-39 740	-8 447	0	-58 756

(in PLN '000)

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
As at 31.03.2024	**4 658 639**	**559 717**	**420 680**	**0**	**5 639 036**
Expected credit losses					
As at 01.01.2024	**23 874**	**27 318**	**203 136**	**0**	**254 328**
New / purchased / granted financial assets	5 576	0	0	0	5 576
Changes due to the sale or expiry of the instrument	-684	-175	-1 880	0	-2 739
Transfer to Stage 1	996	-897	-99	0	0
Transfer to Stage 2	-2 856	3 633	-777	0	0
Transfer to Stage 3	-238	-5 508	5 746	0	0
Change in the estimate of expected credit losses	-712	4 460	5 241	0	8 989
Net expected credit losses in the income statement	**2 082**	**1 513**	**8 231**	**0**	**11 826**
Assets written off the balance sheet	0	0	-10 842	0	-10 842
Other changes, including exchange differences	-32	-71	-61	0	-164
As at 31.03.2024	**25 924**	**28 760**	**200 464**	**0**	**255 148**
Carrying amount as at 31.03.2024	**4 632 715**	**530 957**	**220 216**	**0**	**5 383 888**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate segment					
Other loans and advances					
Gross carrying amount					
As at 01.01.2025	**11 492 661**	**4 516 731**	**2 761 961**	**242 879**	**19 014 232**
New / purchased / granted financial assets	1 196 514	0	0	13 570	1 210 084
Changes due to the sale or expiry of the instrument	-1 152 794	-113 024	-56 088	-532	-1 322 438
Transfer to Stage 1	259 458	-257 438	-2 020	0	0
Transfer to Stage 2	-851 452	896 104	-44 652	0	0
Transfer to Stage 3	-56 442	-110 838	167 280	0	0
Valuation changes	405 874	-137 540	-87 454	-7 639	173 241
Assets written off the balance sheet	0	0	-100 273	-1 156	-101 429
Other changes, including exchange differences	-38 094	-24 876	-992	-2 678	-66 640
As at 31.03.2025	**11 255 725**	**4 769 119**	**2 637 762**	**244 444**	**18 907 050**
Expected credit losses					
As at 01.01.2025	**84 685**	**237 044**	**1 378 002**	**34 420**	**1 734 151**
New / purchased / granted financial assets	19 803	0	0	22 776	42 579
Changes due to the sale or expiry of the instrument	-2 796	-4 259	-54 529	-1 129	-62 713
Transfer to Stage 1	7 259	-7 063	-196	0	0
Transfer to Stage 2	-10 627	15 819	-5 192	0	0
Transfer to Stage 3	-8 858	-12 407	21 265	0	0
Change in the estimate of expected credit losses	-5 080	394	77 249	5 200	77 763
Net expected credit losses in the income statement	**-299**	**-7 516**	**38 597**	**26 847**	**57 629**
Assets written off the balance sheet	0	0	-100 273	-1 156	-101 429
Fair value evaluation at the moment of initial recognition	0	0	0	-25 019	-25 019
Other changes, including exchange differences	-146	-663	29 657	-3 471	25 377
As at 31.03.2025	**84 240**	**228 865**	**1 345 983**	**31 621**	**1 690 709**
Carrying amount as at 31.03.2025	**11 171 485**	**4 540 254**	**1 291 779**	**212 823**	**17 216 341**

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate segment					

Loans and advances to customers	Stage 1	Stage 2	Stage 3	POCI	Total
Other loans and advances					
Gross carrying amount					
As at 01.01.2024	**12 009 221**	**4 387 970**	**3 159 654**	**282 923**	**19 839 768**
New / purchased / granted financial assets	2 089 397	0	0	4 667	2 094 064
Changes due to the sale or expiry of the instrument	-1 223 905	-99 925	-58 447	-6 755	-1 389 032
Transfer to Stage 1	207 827	-205 131	-2 696	0	0
Transfer to Stage 2	-589 915	607 864	-17 949	0	0
Transfer to Stage 3	-43 816	-121 461	165 277	0	0
Valuation changes	10 794	-130 086	-132 942	-25 998	-278 232
Assets written off the balance sheet	0	0	-418 303	-4 804	-423 107
Other changes, including exchange differences	-15 475	-16 437	-7 099	1	-39 010
As at 31.03.2024	**12 444 128**	**4 422 794**	**2 687 495**	**250 034**	**19 804 451**
Expected credit losses					
As at 01.01.2024	**53 526**	**293 135**	**1 757 034**	**14 191**	**2 117 886**
New / purchased / granted financial assets	8 846	0	0	19 613	28 459
Changes due to the sale or expiry of the instrument	-1 027	-5 545	-81 135	-6 607	-94 314
Transfer to Stage 1	6 053	-5 923	-130	0	0
Transfer to Stage 2	-6 842	11 329	-4 487	0	0
Transfer to Stage 3	-2 556	-14 735	17 291	0	0
Change in the estimate of expected credit losses	6 304	33 459	130 408	-1 744	168 427
Net expected credit losses in the income statement	**10 778**	**18 585**	**61 947**	**11 262**	**102 572**
Assets written off the balance sheet	-1 147	1 683	-426 550	-4 804	-430 818
Fair value evaluation at the moment of initial recognition	0	0	12 211	-19 814	-7 603
Other changes, including exchange differences	1 096	-1 801	-52 240	-3 224	-56 169
As at 31.03.2024	**64 253**	**311 602**	**1 352 402**	**-2 389**	**1 725 868**
Carrying amount as at 31.03.2024	**12 379 875**	**4 111 192**	**1 335 093**	**252 423**	**18 078 583**

20 Other assets

20.1 Financial data

	31.03.2025	31.12.2024
Sundry debtors	**506 572**	**647 989**
Other settlements	282 393	309 554
Receivables related to sales of services (including insurance)	14 452	18 709
Guarantee deposits	25 594	21 988
Settlements due to cash in ATMs	184 133	297 738
Costs recognised over time	**134 976**	**93 968**
Maintenance and support of systems, servicing of plant and equipment	81 527	62 881
Other deferred costs	53 449	31 087
VAT settlements	**34 649**	**34 826**
Other assets (gross)	**676 197**	**776 783**
Allowance	-51 421	-52 662
Other assets (carring amount)	**624 776**	**724 121**
including financial assets (gross)	506 572	647 989

(in PLN '000)

Change in allowances on other financial assets

	31.03.2025	31.03.2024
Value at the beginning of the period	**52 662**	**66 574**
allowances recorded	1 495	921
allowances released	-525	-707
assets written off from the balance sheet	-1 988	-3 819
other changes	-223	-8
Value at the end of the period	**51 421**	**62 961**

21 Assets pledged as colleteral

21.1 Financial data

	31.03.2025	31.12.2024
Treasury bonds blocked for repo transactions	954 254	0
Financial assets measured at amortised cost in the EIB	18 306	18 029
Total	**972 560**	**18 029**

Apart from assets that secure liabilities that are disclosed separately in the statement of financial position, the Bank additionally held the following collateral for the liabilities that did not meet the criterion of separate presentation in accordance with IFRS 9:

	31.03.2025	31.12.2024
Treasury bonds blocked with BFG	241 031	394 681
Deposits as derivative transactions (ISDA) collateral	589 991	725 785
Deposit as collateral of transactions performed in Alior Trader	1	2
Total	**831 023**	**1 120 468**

Treasury bonds blocked with BFG are presented in the statement of financial position in the line Investment financial assets, deposits securing derivative transactions (ISDA) in the line Amounts due from banks and deposit as collateral of transactions performed in Alior Trader in the line Amounts due from customers.

22 Amounts due to banks

22.1 Financial data

	31.03.2025	31.12.2024
Current deposits	0	582
Term deposits	50 394	0
Received loans	99 715	118 534
Other liabilities*	76 993	41 009
Repo	952 550	0
Total	**1 179 652**	**160 125**

** In this item, the deposits received as at 31.03.2025 amounted to PLN 60 million, and at the end of 2024 – PLN 35 million.*

(in PLN '000)

23 Amounts due to customers

23.1 Financial data

	31.03.2025	31.12.2024
Retail segment	**57 020 538**	**54 171 904**
Current deposits	41 393 131	38 776 717
Term deposits	15 333 541	15 100 510
Other liabilities	293 866	294 677
Corporate segment	**21 444 077**	**22 764 696**
Current deposits	13 936 175	15 016 295
Term deposits	7 122 758	7 390 257
Other liabilities	385 144	358 144
Total	**78 464 615**	**76 936 600**

24 Provisions

24.1 Financial data

	Provisions for legal claims	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 01.01.2025	**216 126**	**9 510**	**42 419**	**53 739**	**321 794**
Established provisions	16 081	1 180	23 890	314	41 465
Reversal of provisions	-2 869	0	-23 647	-96	-26 612
Utilized provisions	-7 286	-54	0	-4 854	-12 194
Other changes	-5	0	-212	0	-217
As at 31.03.2025	**222 047**	**10 636**	**42 450**	**49 103**	**324 236**

	Provisions for legal claims	Provisions for retirement benefits	Provisions for off-balance sheet liabilities granted	Restructuring provision	Provision for reimbursement of credit costs (TSUE)	Total provisions
As at 01.01.2024	**157 197**	**8 362**	**73 878**	**894**	**69 645**	**309 976**
Established provisions	9 284	0	24 712	0	39	34 035
Reversal of provisions	-559	-69	-37 513	0	-4 969	-43 110
Utilized provisions	-1 358	0	0	-393	-4 788	-6 539
Other changes	-7	0	19	0	0	12
As at 31.03. 2024	**164 557**	**8 293**	**61 096**	**501**	**59 927**	**294 374**

25 Other liabilities

25.1 Financial data

	31.03.2025	31.12.2024
Interbank settlements	891 738	450 117
Settlements of payment cards	97	245
Liability for reimbursement of credit costs	32 331	39 325
Liabilities due to lease agreements	214 875	226 371
Taxes, customs duty, social and health insurance payables and other public settlements	68 993	65 087

(in PLN '000)

	31.03.2025	31.12.2024
Settlements of issues of bank certificates of deposits	224	236
Liabilities due to contributions to the Bank Guarantee Fund	271 314	204 259
Accrued expenses	146 059	187 636
Income received in advance	52 136	51 124
Provision for bancassurance resignations	40 501	52 132
Provision for bonuses	162 364	138 365
Provision for unutilised annual leaves	41 147	27 048
Provision for bonuse settled in phantom shares	22 545	18 395
Other employee provisions	14 942	15 114
Other liabilities	268 254	232 981
Total	**2 227 520**	**1 708 435**

26 Financial liabilities held for trading

26.1 Financial data

	31.03.2025	31.12.2024
Interest rate transactions	**149 911**	**138 634**
SWAP	148 860	136 642
Cap Floor Options	1 051	786
FRA	0	1 206
Foreign exchange transactions	**59 403**	**51 592**
FX Swap	30 585	15 516
FX forward	5 848	13 366
CIRS	8 536	2 383
FX options	14 434	20 327
Other options	**0**	**0**
Other instruments	**31 214**	**6 224**
Total	**240 528**	**196 450**

27 Debt securities issued

27.1 Financial data

	31.03.2025	31.12.2024
Bonds issued liabilities	1 845 852	1 809 233
Bank securities issued liabilities("BPW")	65 730	277 783
Bank structured securities issued liabilities("BPP")	9 414	0
Total	**1 920 996**	**2 087 016**

	Nominal value in the currency 31.03.2025	Nominal value in the currency 31.12.2024	Currency	Term	Interest	Status of liabilities	
						31.03.2025	31.12.2024
Series M Bonds	400 000	400 000	PLN	26.06.2023-26.06.2026	WIBOR6M +3.10	409 342	400 584
Series N Bonds	450 000	450 000	PLN	20.12.2023-15.06.2027	WIBOR6M +2.81	461 332	451 800
Series O Bonds	550 000	550 000	PLN	27.06.2024-09.06.2028	WIBOR6M +1.99	563 230	552 693

(in PLN '000)

	Nominal value in the currency 31.03.2025	Nominal value in the currency 31.12.2024	Currency	Term	Interest	Status of liabilities	
						31.03.2025	31.12.2024
Series P Bonds	400 000	400 000	PLN	14.11.2024-14.04.2028	WIBOR6M +2,07	411 948	404 156
BPW	9 950	9 950	EUR	12.2022 – 02.2025	The interest rate is calculated by the BPW Issuer according to the formula described in the final terms and conditions of a given series. The payment and interest rate may be fixed, variable or dependent on the conditions of the valuation of the underlying instrument, such as a stock exchange index or the valuation of company shares.	0	43 491
BPW	24 375	182 407	PLN	07.2021-04.2025		26 050	192 245
BPW	9 829	9 884	USD	07.2021-04.2025		39 680	42 047
BPP	9 549	0	PLN	03.2025-03.2027	The amount of the benefit is calculated by the BPP Issuer according to the formula described in the final terms of a given series. The payment and amount of the benefit depend on the conditions of the valuation of the underlying instrument, such as a stock exchange index, valuation of company shares.	9 414	0
Total						**1 920 996**	**2 087 016**

Issues in the reporting periods

01.01.2025-31.03.2025	Currency	Issues - original currency	Issues - in PLN	Redemptions - original currency	Redemptions – in PLN
BPP	PLN	9 549	9 549	0	0
BPW	PLN	0	0	140	140
BPW	USD	0	0	55	228
Total			**9 549**		**368**

01.01.2024 – 31.12.2004	Currency	Issues - original currency	Issues - in PLN	Redemptions - original currency	Redemptions – in PLN
Series O Bonds	PLN	550 000	550 000	0	0
Series P Bonds	PLN	400 000	400 000	0	0
BPW	EUR	9 950	42 956	0	0
BPW	PLN	28 256	28 256	8 294	8 294
BPW	USD	0	0	115	453
Total			**1 021 212**		**8 747**

28 Off-balance sheet items

28.1 Financial data

Off-balance sheet liabilities granted to customers	31.03.2025	31.12.2024
Granted off-balance liabilities	**13 188 474**	**12 640 995**
Concerning financing	**12 197 787**	**11 683 706**
Guarantees	**990 687**	**957 289**
Performance guarantees	376 834	354 471

(in PLN '000)

Off-balance sheet liabilities granted to customers	31.03.2025	31.12.2024
Financial guarantees	613 853	602 818

31.03.2025	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	10 740 326	1 398 777	58 684	19 399	13 958	0
Guarantees	770 991	201 802	17 894	174	475	8 444
Total	**11 511 317**	**1 600 579**	**76 578**	**19 573**	**14 433**	**8 444**

31.12.2024	Nominal amount			Provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Concerning financing	10 306 661	1 319 895	57 150	18 324	14 196	0
Guarantees	744 767	196 046	16 476	150	462	9 287
Total	**11 051 428**	**1 515 941**	**73 626**	**18 474**	**14 658**	**9 287**

Reconciliations between the opening balance and the closing balance of off-balance sheet contingent liabilities granted to customers and arrangements regarding the value of provisions created in this respect are presented below.

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2025	**11 051 428**	**1 515 941**	**73 626**	**12 640 995**
New / purchased / granted financial assets	1 995 626	0	0	1 995 626
Changes due to the sale or expiry of the instrument	-767 672	-121 886	-6 751	-896 309
Transfer to Stage 1	84 024	-83 960	-64	0
Transfer to Stage 2	-357 970	358 189	-219	0
Transfer to Stage 3	-6 493	-3 884	10 377	0
Changing commitment	-474 990	-61 784	853	-535 921
Other changes, including exchange rate differences	-12 636	-2 037	-1 244	-15 917
As at 31.03.2025	**11 511 317**	**1 600 579**	**76 578**	**13 188 474**

Change in off-balance sheet liabilities (nominal value)	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2024	**10 824 458**	**1 416 916**	**206 326**	**12 447 700**
New / purchased / granted financial assets	2 320 108	0	0	2 320 108
Changes due to the sale or expiry of the instrument	-1 272 922	-190 178	-5 023	-1 468 123
Transfer to Stage 1	147 306	-146 382	-924	0
Transfer to Stage 2	-292 069	298 256	-6 187	0
Transfer to Stage 3	-3 669	-5 585	9 254	0
Changing commitment	-882 331	-120 779	63 171	-939 939
Other changes, including exchange rate differences	-4 835	-716	-308	-5 859
As at 31.03.2024	**10 836 046**	**1 251 532**	**266 309**	**12 353 887**

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2025	**18 474**	**14 658**	**9 287**	**42 419**

(in PLN '000)

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
New / purchased / granted financial assets	8 086	0	0	8 086
Changes due to the sale or expiry of the instrument	-2 750	-1 901	-287	-4 938
Transfer to Stage 1	1 475	-1 475	0	0
Transfer to Stage 2	-2 742	2 742	0	0
Transfer to Stage 3	-4	-120	124	0
Change in the estimate od the provision for off-balanse sheet liabilities	-2 952	595	-549	-2 906
Other changes, including exchange rate differences	-14	-66	-131	-211
As at 31.03.2025	**19 573**	**14 433**	**8 444**	**42 450**

Change in the provision for off-balance sheet liabilities	Stage 1	Stage 2	Stage 3	Total
As at 01.01.2024	**13 438**	**26 024**	**34 416**	**73 878**
New / purchased / granted financial assets	6 140	0	0	6 140
Changes due to the sale or expiry of the instrument	-1 705	-12 540	-150	-14 395
Transfer to Stage 1	566	-566	0	0
Transfer to Stage 2	-3 296	3 296	0	0
Transfer to Stage 3	-328	-106	434	0
Change in the estimate od the provision for off-balanse sheet liabilities	-1 133	-4 283	970	-4 446
Other changes, including exchange rate differences	-19	-30	-32	-81
As at 31.03.2024	**13 663**	**11 795**	**35 638**	**61 096**

29 Fair value

29.1 Accounting principles and estimates and assumptions

The fair value is a price receivable in the sale of an asset or payable for transfer of a liability in an arm's length transaction in the principal (or most advantageous) market as at the measurement date subject to prevailing market conditions (exit price), irrespective of the fact if such price is directly observable or estimated with another measurement technique.

Depending on the classification category of financial assets and liabilities to a specific hierarchy level, various methods to measure fair value are applied.

Level 1: On the basis of prices quoted in the principal (or most advantageous) market

Financial assets and liabilities with fair value measured directly on the basis of quoted prices (not adjusted) from active markets for identical assets or liabilities. This category includes financial and equity instruments measured at fair value through profit and loss for which there is an active market and for which the fair value is determined on the basis of market value being the purchase price:

- debt securities listed on active, liquid financial markets,
- debt and equity securities traded in a regulated market, including in the portfolio of the Brokerage House,
- derivative instruments that are traded in a regulated market,
- cash.

Level 2: On the basis of measurement techniques based on assumptions using information coming from the principal (or most advantageous) market;

Financial assets and liabilities whose fair value is measured with measurement models where all material input data is observable in the market directly (as prices) or indirectly (relying on prices). In that category the Group classifies financial instruments for which no active market exists:

(in PLN '000)

	Measurement method (techniques)	Material observable input data
DERIVATIVE FINANCIAL INSTRUMENTS – CIRS. IRS. FRA. FX. FORWARD. FX SWAP TRANSACTIONS	The model of discounted future cash flows based on profitability curves.	Profitability curves are built on the basis of market rates. market data of the money market. FRA. IRS. OIS basis swap transaction market. FX instruments are measured using NBP's fixing rates and market rates of swap points.
FX OPTIONS. INTEREST RATE OPTIONS	FX options and interest rate options are measured with the use of specific valuation models characteristic for a specific option.	For option instruments additionally market quotations are used for market variability quotations of currency pairs and interest rates.
MONEY BILLS,TREASURY BILLS, CURRENT ACCOUNTS AND DEPOSITS IN NBP, CURRENT ACCOUNTS IN OTHER BANKS	Profitability curve method	Profitability curves are developed on the basis of money market data.
COMMODITY FORWARD/SWAP	Commodity instruments are measured on the basis of future cash flows calculated on the basis of profitability curves characteristic for specific commodities.	Profitability curves are built on the basis of quoted commodity futures contracts.

Level 3: For which minimum one factor affecting the price is not observable in the market.

Financial assets and liabilities with the fair value measured with the measurement models where input data is not based on observable market data (non-observable input data).

Such instruments include options embedded in certificates of deposit issued by the Group and options in the interbank market to hedge positions of the embedded options. The fair value is determined on the basis of market prices of those options or an internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments in options based on a basket). Model parameters are determined on the basis of a statistical analysis. At the end of the reporting period, the position in the above-mentioned instruments was closed on back-to-back basis, which means that the change in valuation of options embedded in structured instruments is offset by changes in the valuation of options concluded on the interbank market.

	Measurement method (techniques)	Material observable input data	Factor unobservable	Range of unobservable factors	Impact on valuation
EXOTIC OPTIONS	The prices of exotic options embedded in structured products are determined on the basis of market prices or measured with the internal model subject to both observable parameters (e.g. price of the base instrument, secondary quotations of options) and non-observable (e.g. variability, correlations between base instruments).	The prices of exotic options embedded in structured products are acquired from the market.	Volatility of prices of underlying instruments, correlations of prices of underlying instruments	Back-to-back closed options, changes in unobservable factors without affecting the total portfolio valuation	none
SHARES VISA INC C SERIES	The current market value of listed ordinary shares of Visa Inc. subject to the conversion ratio and discount, considering changing prices of the shares of Visa Inc.	Market value of the listed ordinary shares of Visa Inc.	Discount due to the illiquid nature of the securities, common stock conversion factor	Discount +/-19% ; conversion rate <-0.020;0>	+23.5%/-24,3%
SHARES PSP sp. z o.o.	Fair value estimation is based on the current value of the company's forecast results	Risk - free rate	Risk premium, financial performance forecast	Risk premium +/- 25bps. ; Financial forecasts +/- 10%	+12.0%/-12.0%
SHARES RUCH SA	Estimating the fair value based on the present value of the company's forecast results	Risk-free rate	Risk premium, financial performance forecast	Risk premium +/- 25bps. ; Financial forecasts +/- 10%	none

(in PLN '000)

Transfers of instruments between measurement levels are made as at the end of the reporting period. Transfers are made subject to conditions set forth in the international financial reporting standards. for instance, quotation availability of instruments from an active market, availability of quotations of pricing factors, or impact of non-observable data on the fair value.

29.2 Financial data

Below there are carrying values of financial assets and liabilities split into measurement categories (levels).

Compared to the previous reporting period, the classification and measurement principles for individual levels of the fair value hierarchy have not changed.

31.03.2025	Level 1	Level 2	Level 3	Total
Investment financial assets and derivatives	**18 019 773**	**2 410 908**	**166 686**	**20 597 367**
Investment financial assets measured at fair value through profit and loss	**4 000**	**233 896**	**26 703**	**264 599**
SWAP	0	124 853	0	124 853
Cap Floor Options	0	1 051	0	1 051
FX Swap	0	27 793	0	27 793
FX forward	0	32 339	0	32 339
CIRS	0	4 732	0	4 732
FX options	0	10 986	53	11 039
Other instruments	3	32 142	0	32 145
Derivatives	**3**	**233 896**	**53**	**233 952**
Treasury bonds	3 997	0	0	3 997
Other bonds	0	0	4	4
Equity instruments	0	0	26 646	26 646
Investments securities	**3 997**	**0**	**26 650**	**30 647**
Investment financial assets measured at fair value through other comprehensive income	**18 015 773**	**1 783 851**	**139 983**	**19 939 607**
Money bills	0	1 398 437	0	1 398 437
Treasury bonds	16 087 055	0	0	16 087 055
Treasury bills	814 398	385 414	0	1 199 812
Other bonds	1 114 320	0	0	1 114 320
Equity instruments	0	0	139 983	139 983
Assets pledged as collateral	972 560	0	0	972 560
Derivative hedging instruments	**0**	**393 161**	**0**	**393 161**
Interest rate transactions	0	393 161	0	393 161

31.12.2024	Level 1	Level 2	Level 3	Total
Investment financial assets and derivatives	**17 667 648**	**3 885 891**	**166 121**	**21 719 660**
Investment financial assets measured at fair value through profit and loss	**2 014**	**212 808**	**26 120**	**240 942**
SWAP	0	134 884	0	134 884
Cap Floor Options	0	786	0	786
FRA	0	197	0	197
Forward	7	0	0	7
FX Swap	0	35 852	0	35 852
FX forward	0	8 447	0	8 447
CIRS	0	8 092	0	8 092
FX options	0	18 014	26	18 040
Other instruments	29	6 536	0	6 565

(in PLN '000)

31.12.2024	Level 1	Level 2	Level 3	Total
Derivatives	**36**	**212 808**	**26**	**212 870**
Treasury bonds	1 978	0	0	1 978
Other bonds	0	0	4	4
Equity instruments	0	0	26 090	26 090
Investments securities	**1 978**	**0**	**26 094**	**28 072**
Investment financial assets measured at fair value through other comprehensive income	**17 665 634**	**3 398 372**	**140 001**	**21 204 007**
Money bills	0	3 398 372	0	3 398 372
Treasury bonds	16 633 632	0	0	16 633 632
Treasury bills	213 200	0	0	213 200
Other bonds	818 802	0	0	818 802
Equity instruments	0	0	140 001	140 001
Assets pledged as collateral	18 029	0	0	18 029
Derivative hedging instruments	**0**	**274 711**	**0**	**274 711**
Interest rate transactions	0	274 711	0	274 711

31.03.2025	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading	**3**	**240 377**	**148**	**240 528**
SWAP	0	148 860	0	148 860
Cap Floor Options	0	1 051	0	1 051
FX Swap	0	30 585	0	30 585
FX forward	0	5 848	0	5 848
CIRS	0	8 536	0	8 536
FX options	0	14 286	148	14 434
Other instruments	3	31 211	0	31 214
Derivative hedging instruments	**0**	**315 823**	**0**	**315 823**
Interest rate transactions	0	315 823	0	315 823

31.12.2024	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading	**64**	**196 267**	**119**	**196 450**
SWAP	0	136 642	0	136 642
Cap Floor Options	0	786	0	786
FRA	0	1 206	0	1 206
FX Swap	0	15 516	0	15 516
FX forward	0	13 366	0	13 366
CIRS	0	2 383	0	2 383
FX options	0	20 208	119	20 327
Other instruments	64	6 160	0	6 224
Derivative hedging instruments	**0**	**450 383**	**0**	**450 383**
Interest rate transactions	0	450 383	0	450 383

Reconciliation of changes at level 3 of fair value hierarchy

	Assets			Liabilities
	Equity instruments	Debt instruments	Derivatives	Derivatives
As at 01.01.2025	**166 091**	**4**	**26**	**119**

(in PLN '000)

	Assets			Liabilities
	Equity instruments	Debt instruments	Derivatives	Derivatives
Acquisitions/Reclassfication of assets	0	0	53	148
Net changes recognized in other comprehensive income	0	0	0	0
Net changes recognized in profit and loss	1 333	0	0	0
Exchange rate differences	-790	0	0	0
Settlement / redemption	-5	0	-26	-119
As at 31.03.2025	**166 629**	**4**	**53**	**148**

	Assets			Liabilities
	Equity instruments	Debt instruments	Derivatives	Derivatives
As at 01.01.2024	**161 676**	**4**	**3 179**	**3 179**
Acquisitions/Reclassfication of assets	0	0	36	101
Net changes recognized in other comprehensive income	793	0	0	0
Net changes recognized in profit and loss	1 441	0	3 015	3 015
Exchange rate differences	250	0	0	0
Settlement / redemption	-7	0	-349	-349
As at 31.03.2024	**164 153**	**4**	**5 881**	**5 946**

In the first quarter of 2025, the Group did not reclassify investment financial instruments and derivatives between levels of the fair value hierarchy.

Below is presented the carrying value and fair value of assets and liabilities that are not disclosed in the statement of financial position at fair value.

31.03.2025	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**5 357 540**	**434 296**	**4 923 244**	**0**	**5 357 540**
Amount due from banks	**2 028 632**	**0**	**2 028 632**	**0**	**2 028 632**
Loans and advances to customers	**63 138 358**	**0**	**0**	**64 047 214**	**64 047 214**
Retail segment	**40 244 532**	**0**	**0**	**40 671 270**	**40 671 270**
Consumer loans	19 520 561	0	0	19 268 810	19 268 810
Mortgage loans	20 723 971	0	0	21 402 460	21 402 460
Corporate segment	**22 893 826**	**0**	**0**	**23 375 944**	**23 375 944**
Finance lease receivables	5 677 485	0	0	5 696 509	5 696 509
Other loans and advances	17 216 341	0	0	17 679 435	17 679 435
Investment securities measured at amortized cost	**1 986 716**	**1 990 151**	**0**	**61**	**1 990 212**
Other financial assets	**624 776**	**0**	**0**	**624 776**	**624 776**
Liabilities					
Amounts due to banks	**1 179 652**	**0**	**1 179 652**	**0**	**1 179 652**
Amounts due to customers	**78 464 615**	**0**	**0**	**78 464 615**	**78 464 615**
Other financial liabilities	**2 227 520**	**0**	**0**	**2 227 520**	**2 227 520**
Debt securities issued	**1 920 996**	**0**	**0**	**1 920 809**	**1 920 809**

(in PLN '000)

31.12.2024	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Cash and cash equivalents	**2 123 351**	**434 835**	**1 688 516**	**0**	**2 123 351**
Amount due from banks	**1 821 581**	**0**	**1 821 581**	**0**	**1 821 581**
Loans and advances to customers	**62 735 968**	**0**	**0**	**62 574 329**	**62 574 329**
Retail segment	**39 806 429**	**0**	**0**	**39 450 565**	**39 450 565**
Consumer loans	19 444 488	0	0	19 421 327	19 421 327
Mortgage loans	20 361 941	0	0	20 029 238	20 029 238
Corporate segment	**22 929 539**	**0**	**0**	**23 123 764**	**23 123 764**
Finance lease receivables	5 649 458	0	0	5 391 039	5 391 039
Other loans and advances	17 280 081	0	0	17 732 725	17 732 725
Investment securities measured at amortized cost	**2 157 936**	**2 151 387**	**0**	**61**	**2 151 448**
Other financial assets	**724 121**	**0**	**0**	**724 121**	**724 121**
Liabilities					
Amounts due to banks	**160 125**	**0**	**160 124**	**0**	**160 124**
Amounts due to customers	**76 936 600**	**0**	**0**	**76 936 600**	**76 936 600**
Other financial liabilities	**1 708 435**	**0**	**0**	**1 708 435**	**1 708 435**
Debt securities issued	**2 087 016**	**0**	**0**	**2 086 957**	**2 086 957**

For many instruments market values are not available, therefore the fair value is estimated with a number of measurement techniques. Measurement of the fair value of financial instruments has been made with a model based on estimates of the present value of future cash flows by discounting cash flows at appropriate discount rates.

All model calculations contain certain simplifications and are sensitive to the underlying assumptions. Below there is a summary of core methods and assumptions used to estimate the fair value of financial instruments that are not measured at fair value.

Loans and advances to customers:

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

In the case of loans based on a fixed rate or a periodically fixed rate, in the method of calculating their fair value, in addition to the standard component based on margins, the Bank also uses a component that takes into account changes in the level of market interest rates.

Loans and advances to customers were fully classified to level 3 of the fair value hierarchy due to the application of a measurement model with material non-observable input data or current margins generated on newly granted loans.

Financial liabilities measured at amortised cost

The Group assumes that the fair value of customer and bank deposits and other financial liabilities maturing within 1 year is approximately equal to their carrying value. Deposits are accepted on a daily basis and thus their terms and conditions are similar to the prevailing market terms and conditions of identical transactions. The maturities of those items are short and therefore there is no major difference between the carrying value and fair value.

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

(in PLN '000)

Other financial assets and liabilities

For other financial instruments, the Group assumes that the carrying value is close to fair value. This applies to the following items: cash and cash equivalents, assets available for sale, other financial assets, and other financial liabilities.

30 Transactions with related entities

In accordance with IFRS 10 "Consolidated Financial Statements", the parent entity of Alior Bank SA is Powszechny Zakład Ubezpieczeń SA, of which the State Treasury is a 34.2% shareholder. Related entities include: PZU SA and entities related to it and entities related to members of the Bank's Management Board and Supervisory Board. Via PZU SA, the Bank is indirectly controlled by the State Treasury.

The following tables present the type and value of transactions with related parties. Transactions between the Bank and its subsidiaries which are related parties of the Bank have been eliminated in consolidation and are not disclosed in this note.

Nature of transactions with related entities

All transactions with related entities are performed in line with relevant regulations concerning banking products and at market rates.

Parent company	31.03.2025	31.12.2024
Other assets	3 975	7 455
Total assets	**3 975**	**7 455**
Amounts due to customers	5 255	4 122
Other liabilities	575	641
Total liabilities	**5 830**	**4 763**

Subsidiaries of the parent company	31.03.2025	31.12.2024
Cash and cash equivalents	995	358
Loans and advances to customers	66 548	52 682
Other assets	905	908
Total assets	**68 448**	**53 948**
Amounts due to customers	9 855	30 462
Provisions	0	13
Other liabilities	5 811	6 443
Total liabilities	**15 666**	**36 918**

Subsidiaries of the parent company	31.03.2025	31.12.2024
Off-balance liabilities granted to customers	**17 128**	**33 353**
Relating to financing	17 128	33 353

(in PLN '000)

Joint control by persons related to the Group	31.03.2025	31.12.2024
Loans and advances to customers	4	4
Total assets	**4**	**4**
Amounts due to customers	81	11
Total liabilities	**81**	**11**

Parent company	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Interest income calculated using the effective interest method	6 852	5 307
Interest expences	-27	-18
Fee and commission income	8 359	9 823
Fee and commission expense	-4 126	-3 619
Net other operating income and expenses	33	44
General administrative expenses	-1 883	-1 444
Total	**9 208**	**10 093**

Subsidiaries of the parent company	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Interest income calculated using the effective interest method	18 899	17 842
Income of a similar nature	81	0
Interest expences	-144	-1 076
Fee and commission income	6 390	7 353
Fee and commission expense	-149	-189
The result on financial assets measured at fair value through profit or loss and FX result	283	-214
Net other operating income and expenses	0	13
General administrative expenses	-7 234	-3 926
Net expected credit losses	15	-96
Total	**18 141**	**19 707**

Joint control by persons related to the Group	01.01.2025 - 31.03.2025	01.01.2024 - 31.03.2024
Interest expences	0	-22
Fee and commission income	1	9
The result on financial assets measured at fair value through profit or loss and FX result	0	12
Net expected credit losses	0	2
Total	**1**	**1**

Transactions with the State Treasury and related entities

Below there are material transactions with the State Treasury and its related entities with the exception of IAS 24.25. The Group's transactions with the State Treasury mainly concern operations on treasury securities. The remaining transactions presented in the note below concern operations with selected ten entities with the highest exposure.

(in PLN '000)

Transactions with the State Treasury and related entities as at 31 March 2025

Name	Loans to customers/debt instruments	Interest and commission income
State Treasury	15 373 606	199 830
Customer 1	668 315	49 599
Customer 2	204 659	3 531
Customer 3	165 013	3 392
Customer 4	113 355	1 168
Customer 5	96 554	2 131
Customer 6	72 917	1 540
Customer 7	67 075	870
Customer 8	57 998	1 624
Customer 9	60 416	1 059
Customer 10	52 013	0

Name	Amounts due to customers	Interest costs
Customer 1	144 677	-1 081
Customer 2	105 754	-1 217
Customer 3	27 174	-150
Customer 4	26 293	-4
Customer 5	22 635	-159
Customer 6	21 920	-22
Customer 7	20 862	-156
Customer 8	20 508	-183
Customer 9	17 476	-168
Customer 10	14 079	-36

Name	Off-balance sheet items	Commission income
Customer 1	784 919	48
Customer 2	200 000	0
Customer 3	189 173	0
Customer 4	85 000	0
Customer 5	74 978	0
Customer 6	69 309	0
Customer 7	50 000	91
Customer 8	47 727	0
Customer 9	33 640	12
Customer 10	22 597	0

Transactions with the State Treasury and related entities as at 31 December 2024

Name	Loans to customers/debt instruments	Interest and commission income
State Treasury	14 741 404	783 794
Customer 1	660 736	171 630
Customer 2	201 151	14 045
Customer 3	178 669	1 889

(in PLN '000)

Name	Loans to customers/debt instruments	Interest and commission income
Customer 4	168 107	14 796
Customer 5	97 303	4 710
Customer 6	95 601	6 466
Customer 7	82 238	15 048
Customer 8	60 255	2 061
Customer 9	57 991	5 008
Customer 10	43 934	5 058

Name	Amounts due to customers	Interest costs
Customer 1	151 229	-7 145
Customer 2	139 786	-2 632
Customer 3	81 179	-1 801
Customer 4	48 215	-1 447
Customer 5	45 951	-639
Customer 6	41 584	-643
Customer 7	34 458	-649
Customer 8	34 394	-871
Customer 9	33 580	-276
Customer 10	31 620	-26

Name	Off-balance sheet items	Commission income
Customer 1	614 493	186
Customer 2	200 000	0
Customer 3	189 173	0
Customer 4	100 000	24
Customer 5	85 000	0
Customer 6	69 309	0
Customer 7	50 000	387
Customer 8	47 727	0
Customer 9	33 793	47
Customer 10	33 353	0

All transactions with the State Treasury and its related entities were concluded at arm's length.

31 Benefits for the for senior executives

31.1 Principles applicable to the remuneration of persons in managerial positions at the Bank

The Bank has a Remuneration Policy which covers all employees with its provisions. The Remuneration Policy is reviewed by the Appointment and Remuneration Committee of the Supervisory Board and adopted by the Management Board and approved by the Supervisory Board. As regards persons holding managerial positions, who have a significant impact on the risk profile, the principles of the Policy have been established based on the provisions of the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June

(in PLN '000)

2021 on the risk management system and internal control system as well as the remuneration policy in banks.

Persons having an impact on the Risk Profile (MRT) are members of the Management Board and Supervisory Board, managing directors and other persons identified on the basis of the criteria defined in the Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36 / EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for determining management responsibilities, control functions, significant business units and the significant impact on the risk profile of a significant business unit, and specifying criteria for identifying employees or categories of staff whose professional activities affect the risk profile of these institutions in a comparable manner as important as in the case of employees or categories of employees referred to in art. 92 sec. 3 of this directive.

31.2 Financial data

All transactions with supervising and managing persons are performed in line with the relevant regulations concerning banking products and at market rates.

31.03.2025	Supervising, managing persons	Supervisory Board	Bank's Management Board
Amounts due to customers	582	267	315
Total liabilities	**582**	**267**	**315**

31.03.2024	Supervising, managing persons	Supervisory Board	Bank's Management Board
Loans and advances to customers	379	4	375
Total assets	**379**	**4**	**375**
Amounts due to customers	305	0	305
Total liabilities	**305**	**0**	**305**

The total cost of remuneration of Members of the Bank's Supervisory Board and Members of the Bank's Management Board from 1 January to 31 March 2025 recognized in the profit and loss account of the Group in this period amounted to PLN 4 814 thousand (in the period from 1 January to 31 March 2024 - PLN 5 912 thousand).

31.3 Incentive program for senior executives

The following incentive programs operate in the Alior Bank SA Group:

- bonus scheme for the Management Board, valid from 2016;
- annual variable remuneration granted partly in financial instruments (phantom shares) for persons having an impact on the risk profile; the settlement of phantom shares takes place in cash.

32 Legal claims

None of the individual proceedings pending during the first quarter of 2025 before a court, a body competent for arbitration proceedings or a public administration body, as well as all proceedings taken together, pose a threat to the Group's financial liquidity.

In accordance with IAS 37, the Group each time assesses whether a past event gave rise to a present obligation. In legal claims, the Group additionally uses expert opinions. If, based on expert judgment and taking into account all circumstances, the Group assesses that the existence of a present obligation as at the balance sheet date is more likely than not and the Group is able to reliably estimate the amount of the obligation in this respect, then it creates a provision. As at 31 March 2025, the Group created provisions for legal claims brought against the Group's entities, which, according to the legal opinion, involve the risk of outflow of funds due to fulfillment of the obligation in the amount of PLN 222 047 thousand and as at 31 December 2024 in the amount of PLN 216 126 thousand.

The proceedings which according to the opinion of the Management Board are significant are presented below.

Cases related to the distribution of certificates of participation in investment funds

The Bank, as part of its activities as part of a separate organizational unit - Biuro Maklerskie Alior Bank SA, in the years 2012 - 2016 conducted activities in the field of distribution of certificates of participation in investment funds: Inwestycje Rolne Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Inwestycje Selektywne Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, Lasy Polskie Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych and Vivante Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (hereinafter collectively referred to as "Funds"). The Bank distributed over 250 thousand investment certificates of the Funds.

On 21 November 2017, the Polish Financial Supervision Authority ("PFSA") issued a decision to withdraw the permit to operate by FinCrea TFI SA, which is the managing body of the Funds. The Polish Financial Supervision Authority justified the issuance of a decision found in the course of administrative proceedings for gross violations of the provisions of the Act on investment funds and management of alternative investment funds. The decision was immediately enforceable. No society has decided to take over the management of the Funds, which, pursuant to Art. 68 paragraph 2 in connection with Art. 246 paragraph 1 point 2 of the Act on Investment Funds and Management of Alternative Investment Funds was the reason for the dissolution of the Funds. The dissolution of an investment fund takes place after liquidation.

Investment funds were liquidated in 2024 by Raiffeisen Bank International AG with its registered office in Vienna - the liquidator. The liquidator paid out the funds obtained from the liquidation in proportion to the number of investment certificates held by the fund participants. The payments mean the remission of investment certificates held by fund participants.

Claims for payment
As at 31.03.2025, the Bank is defendant in 170 cases brought by the buyers of the Fund's investment certificates for payment (compensation for damage). The total value of the dispute in these cases is PLN 56 million.

In the Bank's opinion, each payment case requires an individual approach. The Bank conducted an analysis, selected cases and distinguished those with specific risk factors, which the Bank took into account in the approach to the provision created for this purpose. The Bank changed the estimate of the reserves held as of the balance sheet date in connection with the cases brought against the Bank by purchasers of the Funds' investment certificates for payment and for determining liability. The Bank will analyse the judgments issued on an ongoing basis, taking into account the impact of the liquidation and payments on this account on court judgments and will shape the amount of reserves accordingly.

The total amount of the provision as at 31 March 2025 amounted PLN 71 million.

Liability claims
The Bank is the defendant in 1 collective action brought by a natural person - a representative of a group of 320 natural and legal persons, for determination of the Bank's liability for damage and in 3 individual cases for establishing the Bank's liability for damage.

The class action was filed on 5 March 2018 against the Bank to determine the Bank's liability for damage caused by the Bank's improper performance of disclosure obligations towards customers and the improper performance of contracts for the provision of services for accepting and transmitting orders to purchase or sell Fund investment certificates. The court decided to hear the case in group proceedings.

(in PLN '000)

On 8 March 2023, the District Court in Warsaw issued a decision to determine the composition of the group. As at the date of this report, this decision is invalid. The value of the subject of the extended claim amounts to approx. PLN 103.9 million. The lawsuits were filed to establish liability (not for payment, i.e. compensation for damage), therefore the Bank does not anticipate any outflow of cash from these proceedings, other than litigation costs, the amount of which the Bank estimates at PLN 600 thousand.

Court proceedings of FX mortgage loans

As at 31 March 2025, there were 184 court proceedings pending against the Bank (as at 31 December 2024: 168) concerning mortgage loans granted in previous years in foreign currencies with a total value of the subject matter of the dispute of PLN 162 million (as of 31 December 2024: PLN 149 million).

The main cause of the dispute indicated by the plaintiffs concerns the questioning of the provisions of the loan agreement regarding the Bank's use of conversion rates and results in claims for the partial or total invalidity of the loan agreements.

The Bank monitors the state of court decisions on an ongoing basis in cases of loans indexed or denominated in a foreign currency in terms of the formation and possible changes in the lines of case law.

The table below presents the cumulative costs of legal risk of FX mortgage loans (in MPLN).

	31.03.2025	31.12.2024
Loans and advances to customers - adjustment decreasing the gross carrying amount of loans	131	133
Provisins	63	58
Total	**194**	**191**

Court proceedings regarding free credit sanction

The banking sector is facing the problem of the growing number of lawsuits filed by consumers or specialized entities purchasing receivables from consumers, covering the reimbursement of consumer credit costs due to defects in the consumer credit agreement. The basic objection of the plaintiffs, present in all cases, is the allegation of the lack of possibility of crediting and charging interest (capital interest) on credit costs, in particular the arrangement fee.

On 13 February 2025, the CJEU issued a judgment based on preliminary questions from a Polish court regarding the sanction of a free loan. The theses of the judgment are as follows:

- firstly, the CJEU did not rule that the interest rate on credited costs is inadmissible, according to the CJEU, the circumstance according to which the APR would turn out to be excessive does not in itself constitute a breach of the information obligation,
- secondly, the CJEU stated that it is for the national court to assess to what extent the average consumer - properly informed and sufficiently observant and prudent - was able to assess, on the basis of the terms of the contract regarding the change of fees, how the amount of his obligation may change,
- thirdly, the Court emphasized that the severity of the sanction provided for in national law should be adequate to the gravity of the infringements and the general principle of proportionality, which results from EU law, should be observed (paragraph 49 of the judgment).

In addition, the CJEU confirmed that the sanction of free credit may be considered disproportionate if the breach of information obligations does not affect the consumer's decision to conclude the contract. The CJEU also confirmed that the sanction of free credit cannot be applied automatically, it is up to the national court to assess the gravity of the breached obligations by the creditor and their impact on the consumer's decision to conclude the contract.

In the Bank's opinion, the CJEU judgment confirms the Bank's previous position that crediting credit costs, in particular commissions, is permissible, even if deemed inadmissible (regardless of the type of sanction), and does not result in a free credit sanction. The Bank assesses that the CJEU judgment is beneficial for the sector and as such will not negatively affect the previous national case law.

As at 31 March 2025, there were pending 2990 court proceedings against the Bank regarding the sanction of a free loan with the value of the subject matter of the dispute amounting PLN 128.4 million (as at 31 December 2024, 2746 proceedings with the value of the subject matter of the dispute amounting PLN 115.1 million). These proceedings are mainly initiated by customers or entities that have purchased receivables from customers and concern the provisions of cash loan agreements.

The total amount of the provision for this reason as at 31 March 2025 amounts to PLN 53 million and includes both the provision for currently pending disputes and the future inflow of disputes assumed by the Bank.

33 Contigent liability

The Group presents below a description of the most important proceedings conducted against the Group as at 31 March 2025, which constitute contingent liabilities.

The total value of the subject matter of the disputed claims as at 31 March 2025 in court proceedings conducted against the Group amounted in PLN 1 035 733 thousand and as at 31 December 2024, PLN 971 024 thousand.

Case claimed by a client

Case claimed by a limited company for a payment of PLN 109 967 thousand in respect of compensation for damage incurred in connection with the conclusion and settlement of treasury transactions. The claim dated 27 April 2017 was brouhgt against Alior Bank SA and Bank BPH SA. In the Bank's opinion, the claim has no valid factual and legal basis therefore, the Bank did not create a provision as at 31 March 2025.

Proceedings before the President of the Office of Competition and Consumer Protection (UOKiK)

Proceeding on provisions of recognizing a standard contract as illegal, the so-called modification clauses

On 27 September 2019, the President of the Office of Competition and Consumer Protection (UOKiK) initiated ex officio proceeding against Alior Bank SA to recognize a standard contract as illegal (reference number RPZ.611.4.2019.PG) the subject of which is 11 clauses (the so-called modification clauses) included in contract templates used by the Bank, on the basis of which the Bank made unilateral changes to contracts concluded with consumers. The President of UOKiK questioned the wording of the provisions in question, among others as imprecise and not allowing consumers to verify the occurrence of premises for the change being made. The Bank corresponds with the President of the Office of Competition and Consumer Protection in this case. The Bank presented to the Office of Competition and Consumer Protection a plan to remove the ongoing effects of the breach from contracts with customers. In a letter dated 27 January 2025, the Office of Competition and Consumer Protection decided to extend the deadline for completing the proceedings until 30 June 2025. As at 31 March 2025, the Bank did not identify any reasons to create a provision because, in the Bank's opinion, an outflow of cash in this respect is unlikely. At the same time, the Bank is unable to make a reliable estimate of the value of the contingent liability in this respect due to the inability to estimate the potential consequences of the violation and the amount of the potential penalty that may be imposed by the Office of Competition and Consumer Protection. The maximum amount of the financial penalty is 10% of the Bank's turnover achieved in the financial year preceding the year in which the penalty was imposed.

Proceeding regarding practices violating the collective interests of consumers regarding unauthorized payment transactions

The President of the Office of Competition and Consumer Protection is conducting proceedings against the Bank regarding practices violating the collective interests of consumers (reference number: RWR.610.3.2024.KŚ) consisting of:

- failure - after the consumer reports the transaction as unauthorized - to refund the amount of the unauthorized payment transaction or restore the debited payment account to the state that would have existed if the unauthorized payment transaction had not taken place in the manner and within the time limit specified in Art. 46 section 1 of the Act on Payment Services, despite the absence of any grounds entitling the Bank not to perform the above-mentioned. activities,
- making a conditional refund to a consumer who is a client of the Bank of the payment transaction amount reported by the consumer as unauthorized, only for the time the Bank considers the complaint, and then, if the Bank finds in the complaint procedure that the transaction was authorized by the consumer or, that the consumer is liable for an unauthorized payment transaction, withdrawing a conditional refund and withdrawing this amount from the consumer's savings and current account or credit card account, excluding situations in which this amount was simultaneously returned to the consumer as part of a chargeback or the consumer withdrawn the claim,
- providing consumers - in responses to their reports regarding the occurrence of unauthorized payment transactions - with information about the correct authorization of the transaction, which was confirmed only after the payment service provider verified the correct use of the payment instrument, by using individual authentication data in a way that suggests that the Bank's demonstration that correct authentication has occurred excludes the Bank's obligation to refund the amount of the unauthorized transaction, which may mislead consumers regarding the Bank's obligations under Art. 46 section 1 of the Payment Services Act, as well as regarding the distribution of the burden of proving that the payment transaction has been authorized,
- providing consumers - in responses to their reports regarding unauthorized payment transactions - with information about the correct authentication of the transaction by the user and the Bank's lack of responsibility for its execution, as it occurred as a result of the consumer's breach of the terms of the contract with the Bank, which may mislead consumers into error regarding the Bank's obligations under Art. 46 section 1 of the Payment Services Act, including the distribution of the burden of proof to the extent that the Bank should demonstrate that the consumer led to the disputed transaction as a result of an intentional or grossly negligent breach of at least one of the obligations referred to in Art. 42 of the Payment Services Act,
- providing consumers - in responses to their reports regarding the occurrence of unauthorized payment transactions - with information about the inability to consider card transactions reported after 120 days from the date of the transaction as unauthorized payment transactions and the inability to complain about more than 15 transactions,

- which, in the opinion of the President of the Office of Competition and Consumer Protection, may harm the collective interests of consumers and, consequently, constitute practices violating the collective interests of consumers referred to in the Act on Competition and Consumer Protection. The maximum amount of the financial penalty is 10% of the Bank's turnover achieved in the financial year preceding the year in which the penalty was imposed.

As at 31 March 2025, the Bank did not create provisions in this respect.

Proceedings regarding practices violating collective consumer interests are currently pending against 15 other banks whose practices were verified in explanatory proceedings similar to those conducted against the Bank.

In a letter dated 29 March 2024, the Bank responded in detail to the above allegations. In further correspondence (letters dated 31 October 2024, 6 December 2024 and 5 February 2025) the Bank, in response to the expectations of the President of the Office of Competition and Consumer Protection, presented a preliminary proposal to undertake specific actions aimed at ending the infringement of which the Bank is accused and removing its effects.

As at 31.03.2025, the value of complaints regarding unauthorized transactions that were rejected by the Bank, contrary to the position of the Office of Competition and Consumer Protection, amounts to approximately PLN 50 million. In the Bank's opinion, the above-mentioned complaints rejected so far, if they are to be recognized as part of the performance of a potential obligation in the proceedings of the President of the Office of Competition and Consumer Protection, may then be partially recovered in court. The provision in this respect as at 31.03.2025 amounts to PLN 9.8 million.

Proceedings in the case of recognizing the provisions of the model agreement regarding the change of interest rates on bank accounts as prohibited

On 03.02.2025, the President of the Office of Competition and Consumer Protection issued a decision to initiate proceedings against Alior Bank SA in the case of recognizing the provisions of the model agreement as prohibited (reference number RŁO-2.611.1.2025.PG), the subject of which is the clause on the change of interest rates on bank accounts. The President of the Office of Competition and Consumer Protection questioned the wording of the provisions of paragraph 11, sections 9 and 10 of the model agreement "Regulations for savings and settlement accounts, savings and fixed-term savings deposits", among others, as giving the Bank too much freedom in terms of the rights to change the interest rate and not allowing consumers to independently check whether the change in interest rate is in accordance with the agreement. As at 31 March 2025, the Bank did not identify any reasons to create a provision because, in the Bank's opinion, an outflow of cash in this respect is unlikely. At the same time, the Bank is unable to make a reliable estimate of the value of the contingent liability in this respect due to the inability to estimate the potential consequences of the violation and the amount of the potential penalty that may be imposed by the Office of Competition and Consumer Protection. The maximum amount of the financial penalty is 10% of the Bank's turnover achieved in the financial year preceding the year in which the penalty was imposed.

Affairs related to the operation of Alior Bank SA's subsidiaries

In December 2021, the Bank and the leasing company received another (new) summons from the former members of the Management Board of Alior Leasing to an ad hoc arbitration court under the management program; the summons was based on the same factual and legal circumstances as the previous ones. On 1 March 2024, the Bank received a partial award in an ad hoc arbitration case between former members of the Management Board of Alior Leasing and the Bank and the leasing company, dismissing claims under the management program in full. The partial judgment ends the substantive proceedings. Final judgment awarding in favor of the Bank and Alior Leasing Sp. z o. o. from the plaintiffs, the refund was due on 29 April 2024. On 10 June 2024, the Bank and Alior Leasing Sp. z o. o. received information from the Court of Appeal in Warsaw that a complaint was registered to set aside the arbitration award, filed by former members of the Management Board of Alior Leasing Sp. z o. o. The Bank submitted a response to the complaint in question in due time.

Alior Leasing sp. z o.o identifies the possibility of claims by external entities in connection with the activities of some former employees and associates of the company. As at the date of this financial statements, claims in this respect were not reported. In the Group's opinion, there are no circumstances justifying the creation of a provision on this account.

34 Total capital adequacy ratio and Tier 1 ratio

The total capital ratio and Tier 1 ratio as of 31 March 2025 were calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and Regulation (EU) No 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements on credit risk, credit valuation adjustment risk, operational risk, market risk and the minimum capital threshold ("CRR3") as well as other regulations implementing "national options", including the Banking Law Act of 29 August 1997 (as amended).

(in PLN '000)

Equity for the purposes of the capital adequacy

	31.03.2025	31.12.2024*	31.12.2024
Total equity for the capital adequacy ratio	**9 873 922**	**9 741 870**	**9 417 913**
Tier I core capital (CET1)	9 873 922	**9 741 870**	**9 417 913**
Paid-up capital	1 305 540	1 305 540	1 305 540
Supplementary capital	7 431 101	7 431 101	7 431 101
Other reserves	174 447	174 447	174 447
Current year's reviewed by auditor	1 243 278	1 243 278	925 473
Accumulated losses	48 421	48 421	48 421
Revaluation reserve – unrealised losses	-153 963	-187 076	-187 076
Intangible assets measured at carrying value	-348 616	-427 912	-427 912
Revaluation reserve – unrealised profit	241 260	220 816	220 816
Additional value adjustments - AVA	-22 199	-22 451	-22 451
Other adjustments items	-45 347	-44 294	-50 446
Capital requirements	**4 548 532**	**4 096 917**	**4 124 212**
Total capital requirements for the credit, counterparty risk, adjustment to credit measurement, dilution and deliver of instruments to be settled at a later date	4 036 676	3 688 006	3 715 301
Total capital requirements for prices of equity securities, prices of debt securities, prices of commodities and FX risk.	4 088	4 115	4 115
Capital requirement relating to the general interest rate risk	13 040	13 231	13 231
Total capital requirements for the operational risk	494 728	391 565	391 565
Tier 1 ratio	**17.37%**	**19.02%**	**18.27%**
Total capital adequacy ratio	**17.37%**	**19.02%**	**18.27%**
Leverage ratio	**9.37%**	**9.82%**	**9.47%**

** On 11 April 2025, the Polish Financial Supervision Authority approved the inclusion of part of the net profit of the prudentially consolidated Alior Bank SA Capital Group for 2024 in the Own Funds of the Alior Bank Capital Group. Including part of the net profit generated in 2024 as at 31 December 2024 resulted in an increase in own funds to the level of PLN 9,7 billion and a change in the coefficients, which is presented in the table above.*

The Group's capital ratios remain at levels significantly exceeding the minimum regulatory requirements and allow the Group to operate safely.

MREL

The minimum requirements set by the Bank Guarantee Fund regarding own funds and liabilities subject to write-down or conversion ("MREL") applicable to the Group from 31.12.2023 are as follows:

- in relation to TREA 15.36% (of the total risk exposure)
- in relation to TEM 5.91% (of total exposure measure)

As at 31 March 2025, the Group met the MREL requirements set out by the Bank Guarantee Fund.

35 Tangible fixed assets and intangible assets

Tangible fixed assets	31.03.2025	31.12.2024	31.03.2024
Plant and machinery (including IT hardware)	164 256	167 523	167 554
Means of transport	5 268	16 777	18 490

(in PLN '000)

Tangible fixed assets	31.03.2025	31.12.2024	31.03.2024
Fixed assets under construction	11 604	19 747	24 598
Owned buildings	125 084	126 155	128 386
Leasehold improvements	119 421	122 331	122 131
Other fixed assets	34 700	36 438	38 413
Right-of-use assets	212 419	208 786	243 725
Total	**672 752**	**697 757**	**743 297**

Intangible assets	31.03.2025	31.12.2024	31.03.2024
Goodwill	976	976	976
Capital expenditure	150 769	235 816	160 019
Software, licences, R&D works	321 634	234 240	257 360
Trademark	43	43	300
Other	817	824	855
Total	**474 239**	**471 899**	**419 510**

36 Distribution of profit for 2024

Until the date of publication of this report, the General Meeting of Alior Bank Spółka Akcyjna has not adopted a resolution on the distribution of profit for 2024.

37 Risk management

Risk management is one of the major processes in Alior Bank SA. Risk management supports Bank's strategy and proper level of business profitability and safety of activities while assuring control of the risk level and its maintenance within the accepted risk appetite and limit system in the changing macroeconomic and legal environment. The supreme objective of the risk management policy is to ensure early detection and adequate management of all kinds of risk inherent to the pursued activity.

The Group isolated the following types of risks resulting from the operations conducted:

- market risk including interest rate risk and the FX risk
- liquidity risk
- credit risk
- operational risk

The detailed risk management policies have been presented in the annual consolidated financial statements of the Alior Bank SA Group for the year ended 31 December 2024 published on 4 March 2025 and available on the Alior Bank SA website.

Liquidity risk

In the first quarter of 2025, the liquidity of the Alior Bank SA Capital Group remained at a safe level. The liquidity situation was closely monitored and maintained at a level adequate to the needs by adjusting the level of the deposit base and obtaining additional sources of financing through the issue of debt securities depending on the development of credit activity and other liquidity needs, taking into account changing market and macroeconomic conditions.

38 Events significant to the business operations of the Group

Adoption of the Strategy of Alior bank SA Capital Group for 2025-2027

On 24 March 2025, the Strategy of the Alior Bank SA Capital Group for 2025-2027 "Alior Bank. Or nothing" was adopted by the Bank's Management Board and approved by the Bank's Supervisory Board.

Assessment of the impact of the IBOR reform on the Bank's situation

As at 1 January 2018, a new standard for the provision of benchmarks applies in the European Union, the legal basis of which is Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or for measuring the performance of investment funds (hereinafter: BMR regulation, IBOR reform). The main goal of the EU bodies during the work on the IBOR reform was the need to increase consumer protection. In accordance with the IBOR reform, all benchmarks that are the basis for determining interest on loans or the interest rate for various financial instruments must be calculated and applied according to strictly defined rules, so as to avoid suspicion of any fraud. The benchmark according to the IBOR reform, in particular:

- is to be based primarily on transaction data,
- is to faithfully reflect the underlying market, the measurement of which is the purpose of the indicator,
- is to be verifiable by the administrator,
- is to be resistant to manipulation,
- it is to be transparent for the recipients of benchmarks.

The Group has undertaken and implemented a number of activities to implement IBOR, i.e .:

- the contingency plan was amended, which in particular includes a scheme of actions in the event of a significant change or discontinuation of the development of a given benchmark and a list of benchmarks used with their alternatives,
- priorities for annexing contracts to replace expired indicators were adopted,
- templates of annexes were prepared and introduced for contracts to which the IBOR relates,
- the process of annexing the contracts was carried out,
- an information and reminding campaign aimed at clients was conducted,
- employee training in the field of IBOR was conducted,
- the first OIS transactions based on new reference indicators (ESTR, SOFR) were concluded.

The Group monitors the activities of regulators and benchmark administrators, both at the national, European and global level, in terms of benchmarks. The Bank is involved in the work of the National Working Group for WIBOR reform.

The Steering Committee of the National Working Group (KS NGR) decided to select the proposal for an index from the WIRS family with the technical name "WIRF" - based on unsecured deposits of Credit Institutions and Financial Institutions, as the target interest rate reference indicator, which would replace the WIBOR reference indicator. After reviewing the opinions on legal, market and marketing aspects, KS NGR decided on 24 January 2025 to select the target name POLSTR. The administrator of POLSTR - within the meaning of the BMR Regulation will be GPW Benchmark SA, entered in the register of the European Securities and Markets Authority (ESMA). Thus, KS NGR verified and modified its previous decision to select WIRON (originally WIRD) based on the premises indicated below, as well as those mentioned in previous NGR communications. The next step of the NGR KS will be to update the Road Map as part of the current schedule of actions aimed at replacing the WIBOR reference index with the POLSTR target index.

In connection with the IBOR reform, the Bank is exposed to the following types of risk:

Legal events

In particular, this applies to the possibility of questioning the applicable provisions in the client's contract with the Bank and the lack of agreement on the application of fallback provisions regarding benchmarks.

(in PLN '000)

Fallback clauses define the action plan that the Bank intends to launch in the event of discontinuation of publication or a significant change in the benchmark.

The reason for questioning the contractual provisions may be, in particular, the difference between the values of the benchmarks. The Bank manages the risks resulting from the IBOR reform by actively annexing the agreements with the Bank's customers. The difference in the levels of reference ratios is mitigated by the bank by applying appropriate adjustment adjustments, eliminating the economic impact of changing the ratio on the contract with the customer.

Interest rate risk

It relates to the mismatch of benchmarks between assets, liabilities and derivatives. The Group manages these risks using the same solutions in individual products, leading to the greatest possible methodological convergence between them.

Additionally, the interest rate risk may materialize, especially with regard to the LIBOR EUR rate, in the form of unsuccessful annexes to contracts with customers. As a result, the rate in the customer contract from the last day of LIBOR EUR validity, from the last revaluation date or at zero is maintained. The Bank reduces this risk by actively encouraging clients to add amendments to their contracts and as part of the ongoing management of exposure to interest rate risk in the banking book.

As at 31 March 2025, the IBOR reform in relation to the currencies to which the Bank has exposures was largely completed; in the sense that, apart from the continuation of the annexation processes, no additional activities are envisaged. It should also be taken into account that for objective reasons (each client would have to agree to the annex), it will never be possible to annex every contract covered by this process. The table below presents the status of transition to new benchmarks according to the IBOR reform.

Currency	Benchmark before reform	Benchmark status at 01.01.2025	Benchmark used by the Bank after reform	31.03.2025	31.12.2024
PLN	WIBOR	Compatible with BMR	In accordance with the resolution of the NGR (more information on the website https://www.knf.gov.pl/dla_rynku/Wskazniki_referencyjne/prace_grupy)	Portfolio annexation in progress (in terms of fallback clauses)	Portfolio annexation in progress (in terms of fallback clauses)
EUR	LIBOR EUR	Liquidated	EURIBOR	Portfolio annexation - index change from LIBOR EUR to EURIBOR - isolated cases	Portfolio annexation - index change from LIBOR EUR to EURIBOR - isolated cases
EUR	EURIBOR	Compatible with BMR	EURIBOR	Portfolio was not annexed	Portfolio was not annexed
USD	LIBOR USD	Liquidated 09.2024	SOFR	Portfolio annexation - index change from LIBOR USD to SOFR - currently isolated cases	Portfolio annexation - index change from LIBOR USD to SOFR - currently isolated cases
CHF	LIBOR CHF	Liquidated	SARON	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021	Portfolio annexation completed. The index change was made in accordance with Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021
GBP	LIBOR GBP	Liquidated 03.2024	SONIA	Portfolio annexation – index change from LIBOR GBP to SONIA – currently isolated cases	Portfolio annexation – index change from LIBOR GBP to SONIA – currently isolated cases

(in PLN '000)

All new contracts concluded after 31 December 2021 contain appropriate fallback clauses, mitigating the risk related to the discontinuation of publication of benchmarks.
Benchmarks compliant with the BMR are benchmarks that have been approved by the relevant entity defined under the BMR (ESMA register - European Securities and Markets Authority - https://www.esma.europa.eu/policy-rules/benchmarks).
As at 31 December 2021, the publication of LIBOR EUR, LIBOR CHF and LIBOR GBP (for most tenors) was suspended. LIBOR GBP was published as a synthetic index until 31.03.2024.
In terms of the synthetic LIBOR USD indicator, the indicator was published until the end of September 2024.
As regards the substitute for LIBOR CHF, the Group relies on the Implementing Regulation of the European Commission of 14 October 2021, according to which the replacement for LIBOR CHF are appropriately constructed indicators based on the SARON index.
WIBOR (https://gpwbenchmark.pl/dokumentacja) and EURIBOR (https://www.emmi-benchmarks.eu/benchmarks/euribor/) are compliant with the BMR Regulation, the Group will annex contracts based on the WIBOR index due to the need to include fallback clauses in the contracts.

The Bank's exposure by individual IBOR reference ratios

Reference indicator 31.03.2025	Assets (gross carrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities – granted (nominal value)	Derivatives (nominal value)
WIBOR	51 468 750	14 745 342	6 344	20 763 699
LIBOR EUR	13 805	0	0	0
LIBOR USD	3 542	0	0	0
LIBOR CHF	24 136	0	0	0
EURIBOR	7 176 096	1 154 038	1 447	567 553
LIBOR GBP	1 679	0	0	0
Total	**58 688 008**	**15 899 380**	**7 791**	**21 331 252**

Reference indicator 31.12.2024	Assets (gross carrying amount)	Liabilities (gross carrying amount)	Off-balance sheet liabilities – granted (nominal value)	Derivatives (nominal value)
WIBOR	51 409 955	14 498 748	5 611	18 122 188
LIBOR EUR	14 033	0	0	0
LIBOR USD	3 770	0	0	0
LIBOR CHF	24 961	0	0	0
EURIBOR	7 194 090	1 158 363	1 286	568 865
LIBOR GBP	1 517	0	0	0
Total	**58 648 326**	**15 657 111**	**6 897**	**18 691 053**

Bank's exposure of transactions concluded under hedge accounting broken down by reference ratios

Reference indicator 31.03.2025	Derivatives (nominal value)
WIBOR	20 920 000
EURIBOR	655 199
Total	**21 575 199**

Reference indicator 31.12.2024	Derivatives (nominal value)
WIBOR	18 381 000
EURIBOR	669 152

(in PLN '000)

Reference indicator 31.12.2024	Derivatives (nominal value)
Total	**19 050 152**

39 Significant events after the end of the reporting period

No significant events occurred after the end of the reporting period, except those described in these financial statements.

40 Financial forecast

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

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

The ongoing armed conflict in Ukraine, in the context of geopolitical tensions and volatility on financial markets, remains one of the most important factors of uncertainty in the coming periods. However, in the last year, the armed conflict in Ukraine did not escalate and extreme scenarios regarding warfare did not materialize, which is why financial markets did not feel the increased effects of the war in Ukraine. In economic terms, the main effects of the war concern disruptions in trade related to both the conflict itself and the imposed sanctions. Although the beginning of 2025 brings more and more hope for peace beyond the eastern border, its costs may be high for Ukraine. This makes it difficult to predict all the implications of a potential ceasefire and their impact on Polish interests in the region. Another element is the stability of the energy system, especially in relation to the European Union and Poland, which, on the one hand, depend on supplies of raw materials such as oil and gas. On the other hand, the share of imports of these raw materials from Russia has significantly decreased since the outbreak of the war. It is also worth emphasizing the issue of security in the region. As a result, the risks associated with the war in Ukraine for both the global and domestic economy have materialized to the greatest extent through a significant acceleration in inflation due to more expensive raw materials, food, and disruptions in supply chains. The consequence was increased prices of energy resources. The above-mentioned factors may still be important in 2025, especially in the context of a significant reduction in energy supplies from Russia to the European Union and escalating geopolitical tensions in the Middle East.

In 2024, the process of slowing down inflation in the world continued. This determined the monetary policy in many countries, including the United States and the eurozone, and led to a rather cautious monetary easing. This meant that the risks of prolonging low global economic activity persisted. Nevertheless, further interest rate cuts are expected in the US and the eurozone until the end of 2025. In Poland, after a 100 bp reduction in the reference rate in 2023, the MPC is currently stabilizing the reference rate at 5.75%. CPI inflation in Poland, after a period of decline within the NBP inflation target in the first half of 2024, has remained at an elevated level since July, mainly due to the partial unfreezing of energy prices, including primarily electricity. We currently expect that the process of interest rate cuts will begin in 2025 and their scale may amount to around 75 bp. This results from lower than expected inflation readings in Q1'25, lower wage pressure, as well as a change in the rhetoric of the chairman and some MPC members in April. The aforementioned communication indicates that the NBP interest rate cuts may begin as early as Q2'25, and the risk to the prospects for the interest rate path is downward. The geopolitical situation affecting commodity prices also remains a risk to the domestic inflation path.

The beginning of 2025 is also associated with the coming to power of a new administration in the USA. This administration announces, and in the first months of 2025 partially implements, a number of changes in the economic policy of the United States, which have an impact on the global macroeconomic situation and will also affect the Polish economy. In particular, changes in US foreign trade are important, i.e. a significant increase in customs duties on imports to the USA, including imports from the EU, i.e. from Poland. The US decisions have introduced a lot of uncertainty as to the prospects for global international trade and may be a prelude to its significant reconstruction. The final scope and shape of the so-called tariff wars is not yet known, but their initiation is taking place according to a negative scenario and has significantly increased uncertainty as to the prospects for the global economy and significantly increased volatility on the markets, increasing risk aversion.

For the banking sector, on the one hand, the extension of the period of increased inflation and interest rates in Poland may still have a negative impact on lending and valuations of assets held in the balance sheet, although this effect will be limited by the positive impact on interest income. On the other hand, at the turn of 2024/2025, an increase in demand for loans was observed. Additionally, the improvement in the economic situation, together with the still relatively good situation on the labor market and the purchasing power of households (positive dynamics of real wages) will contribute to the improvement of the condition of borrowers and a decrease in credit risk, which should also translate into an increase in demand for loans and a relaxation of credit policy. An additional impulse for lending in subsequent periods will be investments related to the "National Reconstruction Plan", as well as a possible new version of support for borrowers on the mortgage market - "First Keys", which is to support the purchase of the first apartment.

Legal risks related to the portfolio of loans indexed to foreign currencies remain a challenge in the banking sector. The previous case law of the CJEU remains unfavourable for the banking sector. On the one hand, as a result, the banking sector was burdened with the creation of further provisions for legal risk, which contributed to the weakening of the capital positions of banks. On the other hand, the banking sector was prepared for such a judgment and remained stable and resistant to its effects, although in the opinion of the KNF, the judgment had a negative impact on the banks' ability to finance the economy. The analysis of the banks' stock exchange reports shows that the number of cases concerning Swiss franc loans amounted to approx. 117 thousand at the end of 2024, i.e. 9.5% more y/y, while in the last quarter of 2024 the number of active cases decreased by approx. 3 thousand, which may suggest a gradual extinction of the wave of lawsuits. Additionally, banks are actively seeking to conclude settlements with borrowers. Nevertheless, Swiss franc loans remain a significant source of legal and financial risk for Polish banks.

Another challenge in the sector may be the issue of free credit sanctions, which was provided for in the Consumer Credit Act of 2011. Currently, according to ZBP estimates, there are approximately 15,000 cases pending in Polish courts concerning free credit sanctions, with 100-200 of these cases per year in 2021. Polish courts, in view of doubts in these matters, submitted applications with legal questions to the CJEU in order to clarify uniform national case law. On 13 February 2025, the CJEU issued a ruling in the case. This judgment emphasised that Member States may introduce sanctions providing for the complete elimination of credit costs in the event of violations of consumer rights, provided that they comply with the principles of proportionality and effectiveness of consumer protection. In response to the CJEU ruling and the growing number of court cases, the government plans to amend the Consumer Credit Act. However, both the case law of the CJEU and the planned legislative changes indicate the need to balance the interests of consumers and creditors in order to ensure effective protection of consumer rights while maintaining the stability of the financial sector.

Another challenge for the banking sector in Poland is the change in the countercyclical buffer announced in June 2024. In accordance with the regulation of the Minister of Finance of 18 September 2024 on the countercyclical buffer rate, from 25 September 2025, the countercyclical buffer rate will be 1% of the total risk exposure (until then it will be 0%).