Consolidated quarterly report
of the
Alior Bank Spółka Akcyjna Group

for the 3rd quarter of 2015

Selected financial data

	in PLN'000			
	1.01.2015 - 30.09.2015	1.01.2014 - 31.12.2014	1.01.2014 - 30.09.2014	%% (A-B)/B
	A		B	C
Net interest income	1 103 684	1 215 758	904 745	22,0%
Net fee and commission income	252 218	348 140	252 629	-0,2%
Trading result & other	239 172	309 090	215 831	10,8%
Impairment losses	-477 226	-546 590	-413 704	15,4%
General administrative expenses	-782 813	-925 271	-684 373	14,4%
Gross profit	335 099	401 127	275 139	21,8%
Net profit	269 570	322 047	221 167	21,9%
Total net cash flow	72 715	206 986	-65 096	0,0%
Loans and advances to customers	29 389 041	23 647 990	22 780 596	29,0%
Customer deposits	31 430 616	24 427 988	22 607 456	39,0%
Total equity	3 470 336	3 015 076	2 918 534	18,9%
Total assets	37 304 260	30 167 568	29 156 450	27,9%
Ratios				
ROE	11,1%	12,4%	11,6%	-4,4%
ROA	1,1%	1,2%	1,1%	-3,1%
C/I	49,1%	49,4%	49,8%	-1,5%
L/D	93,5%	96,8%	100,8%	-7,2%
NPL ratio	8,6%	8,9%	8,8%	-2,0%
NPL coverage ratio	59,5%	53,5%	54,6%	8,8%
Capital adequacy ratio	12,7%	12,8%	13,8%	-7,7%
Tier 1	10,3%	11,2%	12,0%	-14,2%
Book value per ordinary share (PLN)	47,73	43,09	41,73	14,4%
Other data				
Number of shares (in thousand)	*72 707*	*69 978*	*69 941*	*4,0%*
Number of employees	*6 504*	*6 637*	*6 559*	*-0,8%*

	in EUR'000			
	1.01.2015 - 30.09.2015	1.01.2014 - 31.12.2014	1.01.2014 - 30.09.2014	%% (A-B)/B
	A		B	C
Net interest income	265 404	290 206	216 431	22,6%
Net fee and commission income	60 651	83 102	60 433	0,4%
Trading result & other	57 514	73 781	51 631	11,4%
Impairment losses	-114 759	-130 473	-98 965	16,0%
General administrative expenses	-188 244	-220 865	-163 714	15,0%
Gross profit	80 582	95 750	65 818	22,4%
Net profit	64 824	76 874	52 907	22,5%
Total net cash flow	17 486	49 408	-15 572	0,0%
Loans and advances to customers	6 933 667	5 548 176	5 455 777	27,1%
Customer deposits	7 415 330	5 731 175	5 414 311	37,0%
Total equity	818 746	707 382	698 966	17,1%
Total assets	8 801 081	7 077 767	6 982 745	26,0%
Ratios				
ROE	11,1%	12,4%	11,6%	-4,4%
ROA	1,1%	1,2%	1,1%	-3,1%
C/I	49,1%	49,4%	49,8%	-1,5%
L/D	93,5%	96,8%	100,8%	-7,2%
NPL ratio	8,6%	8,9%	8,8%	-2,0%
NPL coverage ratio	59,5%	53,5%	54,6%	8,8%
Capital adequacy ratio	12,7%	12,8%	13,8%	-7,7%
Tier 1	10,3%	11,2%	12,0%	-14,2%
Book value per ordinary share (EUR)	11,26	10,11	9,99	12,7%
Other data				
Number of shares (in thousand)	*72 707*	*69 978*	*69 941*	*4,0%*
Number of employees	*6 504*	*6 637*	*6 559*	*-0,8%*

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

a) as at 30.09.2015
- balance sheet items - at the average EUR exchange rate expressed in EUR, announced by the NBP as at 30.09.2015 – 4.2386;
- income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1585;

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

c) as at 30.09.2014
- balance sheet items - at the average EUR exchange rate expressed in EUR, announced by the NBP as at 30.09.2014 – 4.1755;
- income statement and the cash flow statement items – at the average EUR exchange rate expressed in PLN, constituting the arithmetic mean of the average exchange rates announced by the NBP, valid at the end of each month – 4.1803.

Contents

(in PLN '000)

Interim condensed consolidated financial statements

Interim condensed income statement

	Note	01.07.2015-30.09.2015	01.01.2015-30.09.2015	01.07.2014-30.09.2014	01.01.2014-30.09.2014
Interest income		553 386	1 559 218	462 008	1 297 638
Interest expense		-166 565	-455 534	-138 351	-392 893
Net interest income	**4**	**386 821**	**1 103 684**	**323 657**	**904 745**
Dividend income		**22**	**64**	**9**	**11**
Fee and commission income		144 977	405 370	134 965	398 883
Fee and commission expense		-55 868	-153 152	-49 722	-146 254
Net fee and commission income	**5**	**89 109**	**252 218**	**85 243**	**252 629**
Trading result	**6**	**54 933**	**191 600**	**74 971**	**189 978**
Net gain (realized) on other financial instruments	**7**	**3 145**	**7 490**	**-1 779**	**391**
Other operating income		17 143	68 190	12 666	38 711
Other operating costs		-765	-28 108	-5 180	-13 249
Net other operating income	**8**	**16 378**	**40 082**	**7 486**	**25 462**
General administrative expenses	**9**	**-262 421**	**-782 813**	**-235 447**	**-684 373**
Impairment losses & provisions	**10**	**-173 087**	**-477 226**	**-166 553**	**-413 704**
Profit before tax		**114 900**	**335 099**	**87 587**	**275 139**
Income tax	**11**	-24 012	-65 529	-17 705	-53 972
Net profit from continuing operations		**90 888**	**269 570**	**69 882**	**221 167**
Net profit attributable to equity holders of the parent		*90 987*	*270 022*	*70 071*	*221 706*
Net loss attributable to non-controlling interests		*-99*	*-452*	*-189*	*-539*
Net profit		**90 888**	**269 570**	**69 882**	**221 167**
Weighted average number of ordinary shares		**71 878 989**	**71 878 989**	**69 941 261**	**69 941 261**
Basic earnings per share	**12**	**1,26**	**3,75**	**1,00**	**3,16**
Diluted earnings per share (in PLN)	**12**	**1,21**	**3,59**	**0,95**	**3,02**

Interim condensed consolidated statement of comprehensive income

	Note	01.07.2015-30.09.2015	01.01.2015-30.09.2015	01.07.2014-30.09.2014	01.01.2014-30.09.2014
Net profit		**90 888**	**269 570**	**69 882**	**221 167**
Items that may be reclassified to profit or loss	**27**	31 713	-12 437	23 646	46 505
Net gains/losses on financial assets available for sale		3 599	-10 569	8 699	16 311
Profit/loss on valuation of financial assets available for sale		4 443	-13 048	10 740	20 137
Deferred tax		-844	2 479	-2 041	-3 826
Net gains/losses on hedging instruments		28 114	-1 868	14 947	30 194
Profit/loss on valuation of hedging instruments		34 709	-2 306	18 453	37 276
Deferred tax		-6 595	438	-3 506	-7 082
Total comprehensive income, net		**122 601**	**257 133**	**93 528**	**267 672**
- holders of the parent		122 700	257 585	93 717	268 211
- non-controlling shareholders		-99	-452	-189	-539

The notes on pages 11 to 84 are an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of financial position

ASSETS	Note	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Cash and balances with the Central Bank	13	1 347 956	1 158 440	1 018 716
Financial assets held for trading	24	364 504	476 821	420 848
Financial assets available for sale	14	4 016 457	2 652 126	2 063 049
Other financial instruments at fair value through profit or loss		0	0	3 601
Hedging derivatives	25	123 416	80 205	53 036
Amounts due from banks	16	372 122	449 378	292 240
Loans and advances to customers	15	29 389 041	23 647 990	22 780 596
Assets pledged as collateral	31	466 315	927 191	1 746 775
Property, plant and equipment	17	214 481	191 835	195 899
Intangible assets	18	367 876	215 564	208 933
Non-current asset held for sale		973	908	37
Income tax asset		253 294	147 849	127 900
Current		0	0	2 288
Deferred		253 294	147 849	125 612
Other assets	19	387 825	219 261	244 820
TOTAL ASSETS		**37 304 260**	**30 167 568**	**29 156 450**

LIABILITIES AND EQUITY	Note	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Financial liabilities held for trading	24	293 282	349 033	296 221
Financial liabilities measured at amortized cost due to banks	21	662 791	1 049 162	1 942 343
Financial liabilities measured at amortized cost due to customers	20	31 430 616	24 427 988	22 607 456
Hedging derivatives	25	418	4 777	0
Provisions	22	9 587	8 311	5 900
Other liabilities	23	716 700	747 073	837 340
Income tax liabilities		12 806	24 553	0
Current		12 806	24 553	0
Subordinated loans	26	707 724	541 595	548 656
Total liabilities		**33 833 924**	**27 152 492**	**26 237 916**
Equity	27	**3 470 336**	**3 015 076**	**2 918 534**
Equity attributable to equity holders of the parent		**3 468 875**	**3 013 163**	**2 916 463**
Share capital		727 076	699 784	699 413
Supplementary capital		2 279 758	1 775 397	1 773 494
Revaluation reserve		8 989	21 426	29 728
Other reserves		186 671	184 008	182 318
Undistributed result from previous years		-3 641	9 804	9 804
Current year profit/loss		270 022	322 744	221 706
Non-controlling interests		**1 461**	**1 913**	**2 071**
TOTAL LIABILITIES AND EQUITY		**37 304 260**	**30 167 568**	**29 156 450**

The notes on pages 11 to 84 are an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated statement of changes in equity

1.01.2015- 30.09.2015	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Non-controlling interests	Total equity
As at 1 January 2015	**699 784**	**1 775 397**	**184 008**	**21 426**	**9 804**	**322 744**	**1 913**	**3 015 076**
Transfer of the previous year result	-		-	-	**322 744**	**-322 744**	-	**0**
Comprehensive income	-	-	-	**-12 437**	-	**270 022**	**-452**	**257 133**
net profit	-	-	-	-	-	270 022	-452	269 570
other comprehensive income	-	-	-	-12 437	-	-	-	-12 437
Share-based payments	-	-	**2 663**	-	-	-	-	**2 663**
Share issue	**27 292**	**168 172**	-	-	-	-	-	**195 464**
Gains and losses from business combinations	-	**336 189**	-	-	**-336 189**	-	-	**0**
As at 30 September 2015	**727 076**	**2 279 758**	**186 671**	**8 989**	**-3 641**	**270 022**	**1 461**	**3 470 336**

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

(in PLN '000)

1.01.2014- 30.09.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Non-controlling interests	Total equity
As at 1 January 2014	**635 830**	**1 434 713**	**176 792**	**-16 777**	**-273 728**	**227 902**	**0**	**2 184 732**
Transfer of the previous year result	**-**	**-**	**-**	**-**	**227 902**	**-227 902**	**-**	**0**
Comprehensive income	**-**	**-**	**-**	**46 505**	**-**	**221 706**	**-539**	**267 672**
net profit						221 706		221 706
other comprehensive income				46 505				46 505
Share-based payments	**-**	**-**	**5 686**	**-**	**-**		**-**	**5 686**
Share issue	**63 583**	**394 412**	**-**		**-**	**-**	**-**	**457 995**
Covering of losses	**-**	**-55 630**	**-**	**-**	**55 630**	**-**	**-**	**0**
Sale of subsidiary	**-**	**-1**	**-1**		**-**	**-**	**-**	**-2**
Non-controlling interest arising on business combination	**-**	**-**		**-**	**-**	**-**	**3 048**	**3 048**
Acquisition of non-controlling interest	**-**	**-**	**-159**	**-**	**-**	**-**	**-438**	**-597**
As at 30 September 2014	**699 413**	**1 773 494**	**182 318**	**29 728**	**9 804**	**221 706**	**2 071**	**2 918 534**

The notes on pages 11 to 84 are an integral part of these interim condensed consolidated financial statements.

(in PLN '000)

Interim condensed consolidated cash flow statement

	Note	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Operating activities			
Net profit		**335 099**	**275 139**
Adjustments:		**-95 898**	**-855 382**
Unrealized foreign exchange gains/losses		-798	61
Amortization/depreciation of tangible and intangible assets		104 841	57 126
Change in tangible and intangible assets impairment write-down		4 350	174
Profit/loss on subsidiary sale		0	-13
Change in provisions		1 782	1 029
Share-based payments		2 663	5 685
Change in loans and receivables		-3 090 480	-3 181 230
Change in financial assets available for sale		-905 525	642 279
Change in financial assets held for trading		112 317	-177 557
Change in assets pledged as collateral		460 876	-1 059 039
Change in hedging asset derivatives		-43 211	-40 937
Change in other financial instruments at fair value through profit or loss		0	-3 601
Change in non-current assets held for sale		-65	38 298
Change in other assets		-136 090	96 771
Change in deposits		3 363 899	1 367 563
Change in issued debt		628 959	501 450
Change in financial liabilities held for trading		-56 469	112 131
Change in hedging liabilities derivatives		-4 359	0
Change in other liabilities and other comprehensive income		-399 932	865 365
Income tax paid		-138 656	-80 937
Net cash flow from / (used in) operating activities		**239 201**	**-580 243**
Investing activities			
Outflows:		**-337 229**	**-44 241**
Purchase of property, plant and equipment		-25 041	-16 027
Purchase of intangible assets		-60 168	-28 214
Purchase of shares in subordinated companies		-252 020	0
Inflows:		**0**	**2 724**
Disposal of property, plant and equipment		0	2 712
Disposal of shares in subordinated companies		0	12
Net cash used in investing activities		**-337 229**	**-41 517**
Financing activities			
Outflows:		**-216 250**	**-223 031**
Repayment of long-term liabilities		-194 977	-203 294
Acquisition of non-controlling interest		0	-597
Interest expense – loan received		0	-654
Interest expense – subordinated loan		-21 273	-18 486
Inflows:		**386 993**	**779 695**
Inflows from share issue		195 464	457 995
Inflows from the issuance of subordinated liabilities		191 529	321 700
Net cash flow from financing activities		**170 743**	**556 664**
Total net cash flow		**72 715**	**-65 096**
incl. exchange gains/(losses)		**3 201**	**4 896**
Balance sheet change in cash and cash equivalents		**72 715**	**-65 096**
Cash and cash equivalents, opening balance		**1 456 273**	**1 251 673**
Cash and cash equivalents, closing balance		**1 528 988**	**1 186 577**
Additional disclosures on operating cash flows			
Interest income received		1 347 855	1 335 666
Interest expense paid		-393 717	-380 377

The notes on pages 11 to 84 are an integral part of these interim condensed consolidated financial statements.

Additional information to the consolidated quarterly report

1. Information about the Bank and the Group

1.1 Overview

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

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

On 8 January 2015, based on a decision of the Polish Financial Supervision Authority, Carlo Tassara S.p.A. was deemed to be the parent entity, within the meaning of Art. 4 clause 1 item 8b) of the Banking Law, of Alior Bank[1].

1.2 Duration and scope of business activities

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

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

[1] Additional information concerning the change of a strategic investor is provided in point 40.

(in PLN '000)

1.3 Shareholders of Alior Bank Spółka Akcyjna

The following shareholders of Alior Bank had more than a 5% participation in the share capital as at 5 November 2015:

- Alior Lux S.a r. l. & Co S.C.A.;
- Powszechny Zakład Ubezpieczeń S.A. with PZU Życie S.A.;
- Genesis Asset Managers LLP;
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK.

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

Shareholder	Number of shares	Par value of shares [PLN]	% share in share capital	Number of votes	Share in total number of votes
Alior Lux S.a r.l. & Co. S.C.A.	11,073,573	110,735,730	15.230%	11,073,573	15.230%
PZU S.A. (with PZU Życie S.A.)	7,272,247	72,722,470	10.002%	7,272,247	10.002%
Genesis Asset Managers LLP	5,093,922	50,939,220	7.006%	3,483,391	4.791%
Aviva OFE Aviva BZ WBK	3,806,451	38,064,510	5.235%	3,806,451	5.235%
Other shares	45,461,270	454,612,700	62.526%	47,071,801	64.741%
Total	72,707,463	727,074,630	100%	72,707,463	100%

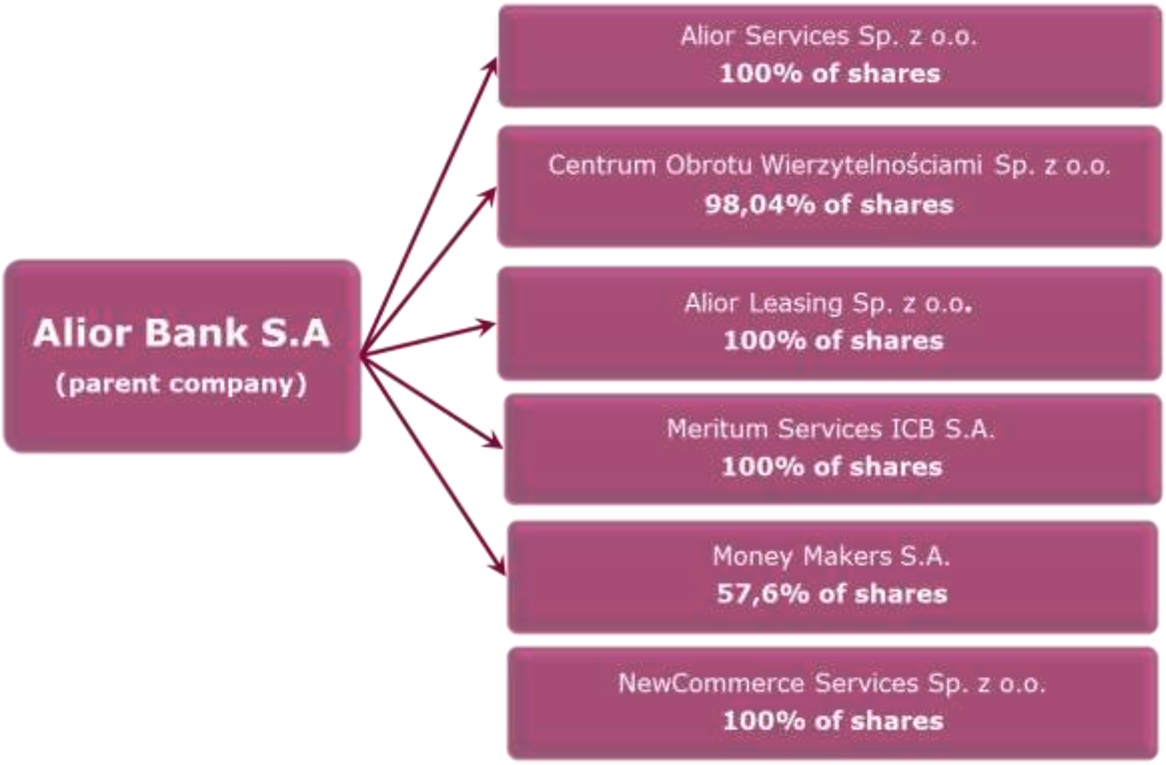
In accordance with the notifications received, on 12 October 2015, the transaction of 9 October 2015 involving the sale of 7,244,900 of the Bank's shares by Alior Lux S a.r.l. & Co. S.C.A. (6,744,900 shares) and Alior Polska Sp. z o.o. (500,000 shares) to Powszechny Zakład Ubezpieczeń S.A. with its registered office in Warsaw. Thus, PZU S.A. and its subsidiary PZU Życie S.A. hold 7,272,247 of the Bank's shares, and Alior Lux S a.r.l. & Co. S.C.A. holds 11,073,573 of the Bank's shares.

Additionally, in the period from the submission of the previous interim report, 26,267 ordinary D-series bearer shares with a total nominal value of PLN 262,670 were issued, based on the partial settlement of the Incentive Scheme. Therefore, the percentage shareholdings in the Bank's share capital changed.

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

1.4 Information about the Alior Bank S.A. Group

The Alior Bank S.A. Group as at 30 September 2015



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

As at 30 September 2015, the Alior Bank S.A. Group is composed of the following companies: Alior Bank S.A. as the parent company and the subsidiaries in which the Bank holds majority interests. In the reporting period, changes were introduced in the structure of the Alior Bank S.A. Group.

On 22 September 2015, a transformation of Centrum Obrotu Wierzytelnościami Alior Services Sp. z o.o. SKA (a partnership limited by shares) into Centrum Obrotu Wierzytelnościami Sp. z o.o. (a limited liability company) was registered. Previously, Alior Bank S.A. was the Company's sole shareholder, but in the process of transformation, a contribution of PLN 1,000 made in the past by the general partner, Alior Services Sp. z o.o., was taken into account. Consequently, Alior Services became a shareholder of Centrum Obrotu Wierzytelnościami Sp. z o.o holding 20 of 1020 shares in that Company. The remaining 1000 shares with a par value of PLN 50 each are held by Alior Bank S.A.

Moreover, on 11 August 2015, the District Court for the capital city of Warsaw in Warsaw, 13th Business Department of the National Court Register, registered a limited liability company NewCommerce Services Spółka z ograniczoną odpowiedzialnością, of which the Bank is the sole shareholder.

The consolidated financial statements comprise the financial statements of the Bank and the financial statements of the following entities. The Bank evaluated its exercise of control in accordance with the provisions of IFRS 10 and defined its status as a parent company towards the companies listed below. All subsidiaries are consolidated under the acquisition accounting method.

1. Alior Services Sp. z o.o. (formerly: Alior Raty Sp. z o.o. – a change in the company's name was entered on 23 May 2014 by the District Court for Kraków-Śródmieście in Kraków, 11th Business Department of the National Court Register) is a company formed on 3 February 2012. As of 31 October 2013, the company discontinued its operations within the scope of providing financial intermediation services. In January 2014, the Management Board of Alior Bank S.A made a decision that the company would continue its operations in business areas other than before.
   - The company's objectives:
     a. pursuing opportunities to sell non-financial products and services;
     b. expanding and increasing the attractiveness of the offer for Private Banking customers to strengthen the competitive position.
   - The company's operations:
     a. seeking out and gaining external partners for cooperation in offering non-banking services;
     b. arranging business relationships for clients and external partners.
   - The Company's planned revenues comprise commission for intermediation in non-banking services.

   The Company also continues operations relating to meeting the obligations towards customers under the contract with TU Ergo Hestia.

2. Centrum Obrotu Wierzytelnościami Sp. z o.o. is a company whose main aim is to trade in receivables purchased from the Bank. The Company was established in order to optimize the process of selling the Bank's receivables.

3. Alior Leasing Sp. z o.o. is a company whose basic scope of operations will comprise financing property, plant and equipment through operating leases, finance leases and loans. The Company is expected to start operating in the early fourth quarter of 2015.

4. Meritum Services ICB S.A. is a company whose main aim is service activities in the field of information technology and other remainder related activities.

5. NewCommerce Services Sp. z o.o. is a company which will execute tasks relating to MyWallet (on the Polish market and, potentially, on other markets where the Deutsche Telekom Group operates) and to selling non-banking products, including the provision of a new generation purchase platform in cooperation with trading partners. It is planned that the Company will start operating in the fourth quarter of 2015.

6. Money Makers S.A. is a company formed in 2010, whose activities originally focused on services related to asset management. The Bank's cooperation with the subsidiary

(in PLN '000)

Money Makers covers three areas: asset management (managing portfolios of retail customers / private banking), insurance offers of equity funds, and managing Alior SFIO subfunds. As part of its development plans, the Company was transformed from a brokerage house into an investment fund management company in early July. On 23 June 2015, the Polish Financial Supervision Authority unanimously granted permission to Money Makers S.A. to conduct activities consisting in establishing and managing investment funds or foreign funds, including intermediation in selling and repurchasing units, representing funds before third parties and managing a collective portfolio of securities, as well as managing portfolios which include financial instruments. At the same time, at the company's request, the PFSA revoked its decision to grant permission for conducting brokerage activities to Money Makers S.A. After the transformation, Money Makers started operating as an investment fund management company in July.

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

Composition of the Bank's Management Board:

Composition of the Bank's Management Board as at 05.11.2015		Composition of the Bank's Management Board as at 30.09.2015	
Wojciech Sobieraj	CEO	**Wojciech Sobieraj**	CEO
Małgorzata Bartler	Deputy CEO	**Krzysztof Czuba**	Deputy CEO
Krzysztof Czuba	Deputy CEO	**Michał Hucał**	Deputy CEO
Joanna Krzyżanowska	Deputy CEO	**Joanna Krzyżanowska**	Deputy CEO
Witold Skrok	Deputy CEO	**Witold Skrok**	Deputy CEO
Barbara Smalska	Deputy CEO	**Katarzyna Sułkowska**	Deputy CEO
Katarzyna Sułkowska	Deputy CEO		

On 14 October 2015, Mr Michał Hucał resigned as Member and Deputy CEO of the Bank's Management Board responsible for the Development Division. Until 31 December 2015, Mr Michał Hucał will be an Advisor to the Management Board.
At the same time, the Supervisory Board of Alior Bank appointed Ms Małgorzata Bartler and Ms Barbara Smalska as Members of the Management Board of the Bank and entrusted them with the positions of Deputy CEO's of the Management Board of the Bank, as of 14 October 2015. Ms Małgorzata Bartler will be responsible for the development of a HR management strategy and will supervise the HR Function. Ms Barbara Smalska will be managing the Technology and Development Function.

Members of the Bank's Management Board who held shares in the Bank as at 5 November 2015

Shareholder	Number of shares/votes	Par value of shares held	% share in share capital	Share in total number of votes
Wojciech Sobieraj	435,296	4,352,960	0.60%	0.60%
Witold Skrok	104,103	1,041,030	0.14%	0.14%
Katarzyna Sułkowska	47,612	476,120	0.07%	0.07%
Krzysztof Czuba	168	1,680	0.00%	0.00%

(in PLN '000)

As a result of the partial settlement of the Incentive Plan, on 28 September 2015, Katarzyna Sułkowska – Vice-President of the Bank's Management Board – took up 10,461 of the Bank's shares.

Composition of the Bank's Supervisory Board

Composition of the Bank's Supervisory Board As at 30.09.2015		Composition of the Bank's Supervisory Board As at 30.06.2015	
Helene Zaleski	- Chair of the Supervisory Board	**Helene Zaleski**	- Chair of the Supervisory Board
Małgorzata Iwanicz-Drozdowska	- Deputy Chair of the Supervisory Board	**Małgorzata Iwanicz-Drozdowska**	- Deputy Chair of the Supervisory Board
Sławomir Dudzik	Member of the Supervisory Board	**Sławomir Dudzik**	Member of the Supervisory Board
Niels Lundorff	Member of the Supervisory Board	**Niels Lundorff**	Member of the Supervisory Board
Marek Michalski	Member of the Supervisory Board	**Marek Michalski**	Member of the Supervisory Board
Krzysztof Obłój	Member of the Supervisory Board	**Krzysztof Obłój**	Member of the Supervisory Board
Stanisław Popów	Member of the Supervisory Board	**Stanisław Popów**	Member of the Supervisory Board

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

Members of the Bank's Supervisory Board who held shares in the Bank as at 5 November 2015

Shareholder	Number of shares/votes	Par value of shares held	% share in share capital	Share in total number of votes
Helene Zaleski	210,774	2,107,740	0.29%	0.29%
Niels Lundorff	80,021	800,210	0.11%	0.11%
Małgorzata Iwanicz – Drozdowska	1,465	14,650	0.00%	0.00%

To the best knowledge of the Bank's Management Board, in the period from the submission of the last interim report, there were no changes in the number of shares held by members of the Bank's Management and Supervisory Boards, other than those described above.
As a result of increase in the Bank's share capital, the percentage shareholdings in the Bank's share capital changed.

1.6 Approval of the consolidated financial statements

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

These interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group were approved by the Bank's Management Board on 4 November 2015.

2. Accounting policies

2.1. Basis of preparation

Scope and comparatives

The condensed interim consolidated financial statements of the Alior Bank S.A. Group comprise the data of the Bank and its subsidiaries and cover the 9-month period ended 30 September 2015 and the comparatives for the 9-month period ended 30 September 2014 (in the scope of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement) and the comparatives as at 31 December 2014 (in the scope of consolidated statement of financial position and consolidated statement of changes in equity). The condensed interim consolidated financial statements have been prepared in Polish zloties. Unless otherwise stated, the amounts are presented in PLN thousands.

In the first quarter of 2015, the Group decided to change the presentation of net interest income on CIRS. Since January 2015, interest income and expense relating to the placement and acceptance of a deposit as part of CIRS transactions is presented in net interest income, while in 2014 it had been presented in trading result. The change was introduced to ensure that the presentation of the results is consistent with the economic substance of transactions.

In addition, to improve the clarity of the data presented (consistent with the annual consolidated financial statements of the Group for the period from 1 January 2014 to 31 December 2014), the following changes were introduced in the Note to the statement of financial position:

- hedging assets were separated which led to changes in amounts due from customers, banks and available-for-sale financial assets;
- financial liabilities to customers and banks, measured at amortized cost, were separated;
- provisions for off-balance sheet liabilities were transferred from other liabilities to provisions;
- provisions for holiday pay and bonuses were transferred from provisions to other liabilities.

Interim condensed consolidated income statement

Items from the income statement	Data from the financial statements as at 30.09.2014		Change		Restated data 30.09.2014	
	01.07.2014-30.09.2014	01.01.2014-30.09.2014	01.07.2014-30.09.2014	01.01.2014-30.09.2014	01.07.2014-30.09.2014	01.01.2014-30.09.2014
Interest income	455 818	1 277 246	6 190	20 392	462 008	1 297 638
Interest expense	-134 549	-380 847	-3 802	-12 046	-138 351	-392 893
Net interest income	**321 269**	**896 399**	**2 388**	**8 346**	**323 657**	**904 745**
Trading result	**77 359**	**198 324**	**-2 388**	**-8 346**	**74 971**	**189 978**

(in PLN '000)

Interim condensed consolidated statement of financial position

Items from the statement of financial position	Data from the financial statements as at 30.09.2014	Change	Restated data 30.09.2014
Financial assets available for sale	3 795 709	-1 732 660	2 063 049
Amounts due from banks	297 497	-5 257	292 240
Loans and advances to customers	22 789 454	-8 858	22 780 596
Assets pledged as collateral	0	1 746 775	1 746 775
TOTAL ASSETS	**26 882 660**	**0**	**26 882 660**
Financial liabilities measured at amortized cost	24 549 799	-24 549 799	0
Financial liabilities measured at amortized cost due to banks	0	1 942 343	1 942 343
Financial liabilities measured at amortized cost due to customers	0	22 607 456	22 607 456
Provisions	12 907	-7 007	5 900
Other liabilities	830 333	7 007	837 340
TOTAL LIABILITIES AND EQUITY	**25 393 039**	**0**	**25 393 039**

Statement of compliance

These interim condensed consolidated financial statements of Alior Bank Spółka Akcyjna for the 9 months of 2015 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union as of 30 September 2015, taking into account the position of the Polish Financial Supervision Authority of 12 February 2015 and the opinion of the Ministry of Finance presented in a letter of 11 February 2015 as regards recognition of contributions made to the Bank Guarantee Fund (BGF), and in accordance with the requirements of the Decree of 19 February 2009 on current and periodic information to be prepared by issuers of securities and conditions for considering as equivalent the information required by the provisions of the law of a non-EU state (Journal of Laws of 2009 No. 33, item 259), as amended. Doubts regarding the recognition of payments to the BGF in the income statement appeared after Interpretation 21 of the International Financial Reporting Interpretations Committee (IFRIC 21) had come into force as of 1 January 2015. Taking into account the positions of the Ministry of Finance and the PFSA referred to above, the Group applied a similar approach to the recognition of the fees as in the prior years, namely it decided to amortize the cost of BGF contributions over the entire 2015.
The total cost of the mandatory contribution and the prudential fee to the BGF will amount to PLN 60,936 in 2015, of which PLN 44,910 thousand was charged to costs of the period ended 30 September 2015.

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

The interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the financial period from 1 January 2015 to 30 September 2015, and interim condensed statement of financial position as at 30 September 2015 including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the last annual financial statements, with the exception of the determination of the tax charge for the period of 9 months of 2015 in accordance wth IAS 34 and with the exception of amendments to standards which are binding from 1 January 2015.

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

The acquisition was accounted for using the acquisition method in accordance with IFRS 3. Applying the acquisition method requires:

- identifying the acquirer;
- determining the acquisition date;
- recognizing and measuring, at fair values, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
- recognizing and measuring goodwill or a gain from a bargain purchase, calculated as the difference between:
  - the sum of: the consideration transferred and the amount of any non-controlling interest in the acquiree;
  - the net of the amounts of identifiable assets acquired and the liabilities assumed measured in accordance with IFRS.

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

The acquirer shall identify the acquisition date, which is the date on which it obtains control of the acquiree.

As of the acquisition date, the acquirer shall recognise, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The acquirer shall measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

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

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

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

The acquirer shall identify all items which are not part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination transaction, i.e. items which are not a part of the consideration transferred in exchange for the acquiree. When applying the acquisition method, the acquirer shall take into account only the consideration transferred for the acquiree and the assets acquired and the liabilities assumed as part of the acquisition of the acquiree.

Due to the fact that control over Meritum Bank IBC SA was assumed at the beginning of 19 February 2015, the transaction was accounted for based on the data as at 18 February 2015.

In accordance with IFRS 3, the acquirer should complete the allocation of the acquisition price within 12 months of the acquisition date. This means that the process should be completed by 18 February 2016.

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

Going concern

The interim condensed consolidated financial statements of the Alior Bank Spółka Akcyjna Group have been prepared on the assumption that the Group will continue in operation as a going concern over a period of at least 12 months as of the balance sheet date, i.e. as of 30 September 2015.

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

2.2. Accounting policies

Changes in accounting standards

Interim condensed financial statements have been prepared taking into account new or amended accounting standards which entered into force as of 1 January 2015. These standards are listed below:

- IFRS 10 "Consolidated Financial Statements" – applicable to annual periods starting on or after 1 January 2015;
- IFRS 11 "Joint Arrangements" – applicable to annual periods starting on or after 1 January 2015;
- IFRS 12 "Disclosures of Interests in Other Entities" – applicable to annual periods starting on or after 1 January 2015;
- IAS 27 (amended in 2011) "Separate Financial Statements" – applicable to annual periods starting on or after 1 January 2015;

- IAS 28 (amended in 2011) "Associated Entities and Joint Ventures" – applicable to annual periods starting on or after 1 January 2015;
- Amendments to IAS 10, 11 and 12, relating to interim regulations – applicable to annual periods starting on or after 1 January 2015;
- Amendments to IFRS 10, IFRS 12 and IAS 27, relating to the consolidation of investment entities – applicable to annual periods starting on or after 1 January 2015;
- Amendment to IAS 32, "Financial Instruments: Presentation" relating to offsetting of financial assets and financial liabilities" – applicable to annual periods starting on or after 1 January 2015;
- Amendment to IAS 36 "Impairment of Assets" relating to recoverable amount disclosures – applicable to annual periods starting on or after 1 January 2015;
- Amendment to IAS 39, "Financial Instruments: Recognition and Measurement" relating to novation of derivatives and continuation of hedge accounting applicable to annual periods starting on or after 1 January 2015;
- IFRIC 21 "Levies" – applicable to annual periods starting on or after 17 June 2014 – adopted by the EU; the impact of the change is described in item 2.1.

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

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

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

- IFRS 9, "Financial Instruments" – applicable to annual periods starting on or after 1 January 2018 - by the date of approving these financial statements, not adopted by the EU;
- Amendment to IAS 1, "Presentation of Financial Statements" – applicable to the annual periods starting after 1 January 2016 – by the date of these financial statements, not adopted by the EU;
- IFRS 14 "Regulatory Deferral Accounts" – applicable to annual periods starting on or after 1 January 2016 – by the date of approving these financial statements, not adopted by the EU;
- IFRS 15 "Revenue from Contracts with Customers" – applicable to annual periods starting on or after 1 January 2017 – by the date of approving these financial statements, not adopted by the EU;
- Amendment to IFRS 11 "Joint Arrangements" relating to acquisition of an interest in a joint operation, applicable to annual periods starting on or after 1 January 2016 – by the date of approving these financial statements, not adopted by the EU;
- Amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" relating to amortization and depreciation, applicable to annual periods starting on or after 1 January 2016 – by the date of approving these financial statements, not adopted by the EU;

- Amendment to IAS 27 "Separate Financial Statements' relating to the equity accounting method, applicable to annual periods starting on or after 1 January 2016 – by the date of approving these financial statements, not adopted by the EU;
- Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Associates and Joint Ventures", relating to sale or contribution of assets, applicable to annual periods starting on or after 1 January 2016 – by the date of approving these financial statements, not adopted by the EU;
- Amendments arising from the IFRS 2012-2014 improvement project – applicable to annual periods starting on or after 1 July 2016 – by the date of approving these financial statements, not adopted by the EU;
- Amendments to IFRS 10, IFRS 12 and IAS 28 relating to the manner of applying exceptions to consolidating investment entities and their subsidiaries, applicable to annual periods starting on or after 1 January 2016 – by the date of approving these financial statements not adopted by the EU.

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

3. Operating segments

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

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

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

The basic products for retail customers are as follows:

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

The basic products for business customers are as follows:

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

(in PLN '000)

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

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

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

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

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

Reconciliation accounts include:

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

Results and volumes by segments for the quarter ended 30 September 2015

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Other	Total Bank
External interest income	**750 369**	**255 409**	**103 840**	**1 109 618**	**-5 934**	**1 103 684**
external income	982 132	399 252	184 217	1 565 601	-6 383	1 559 218
external expense	-231 763	-143 843	-80 377	-455 983	449	-455 534
Internal interest income	**32 404**	**31 228**	**-14 980**	**48 652**	**-48 652**	**0**
internal income	323 450	191 260	672 703	1 187 413	-46 350	1 141 063
internal expense	-291 046	-160 032	-687 683	-1 138 761	-2 302	-1 141 063
Net interest income	**782 773**	**286 637**	**88 860**	**1 158 270**	**-54 586**	**1 103 684**
Fee and commission income	143 440	182 907	686	327 033	78 337	405 370
Fee and commission expense	-67 836	-687	-260	-68 783	-84 369	-153 152
Net fee and commission income	**75 604**	**182 220**	**426**	**258 250**	**-6 032**	**252 218**
Dividend income	**0**	**0**	**0**	**0**	**64**	**64**
Trading result	**-53 195**	**38 235**	**206 554**	**191 594**	**6**	**191 600**
Net gain (realized) on other financial instruments	**120 168**	**86 247**	**-199 089**	**7 326**	**164**	**7 490**
Other operating income	139 474	2 865	2	142 341	-74 151	68 190
Other operating expenses	-8 090	-203	-454	-8 747	-19 361	-28 108
Net other operating income	**131 384**	**2 662**	**-452**	**133 594**	**-93 512**	**40 082**
Total result before impairment losses	**1 056 734**	**596 001**	**96 299**	**1 749 034**	**-153 896**	**1 595 138**
Impairment losses	**-339 996**	**-128 758**	**0**	**-468 754**	**-8 472**	**-477 226**
Total result after impairment losses	**716 738**	**467 243**	**96 299**	**1 280 280**	**-162 368**	**1 117 912**
General administrative expenses	**-587 177**	**-193 714**	**-1 922**	**-782 813**	**0**	**-782 813**
Gross profit (loss)	**129 561**	**273 529**	**94 377**	**497 467**	**-162 368**	**335 099**
Income tax	0	0	0	0	-65 529	-65 529

(in PLN '000)

Net profit (loss)	**129 561**	**273 529**	**94 377**	**497 467**	**-227 897**	**269 570**
Assets	16 883 205	12 607 708	7 813 347	37 304 260	0	**37 304 260**
Liabilities	20 313 847	11 116 769	2 403 308	33 833 924	0	**33 833 924**

Results and volumes by segments for the quarter ended 30 September 2014

Segment report	Retail customers	Corporate customers	Treasury	Total corporate segments	Other	Total Bank
External interest income	**522 565**	**292 302**	**76 843**	**891 710**	**13 035**	**904 745**
external income	729 509	403 746	131 183	1 264 438	12 808	1 277 246
external expense	-206 944	-111 444	-54 340	-372 728	227	-372 501
Internal interest income	**56 428**	**-13 437**	**13 832**	**56 823**	**-56 823**	**0**
internal income	361 270	196 092	754 263	1 311 625	-52 832	1 258 793
internal expense	-304 842	-209 529	-740 431	-1 254 802	-3 991	-1 258 793
Net interest income	**578 993**	**278 865**	**90 675**	**948 533**	**-43 788**	**904 745**
Fee and commission income	170 404	137 543	1 119	309 066	89 817	398 883
Fee and commission expense	-47 357	-288	-324	-47 969	-98 285	-146 254
Net fee and commission income	**123 047**	**137 255**	**795**	**261 097**	**-8 468**	**252 629**
Dividend income	**0**	**0**	**0**	**0**	**11**	**11**
Trading result	**-186**	**16 825**	**173 339**	**189 978**	**0**	**189 978**
Net gain (realized) on other financial instruments	**51 839**	**89 659**	**-141 173**	**325**	**66**	**391**
Other operating income	94 205	3 663	602	98 470	-59 759	38 711
Other operating expenses	-8 580	-223	-25	-8 828	-4 421	-13 249
Net other operating income	**85 625**	**3 440**	**577**	**89 642**	**-64 180**	**25 462**
Total result before impairment losses	**839 318**	**526 044**	**124 213**	**1 489 575**	**-116 359**	**1 373 216**
Impairment losses	**-238 105**	**-174 982**	**0**	**-413 087**	**-617**	**-413 704**
Total result after impairment losses	**601 213**	**351 062**	**124 213**	**1 076 488**	**-116 976**	**959 512**
General administrative expenses	**-503 867**	**-178 733**	**-1 773**	**-684 373**	**0**	**-684 373**
Gross profit (loss)	**97 346**	**172 329**	**122 440**	**392 115**	**-116 976**	**275 139**
Income tax	0	0	0	0	-53 972	-53 972
Net profit (loss)	**97 346**	**172 329**	**122 440**	**392 115**	**-170 948**	**221 167**
Assets	12 637 400	10 152 054	6 366 996	29 156 450	0	29 156 450
Liabilities	13 878 401	8 729 055	3 630 460	26 237 916	0	26 237 916

(in PLN '000)

Notes to the interim condensed consolidated income statement

4. Net interest income

4.1 Net interest income by entity	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Interest income	**1 559 218**	**1 297 638**
financial sector	134 093	100 615
non-financial sector	1 375 936	1 150 996
central and local government institutions	49 189	46 027
Interest expense	**-455 534**	**-392 893**
financial sector	-152 971	-128 687
non-financial sector	-299 667	-262 929
central and local government institutions	-2 896	-1 277
Net interest income	**1 103 684**	**904 745**

4.2 Net interest income by product	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Interest income	**1 559 218**	**1 297 638**
Interest income from financial instruments measured at amortized cost including the effective interest rate method	1 445 098	1 223 458
loans	1 353 215	1 127 583
financial assets available for sale	68 117	70 547
receivables acquired	20 820	23 897
other	2 946	1 431
Other interest income	114 120	74 180
current accounts	11 243	13 879
overnight deposits	1 025	511
hedging derivatives	101 852	59 790
Interest expense	**-455 534**	**-392 893**
Interest expense from financial instruments measured at amortized cost including the effective interest rate method	-355 401	-295 838
term deposits	-267 227	-219 429
repo transactions in securities	-11 837	-12 710
cash deposits	-1 586	-2 945
own issue	-72 637	-58 217
other	-2 114	-2 537
Other interest expense	-100 133	-97 055
current deposits	-30 052	-48 308
hedging derivatives	-70 081	-48 747
Net interest income	**1 103 684**	**904 745**

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

(in PLN '000)

5. Net fee and commission income

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Fee and commission income	**405 370**	**398 883**
brokerage commissions	52 604	40 322
payment cards	65 972	83 122
revenue from bancassurance activity	70 985	118 750
loans and advances	51 755	43 919
accounts maintenance	63 045	37 406
transfers	26 929	23 492
remittances and withdrawals services	15 878	15 243
acquired receivables	9 359	9 113
guarantees, letters of credit, collections, promises	10 763	9 959
other commissions	38 080	17 557
Fee and commission expense	**-153 152**	**-146 254**
brokerage commissions	-2 919	-4 112
costs of card transactions and ATM , including costs of payment card issue	-44 281	-42 870
insurance of bank products	-18 368	-11 957
commissions for ATM sharing	-17 668	-17 478
fees paid under service agreements	-7 453	-12 775
compensation and awards to customers	-12 706	-12 522
commissions paid to agents	-16 162	-8 249
assistance services	-3 511	-5 760
costs of customers acquisition	-3 592	-2 705
other commissions	-26 492	-27 826
Net fee and commission income	**252 218**	**252 629**

The Group does not engage in trust activities.

6. Trading result

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Foreign exchange transactions result	154 822	143 649
Interest rate transactions result	34 875	44 519
Over hedge	1 000	0
Other financial instruments result	903	1 810
Trading result	**191 600**	**189 978**

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

(in PLN '000)

7. Net gain realized on other financial instruments

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Financial assets available for sale	7 626	2 187
Own issue	-140	-1 796
income from re-purchase	413	274
losses on repurchase	-553	-2 070
Deposit certificates	4	0
Net gain realized on other financial instruments	**7 490**	**391**

8. Net other operating income

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Other operating income from:	**68 190**	**38 711**
management of third party assets	6 236	12 478
received compensations, fines and penalties	277	154
fees paid by counterparts	14 400	4 467
acquisition of receivables	8 116	28
reimbursement of litigation costs	15 256	11 772
operating risk	366	629
other	23 539	9 183
Other operating expenses due to:	**-28 108**	**-13 249**
management of third party assets	-1 574	-2 289
paid compensations, fines and penalties	-2 535	-2 132
awards given to customers	-456	-479
operating risk	-13 845	-1 481
litigation costs	-6 935	-3 641
other	-2 763	-3 227
Net other operating income and expense	**40 082**	**25 462**

9. General administrative expenses

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Payroll costs	**-425 278**	**-380 061**
remuneration due to employment contracts	-350 748	-312 371
remuneration surcharges	-64 608	-57 262
share-based payments	-2 663	-5 686
other	-7 259	-4 742
General and administrative costs	**-289 601**	**-241 903**
IT costs	-31 712	-25 784
lease and building maintenance expenses	-105 140	-106 641
marketing costs	-36 634	-29 981
training costs	-8 202	-8 213
cost of advisory services	-15 191	-11 729
costs of Banking Guarantee Fund	-44 910	-21 555
lease of property, plant and equipment and intangible assets	-2 568	-3 259
costs of telecommunications services	-11 195	-12 554

(in PLN '000)

external services	-19 396	-11 923
other	-14 653	-10 264
Amortization and depreciation	**-62 823**	**-57 126**
property, plant and equipment	-37 609	-35 111
intangible assets	-25 214	-22 015
Taxes and fees	**-5 111**	**-5 283**
Total general administrative expenses	**-782 813**	**-684 373**

10. Net impairment losses

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Impairment losses on impaired loans and advances to customers	-469 982	-357 693
financial sector	-3 551	-1 299
non-financial sector	-466 431	-356 394
retail customers	-308 214	-225 361
business customers	-158 217	-131 033
IBNR for customers without impairment losses	909	-16 698
financial sector	15	-16
non-financial sector	894	-16 682
retail customers	251	-12 956
business customers	643	-3 726
Off-balance reserve	-491	-945
Property, plant and equipment and intangible assets	-7 662	-70
Impairment losses on non-current asset held for sale	0	-38 298
Net impairment losses & provisions	**-477 226**	**-413 704**

11. Income tax

11.1 Presented in the income statement	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Current tax	126 909	46 822
current year	126 909	46 822
prior year tax adjustment	0	0
Deferred tax	-61 380	7 150
origination and reversal of temporary differences	-61 380	7 150
Accounting tax recognized in the income statement	**65 529**	**53 972**

11.2 Effective tax rate calculation	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Profit before tax	**335 099**	**275 139**
Income tax at 19%	**63 669**	**52 275**
Non-tax deductible expenses	**12 154**	**5 525**
Representation costs	89	47
State Fund for Rehabilitation of Persons with Disabilities	864	823
Impairment losses on loans in the part not covered with deferred tax	3 924	3 106
Prudential charge to BFG	3 465	0
Costs of provisions for management options	506	1 080
Donations	2	24
Other	3 304	445
Non-taxable revenues	**-6 299**	**-751**
Release of loan impairment allowances in the part not covered with the deferred tax	-72	-6

(in PLN '000)

Dividends received	-2	0
Other	-6 225	-745
Recognition of tax loss	**647**	**235**
Reimbursement of tax from the tax office	**0**	**151**
Recognition of assets related to contribution of receivables to Obrót Wierzytelnościami Alior Polska sp. z o.o. S.K.A.	**0**	**-3 301**
Other	**-4 642**	**-11**
Accounting tax recognized in the income statement	**65 529**	**53 972**
Effective tax rate	**19,56%**	**19,62%**

12. Earnings per share

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Net profit	269 570	221 167
Weighted average number of ordinary shares	71 878 989	69 941 261
Share options (number) - adjusting instrument	3 139 189	3 331 250
Adjusted weighted average number of shares	75 018 178	73 272 511
Net earnings per ordinary share (PLN)	**3,75**	**3,16**
Dilluted earnings per one share	**3,59**	**3,02**

Notes to the interim condensed statement of financial position

13. Cash and balances with Central Bank

	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Current account with the Central Bank	1 153 587	932 357	822 256
Cash	194 369	226 083	196 460
Cash and balances with the central bank	**1 347 956**	**1 158 440**	**1 018 716**

14. Available-for-sale financial assets

14.1 By type	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Debt instruments	**4 002 788**	**2 649 121**	**2 060 049**
issued by the State Treasury	3 568 532	2 062 300	1 525 920
T-bonds	3 568 532	2 062 300	1 525 920
issued by monetary institutions	0	149 967	100 247
bonds	0	0	100 247
money bills	0	149 967	0
issued by other financial institutions	124 629	125 725	126 079
bonds	104 608	104 633	105 357
Eurobonds	20 021	21 092	20 722
issued by companies	309 627	311 129	307 803
bonds	309 627	311 129	307 803
Equity instruments	**13 669**	**3 005**	**3 000**
Available-for-sale financial assets	**4 016 457**	**2 652 126**	**2 063 049**

(in PLN '000)

14.2 By maturity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
without set maturity date	13 669	3 006	3 000
≤ 1M	114 588	149 967	0
> 1M ≤ 3M	16 930	0	100 247
≤ 6M> 3M ≤ 6M	14 923	0	89 840
> 6M ≤ 1Y	480 213	775 059	212 648
> 1Y ≤ 2Y	1 244 154	303 091	321 191
> 2Y ≤ 5Y	1 428 465	1 141 518	1 012 999
> 5Y ≤ 10Y	703 515	279 485	323 124
Available-for-sale financial assets	**4 016 457**	**2 652 126**	**2 063 049**

14.3 Impairment allowance on debt instruments	As at 30.09.2015		As at 31.12.2014		As at 30.09.2014	
	Gross amount	Impairment allowance	Gross amount	Impairment allowance	Gross amount	Impairment allowance
Bonds issued by companies	111 862	6 491	111 852	6 491	4 316	4 316

14.4 Change in the balance of debt instruments impairment allowances	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Opening balance	6 491	4 316	4 316
Changes during the year:	0	2 175	0
Increases	0	2 175	0
Impairment allowances at the end of the period	**6 491**	**6 491**	**4 316**

The following statements show the hierarchy of valuation methods for financial assets available for sale, measured at fair value as at 30.09.2015 and the comparatives as at 31.12.2014 and 30.09.2014.

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

• level 2 – instruments for which prices are not directly observable, but the prices used for measurement are based on market quotations;
The group includes NBP bills and commercial debt securities.
Fair value is determined based on the discounted cash flows method which assumes the structure of yield curves based on quotations of profitabilities of securities from the interbank market.
Debt commercial securities are measured based on profitability curves adjusted by the credit spread, provided that such spread can be determined based on observable market quotations, e.g. quotations of credit swap transactions.
This level also includes commercial debt securities quoted on the stock markets and characterized by low trading volumes on the stock market.

(in PLN '000)

• level 3 – instruments for which at least one of the factors which impact its price is not observable on the market.
This group shows the Bank's position in commercial debt securities whose fair value is impacted not only by the parameters resulting from market quotations, but also by the credit spread amount, which is not observable. Spread is determined based on the primary market price or the price at the moment of concluding the transaction. It is subject to periodical revaluation in the periods when reliable market quotations occur or prices are obtained from transactions that are comparable in terms of volume. The amount of spread also changes on the basis of information about changes in the issuer's financial standing. As at the end of the third quarter of 2015, the sensitivity of the valuation of such assets to credit spread increases of 1 base point amounted to PLN 94 thousand.

In 2014, one issue of corporate bonds was moved from level 2 to level 3, because there were no sufficiently liquid market quotations for these bonds and credit spread was a factor which was not observable on the market. Transfers of instruments between valuation levels are performed as at the end of a reporting period. Such transfers are performed in the situations described in the International Financial Reporting Standards, in connection with such factors as, e.g., the availability of quotations of a given instrument on an active market, the availability of quotations of valuation factors, or impact of unobservable factors on the fair value.

In the period from 1 January to 30 September 2015, there were no movements of securities between the fair value hierarchy levels.

14.5 Fair value	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Level 1	**3 632 699**	**2 127 558**	**1 591 405**
T-bonds	3 568 532	2 062 300	1 525 920
Other bonds	64 167	65 258	65 485
Level 2	**0**	**149 967**	**0**
Money bills	0	149 967	0
Level 3	**383 758**	**374 601**	**471 644**
Equity instruments	13 669	3 005	468 644
Other bonds	370 089	371 596	3 000
Valuation of available for sale financial assets by level	**4 016 457**	**2 652 126**	**2 063 049**

14.6 Movements on financial assets available for sale classified as level 3	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Opening balance	**374 601**	**291 037**	**291 037**
Reclassification	0	151 275	151 275
Increases, including	**68 707**	**221 065**	**213 744**
Acquisition	65 961	221 058	208 756
Other changes recognised in income statement	2 030	0	4 986
Fair value adjustment	61	0	0
Foreign exchange differences	655	7	2
Decreases, including	**-59 550**	**-288 776**	**-184 412**
Sale	-59 550	-280 518	-182 518
Other changes recognised in income statement	0	-4 634	-643
Fair value adjustment	0	-3 624	-1 251
Financial assets available for sale classified as level 3 at the end of the period	**383 758**	**374 601**	**471 644**

(in PLN '000)

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

15. Amounts due from customers

15.1 By type	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Retail segment	**16 781 333**	**13 300 919**	**12 628 542**
Working capital facility	172 146	142 530	152 510
Consumer loans	8 151 875	6 217 208	6 093 110
Consumer finance loans	639 826	704 834	676 330
Loans for purchase of securities	148 858	142 921	171 141
Credit card borrowings loans	229 444	204 619	203 365
Loans for residential real estate	6 243 418	4 991 141	4 448 345
Other mortgage loans	918 431	877 230	853 623
Other receivables	277 335	20 436	30 118
Corporate segment	**12 607 708**	**10 347 071**	**10 152 054**
Working capital facility	7 064 903	5 527 749	5 500 786
Car loans	86 342	141 299	166 005
Investment loans	4 917 282	4 134 162	3 887 679
Acquired receivables	504 879	517 347	556 972
Other receivables	34 302	26 514	40 612
Amounts due from customers	**29 389 041**	**23 647 990**	**22 780 596**

15.2 By gross amounts and carrying amounts	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Retail segment	**16 781 333**	**13 300 919**	**12 628 542**
Loans for residential real estate	6 243 419	4 991 141	4 448 345
unimpaired	6 138 514	4 908 611	4 358 427
impaired	139 544	112 240	112 584
IBNR	-6 383	-6 531	-2 578
Impairment allowance	-28 256	-23 179	-20 088
Consumer finance loans	639 826	704 834	676 331
unimpaired	628 577	691 187	665 413
impaired	48 829	49 064	44 953
IBNR	-1 524	-2 392	-2 679
Impairment allowance	-36 056	-33 025	-31 356
Other retail loans	9 898 088	7 604 944	7 503 866
unimpaired	9 591 030	7 274 942	7 189 610
impaired	1 185 279	1 034 794	1 006 471
IBNR	-117 892	-71 927	-58 828
Impairment allowance	-760 329	-632 865	-633 387
Corporate segment	**12 607 708**	**10 347 071**	**10 152 054**
unimpaired	12 104 650	9 838 275	9 688 572
impaired	1 313 178	1 028 647	957 501
IBNR	-37 431	-18 130	-19 871
Impairment allowance	-772 689	-501 721	-474 148
Amounts due from customers	**29 389 041**	**23 647 990**	**22 780 596**

(in PLN '000)

The provision for losses incurred but not reported (IBNR) amounted to: PLN 102,406 thousand as at 30 September 2015, PLN 98,980 thousand as at 31 December 2014 and PLN 83,956 thousand as at 30 September 2014.

15.3 Receivables from customers impaired	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Receivables from customers individually assessed	**674 236**	**801 399**	**776 847**
Retail segment	**233 928**	**309 349**	**331 209**
Amounts due from customers	347 649	595 598	638 727
Impairment allowance	-113 720	-286 249	-307 518
Corporate segment	**440 308**	**492 050**	**445 638**
Amounts due from customers	963 790	908 514	842 261
Impairment allowance	-523 482	-416 464	-396 623
Receivables from customers collectively assessed	**415 264**	**232 556**	**185 683**
Retail segment	**315 082**	**197 680**	**147 968**
Amounts due from customers	1 026 004	600 500	525 281
Impairment allowance	-710 921	-402 820	-377 313
Corporate segment	**100 182**	**34 876**	**37 715**
Amounts due from customers	349 388	120 133	115 240
Impairment allowance	-249 207	-85 257	-77 525
Receivables from customers impaired	**1 089 500**	**1 033 955**	**962 530**

15.4 Change in the balance of receivables impairment allowances and IBNR	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Opening balance	1 289 770	873 374	873 374
Changes due to the acquisition of a subsidiary	415 028	0	0
Changes during the year:	469 072	500 265	374 537
Increases	1 608 081	1 001 224	696 056
Retail segment	1 281 964	622 589	413 467
Corporate segment	326 117	378 635	282 589
Decreases	-1 139 009	-500 959	-321 519
Retail segment	-974 002	-303 500	-175 311
Corporate segment	-165 007	-197 459	-146 208
Transfer to costs	-414 119	-105 583	-21 712
Other changes	809	21 714	16 736
Impairment allowances and IBNR at the end of the period	**1 760 560**	**1 289 770**	**1 242 935**

15.5 By maturity (as at the balance sheet date)	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Retail segment	**16 781 333**	**13 300 919**	**12 628 542**
≤ 1M	1 738 954	2 048 850	2 062 299
> 1M ≤ 3M	355 006	267 977	248 115
> 3M ≤ 6M	500 287	389 449	350 076
> 6M ≤ 1Y	922 576	741 573	704 658
>1Y ≤ 2Y	1 533 024	1 101 573	1 040 655
>2Y ≤ 5Y	3 479 285	2 474 771	2 388 728
>5Y ≤ 10Y	3 475 103	2 444 547	2 361 938
>10Y ≤ 20Y	2 638 849	2 076 617	1 865 464
>20Y	2 138 249	1 755 562	1 606 609
Corporate segment	**12 607 708**	**10 347 071**	**10 152 054**
≤ 1M	4 714 620	3 561 340	3 866 447
> 1M ≤ 3M	604 858	622 870	509 955

(in PLN '000)

> 3M ≤ 6M	539 642	587 109	407 946
> 6M ≤ 1Y	870 109	870 559	930 228
>1Y ≤ 2Y	1 601 283	1 339 352	896 891
>2Y ≤ 5Y	2 155 488	1 766 626	1 977 231
>5Y ≤ 10Y	1 628 777	1 212 647	1 235 090
>10Y ≤ 20Y	492 931	386 568	328 266
Amounts due from customers	**29 389 041**	**23 647 990**	**22 780 596**

15.6 By currency	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Retail segment	**16 781 333**	**13 300 919**	**12 628 542**
PLN	15 559 109	12 277 760	11 658 480
EUR	895 639	836 381	810 069
GBP	102 164	30 769	7 173
USD	16 721	4 615	1 881
CHF	168 028	151 388	150 932
Other	39 672	6	7
Corporate segment	**12 607 708**	**10 347 071**	**10 152 054**
PLN	10 078 591	8 056 802	7 848 125
EUR	2 429 205	2 165 986	2 177 927
GBP	6 304	4 375	4 012
USD	60 404	86 068	85 174
CHF	33 204	33 839	36 815
Other	0	1	1
Total receivables	**29 389 041**	**23 647 990**	**22 780 596**

Loans in CHF comprised 0.7% of the total amount of loan receivables as at 30 September 2015, 0.8% as at 31 December 2014 and 30 September 2014.

15.7 Ten largest credit exposures	Currency	As at 30.09.2015
Company 1	PLN, EUR	243 747
Company 2	EUR	234 703
Company 3	EUR	145 594
Company 4	EUR, GBP, PLN	144 769
Company 5	PLN	123 610
Company 6	PLN	118 468
Company 7	PLN	116 499
Company 8 Impaired	PLN	116 381
Company 9	EUR	113 662
Company 10	PLN	108 012

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

(in PLN '000)

15.9 Ten largest credit exposures	Currency	As at 30.09.2014
Company 1	EUR	250 553
Company 2	EUR	236 651
Company 3	PLN	180 023
Company 4 Impaired	PLN,EUR,GBP	172 710
Company 5	EUR	146 776
Company 6 Impaired	PLN	142 878
Company 7	EUR	115 930
Company 8	PLN	112 925
Company 9	PLN	111 016
Company 10	PLN	103 164

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

In the three quarters of 2015, the Bank sold loans with a total gross value of PLN 547,510 thousand, and the buyer took over all the rights and benefits associated with the portfolio.

16. Amounts due from banks

16.1 By type	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Current accounts	128 076	291 440	41 389
Overnight deposits (O/N)	52 957	6 394	112 770
Term deposits	1 823	2 385	13 791
Deposits as derivative transactions (ISDA) collateral	171 352	143 427	110 289
Other	17 914	5 732	14 001
Amounts due from banks	**372 122**	**449 378**	**292 240**

16.2 By maturity (as at the balance sheet date)	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
≤ 1M	370 299	446 993	284 508
> 1M ≤ 3M	1 719	2 385	7 732
> 3M ≤ 6M	104	0	0
Amounts due from banks	**372 122**	**449 378**	**292 240**

16.3 By currency	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
PLN	45 266	18 778	30 165
EUR	140 084	188 227	112 991
GBP	36 770	27 844	12 522
USD	62 461	153 248	92 384
CHF	19 698	5 608	166
Other currencies	67 844	55 673	44 012
Amounts due from banks	**372 122**	**449 378**	**292 240**

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

(in PLN '000)

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

17. Property, plant and equipment

As at 30.09.2015	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost at the beginning of the period	7 094	196 229	155 293	72 450	431 066
Changes due to the acquisition of a subsidiary	0	11 969	3 151	9 999	25 119
Change due to the acquisition of an organized part of an enterprise	589	660	35 756	1 262	38 267
Changes due to:	-2 864	22 080	-4 933	-6 073	8 210
Purchases in 2015	3 899	12 116	3 314	652	19 981
Reclassifications in 2015	-1 717	9 964	-8 247	0	0
Sales in 2015	0	0	0	-310	-310
Other changes	-5 046	0	0	-6 415	-11 461
Value at cost as at 30.09.2015	4 819	230 938	189 267	77 638	502 662
Accumulated depreciation as at 01.01.2015	0	121 777	68 785	46 067	236 629
Changes due to the acquisition of a subsidiary	0	9 320	2 097	5 474	16 891
Depreciation for 2015	0	17 370	10 123	10 106	37 599
Other changes	0	0	0	-4 854	-4 854
Accumulated depreciation as at 30.09.2015	0	148 467	81 005	56 793	286 265
Impairment allowances as at 01.01.2015	0	577	2 006	19	2 602
Changes in impairment allowances in 2015	0	331	-1 017	0	-685
Impairment allowances as at 30.09.2015	0	908	989	19	1 916
Net value as at 01.01.2015	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**
Net value as at 30.09.2015	**4 819**	**81 563**	**107 273**	**20 826**	**214 481**

As at 31.12.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2014	13 332	174 125	150 247	70 546	408 250
Changes due to:	-6 238	22 104	5 046	1 904	22 816
Purchases in 2014	3 653	18 477	3 507	895	26 532
Reclassifications in 2014	-9 891	3 578	1 539	4 774	0
Sales in 2014	0	49	0	0	49
Other changes	0	0	0	-3 765	-3 765
Value at cost as at 31.12.2014	7 094	196 229	155 293	72 450	431 066
Accumulated depreciation as at 01.01.2014	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	21 614	15 477	9 366	46 457
Other changes				-2 563	-2 563
Accumulated depreciation as at 31.12.2014	0	121 777	68 785	46 067	236 629
Impairment allowances as at 01.01.2014	0	182	193	19	394
Changes in impairment allowances in 2014	0	395	1 813	0	2 208
Impairment allowances as at 31.12.2014	0	577	2 006	19	2 602
Net value as at 01.01.2014	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at 31.12.2014	**7 094**	**73 875**	**84 502**	**26 364**	**191 835**

(in PLN '000)

As at 30.09.2014	Fixed assets under construction	Plant and machinery (including IT equipment)	Leasehold improve-ments	Other	Total
Value at cost as at 01.01.2014	13 332	174 125	150 247	70 546	408 250
Changes due to:	-8 038	15 630	4 354	1 335	13 281
Purchases in 2014	7 019	7 153	3 931	1 037	19 140
Reclassifications in 2014	-9 198	8 477	423	298	0
Sales in 2014	0	0	0	0	0
Other changes	-5 859	0	0	0	-5 859
Value at cost as at 30.09.2014	5 294	189 755	154 601	71 881	421 531
Accumulated depreciation as at 01.01.2014	0	100 163	53 308	39 264	192 735
Depreciation for 2014	0	15 853	11 515	7 743	35 111
Other changes	0	0	0	-2 679	-2 679
Accumulated depreciation as at 30.09.2014	0	116 016	64 823	44 328	225 167
Impairment allowances as at 01.01.2014	0	182	193	19	394
Changes in impairment allowances in 2014	0	8	63	0	71
Impairment allowances as at 30.09.2014	0	190	256	19	465
Net value as at 01.01.2014	**13 332**	**73 780**	**96 746**	**31 263**	**215 121**
Net value as at 30.09.2014	**5 294**	**73 549**	**89 522**	**27 534**	**195 899**

18. Intangible assets

As at 30.09.2015	Goodwill	Capital expenditure	Computer software and licences	Trademark	Other	Total
Value at cost at the beginning of the period	3 295	35 705	307 574	300	0	346 874
Changes due to the acquisition of Meritum	101 872	1 255	64 672	3 367	4 704	175 870
Changes in intangible assets	4 458	7 065	26 004	0	0	37 527
Purchases in 2015	0	11 423	2 829	0	0	14 252
Reclassifications in 2015	0	-24 035	24 035	0	0	0
Capitalized costs of salaries	0	19 677	0	0	0	19 677
Other changes	4 458	0	-860	0	0	3 598
Value at cost at the end of the period	109 625	44 025	398 250	3 667	4 704	560 271
Accumulated amortization as at the beginning of the period	0	0	128 620	0	0	128 620
Change due to the acquisition of Meritum			29 442	0	520	29 962
Amortization for 2015	0	0	24 012	0	1 200	25 212
Other changes	0	0	3 197	0	0	3 197
Accumulated amortization as at the end of the period	0	0	185 271	0	1 720	186 991
Impairment allowances as at the beginning of the period	2 321	27	342	0	0	2 690
impairment changes	-653	0	0	3 367	0	2 714
Impairment allowances as at the end of the period	1 668	27	342	3 367	0	5 404
Net value as at the beginning of the period	**974**	**35 678**	**178 612**	**300**	**0**	**215 564**
Wartość netto na 30.09.2015	**107 957**	**43 998**	**212 637**	**300**	**2 984**	**367 876**

**) including customer relationships*

As at 31.12.2014	Goodwill	Capital expenditure	Computer software and licences	Trademark	Total
Value at cost at the beginning of the period	0	53 762	233 514	300	287 576
Changes in intangible assets	3 295	-18 057	74 060	0	59 298

(in PLN '000)

Purchases in 2014	0	28 004	9 777	0	37 781
Reclassifications in 2014	0	-54 164	54 164	0	0
Capitalized costs of salaries	0	8 103	10 119	0	18 222
Other changes	3 295	0	0	0	3 295
Value at cost at the end of the period	3 295	35 705	307 574	300	346 874
Accumulated amortization as at the beginning of the period	0	0	99 524	0	99 524
Amortization for 2014	0	0	28 999	0	28 999
Other changes	0	0	97	0	97
Accumulated amortization as at the end of the period	0	0	128 620	0	128 620
Impairment allowances as at the beginning of the period	0	0	2	0	2
Changes in impairment allowances	2321	27	340	0	2 688
Impairment allowances as at the end of the period	2321	27	342	0	2 690
Net value as at the beginning of the period	**0**	**53 762**	**133 988**	**300**	**188 050**
Net value as at the end of the period	**974**	**35 678**	**178 612**	**300**	**215 564**

As at 30.09.2014	Goodwill	Capital expenditure	Computer software and licences	Trademark	Total
Value at cost at the beginning of the period	0	53 762	233 514	300	287 576
Changes in intangible assets	14 892	-37 074	65 182	0	43 000
Purchases in 2014	0	3 630	11 294	0	14 924
Reclassifications in 2014	0	-50 597	50 597	0	0
Capitalized costs of salaries	0	9 893	0	0	9 893
Other changes	14 892	0	3 291	0	18 183
Value at cost at the end of the period	14892	16 688	298 696	300	330 576
Accumulated amortization as at the beginning of the period	0	0	99 524	0	99 524
Amortization for 2014	0	0	22 015	0	22 015
Other changes	0	0	102	0	102
Accumulated amortization as at the end of the period	0	0	121 641	0	121 641
Impairment allowances as at the beginning of the period	0	0	2	0	2
Impairment allowances as at the end of the period	0	0	2	0	2
Net value as at the beginning of the period	**0**	**53 762**	**133 988**	**300**	**188 050**
Net value as at the end of the period	**14 892**	**16 688**	**177 053**	**300**	**208 933**

Expenditure on intangible assets owned or co-owned by the Bank and intended to be kept and used for the Bank's needs or held for sale, include costs directly attributable to unfinished assembly or commissioning of a new or improved intangible asset, including, *inter alia*, the costs of:

- purchasing, domestically or abroad, or internally generating intangible assets and their transportation, assembly, improvement and implementation tests;
- preparing the place for implementation; design documentation.

19. Other assets

19.1 Other assets	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Sundry debtors	**327 103**	**181 153**	**216 529**
Other settlements	169 480	42 834	41 899
Receivables related to the sale of goods and services (including insurance)	67 000	10 894	93 027

(in PLN '000)

Guarantee deposits	12 181	11 178	11 434
Settlements of payment cards	78 442	116 247	70 169
Deferred costs	**90 656**	**29 212**	**31 086**
Settlements of rental charges and utilities	1 374	379	846
Maintenance and support of systems, servicing of plant and equipment	5 603	6 692	6 256
Mandatory costs of Banking Guarantee Fund	13 785	0	6 606
Other deferred costs	69 894	22 141	17 378
Accrued income on PCC settlements with the Tax Office	**174**	**0**	**2 500**
Settlements of VAT	**1 000**	**16 100**	**1 407**
Other assets (brutto)	**418 933**	**226 465**	**251 522**
Impairment allowances	**-31 108**	**-7 204**	**-6 702**
Other assets (netto)	**387 825**	**219 261**	**244 820**
including financial assets	327 103	181 153	216 529

19.2 Change in the balance of other assets impairment allowances	**As at 30.09.2015**	**As at 31.12.2014**	**As at 30.09.2014**
Opening balance	7 204	5 996	5 996
Changes due to the acquisition of Meritum	11 453	0	0
Changes during the year:	12 451	1 208	706
Increases	12 590	1 371	828
Decreases	-139	-163	-122
Impairment allowances at the end of the period	**31 108**	**7 204**	**6 702**

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

20. Amounts due to customers

20.1 By type	**As at 30.09.2015**	**As at 31.12.2014**	**As at 30.09.2014**
Current deposits	11 798 765	9 860 730	9 237 533
Term deposits	16 979 480	12 623 311	11 457 098
Own issue of Banking Securities	2 270 915	1 641 956	1 637 069
Other liabilities	381 456	301 991	275 756
Total amounts due to customers	**31 430 616**	**24 427 988**	**22 607 456**

20.2 By customer type and segment	**As at 30.09.2015**	**As at 31.12.2014**	**As at 30.09.2014**
Retail segment	**20 313 847**	**14 849 410**	**13 878 401**
Current deposits	8 326 825	6 736 053	6 644 576
Term deposits	11 669 398	7 796 845	6 921 671
Banking securities issued	136 421	156 769	165 922
Other liabilities	181 203	159 743	146 232
Corporate segment	**11 116 769**	**9 578 578**	**8 729 055**
Current deposits	3 471 940	3 124 677	2 592 957
Term deposits	5 310 082	4 826 466	4 535 427
Banking securities issued	2 134 494	1 485 187	1 471 146
Other liabilities	200 253	142 248	129 525
Total amounts due to customers	**31 430 616**	**24 427 988**	**22 607 456**

(in PLN '000)

20.3 By maturity (as at the balance sheet date)	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Retail segment	**20 313 847**	**14 849 410**	**13 878 401**
≤ 1M	10 945 228	8 305 470	8 482 813
> 1M ≤ 3M	3 457 555	2 819 115	1 284 707
> 3M ≤ 1Y	5 414 405	2 974 459	3 295 464
> 1Y ≤ 5Y	487 722	742 513	804 699
>5Y	8 938	7 853	10 718
Corporate segment	**11 116 769**	**9 578 578**	**8 729 055**
≤ 1M	6 880 359	6 538 822	5 713 540
> 1M ≤ 3M	1 516 004	1 027 542	1 095 446
> 3M ≤ 1Y	944 427	962 364	833 528
> 1Y ≤ 5Y	1 768 511	1 042 498	1 079 609
>5Y	7 468	7 352	6 932
Total amounts due to customers	**31 430 616**	**24 427 988**	**22 607 456**

20.4 By currency	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Retail segment	**20 313 847**	**14 849 410**	**13 878 401**
PLN	17 707 462	12 810 749	11 856 100
EUR	1 257 617	1 027 128	1 021 559
GBP	223 287	162 155	157 491
USD	934 060	739 888	748 596
CHF	81 793	47 281	38 650
Other	109 628	62 209	56 005
Corporate segment	**11 116 769**	**9 578 578**	**8 729 055**
PLN	9 910 956	8 627 707	7 609 355
EUR	899 008	717 202	910 263
GBP	37 363	36 092	40 341
USD	195 166	178 083	146 463
CHF	12 962	3 689	4 154
Other	61 314	15 805	18 479
Total amounts due to customers	**31 430 616**	**24 427 988**	**22 607 456**

20.5.1 Ten largest depositors (without banks)	Currency	As at 30.09.2015
Company 1	EUR,PLN,USD	157 000
Company 2	PLN	147 821
Company 3	PLN	130 008
Company 4	PLN,USD	121 859
Company 5	PLN	100 733
Company 6	EUR,PLN,USD	100 137
Company 7	PLN	95 204
Company 8	PLN	90 012
Company 9	PLN	89 006
Company 10	EUR,PLN,USD	86 412

20.5.2 Ten largest depositors (without banks)	Currency	As at 31.12.2014
Company 1	PLN, EUR, USD	369 372
Company 2	PLN	230 036
Company 3	PLN	151 816
Company 4	PLN	99 421
Company 5	PLN	84 708
Company 6	PLN	70 823
Company 7	PLN	67 488

(in PLN '000)

Company 8	PLN, CHF, EUR, USD	66 583
Company 9	PLN, EUR	63 717
Company 10	PLN	61 824

20.5.3 Ten largest depositors (without banks)	Currency	As at 30.09.2014
Company 1	EUR,PLN,USD	323 614
Company 2	PLN	188 286
Company 3	PLN	92 146
Company 4	EUR,PLN,USD	91 423
Company 5	PLN	90 232
Company 6	EUR,PLN	71 426
Company 7	PLN	70 401
Company 8	PLN	70 096
Company 9	CHF,EUR,PLN	66 695
Company 10	PLN	60 475

During the 9 months of 2015, the Group issued banking securities amounting to PLN 1,121,923 thousand; redemption before maturity amounted to PLN 176,593 thousand. In 2014, the Group issued banking securities amounting to PLN 890,433 thousand, and PLN 108,611 thousand was redeemed before maturity.

21. Amounts due to banks

21.1 By type	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Current deposits	11 011	11 015	11 018
Overnights	30 007	0	46 717
Term deposits	0	0	42 866
Banking securities issued	32 755	22 676	22 923
Other liabilities	171 283	131 550	118 647
Repo	417 735	883 921	1 700 172
Total amounts due to banks	**662 791**	**1 049 162**	**1 942 343**

21.2 By maturity (as at the balance sheet date)	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
≤ 1M	630 036	1 026 486	1 919 420
> 3M ≤ 1Y	12 755	10 003	10 103
> 1Y ≤ 5Y	20 000	12 673	12 820
Total amounts due to banks	**662 791**	**1 049 162**	**1 942 343**

21.3 By currency	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
PLN	573 631	926 887	1 740 545
EUR	51 251	86 568	110 300
USD	37 909	35 707	83 195
GBP	0	0	8 300
HUF	0	0	3
Total amounts due to banks	**662 791**	**1 049 162**	**1 942 343**

(in PLN '000)

22. Provisions

	Provisions for disputed claims	Provisions for employee benefits	Off-balance reserve	Total provisions
As at 1 January 2015	2 513	824	4 974	8 311
Changes due to the acquisition of a subsidiary	711	54	0	765
Provisions recorded	3 585	18	7 037	10 640
Provisions released	-101	-108	-6 546	-6 755
Provisions utilized	-3 348	0	0	-3 348
Other changes	0	0	-26	-26
As at 30 September 2015	**3 360**	**788**	**5 439**	**9 587**

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

	Provisions for disputed claims	Provisions for employee benefits	Off-balance reserve	Total provisions
As at 1 January 2014	258	623	3 990	4 871
Provisions recorded	1 582	1 399	5 314	8 295
Provisions released	-127	-11	-4 515	-4 653
Provisions utilized	-1 499	-1 321	0	-2 820
Other changes	0	207	0	207
As at 30 September 2014	**214**	**897**	**4 789**	**5 900**

The provision for old age and disability allowance is recognized for each employee based on an actuarial valuation prepared by an independent actuarial company. The basis for determining the value of the provision is the expected value of the old age or disability allowance which the Group commits to paying based on the Remuneration Regulations.

In accordance with IAS 19, the financial discounting rate used to calculate provisions has been established based on market rates of return on T-bonds, whose currency and maturity are the same as those prevailing for the Bank's liabilities under employee benefits.

23. Other liabilities

	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Interbank settlements	284 701	182 431	230 710
Taxation, customs duty, social and health insurance payables and other public settlements	25 046	22 014	23 889
Liabilities in respect of payment card settlements	5 206	3 890	7 160
Other settlements	130 504	37 875	224 203
including settlements with insurers	58 239	12 832	84 061

(in PLN '000)

Settlements of banking certificates of deposits	92 182	121 904	75 830
Accruals	11 927	39 986	21 155
Income received in advance	53 750	269 248	173 596
Provision for bancassurance resignations	80 176	44 686	58 877
Provision for employee benefits	24 482	23 496	11 796
Other liabilities	8 726	1 543	10 124
Total other liabilities	**716 700**	**747 073**	**837 340**
including financial liabilities	420 411	224 196	462 073

Settlements with insurers comprise contributions for insurance cover which the Group grants to its Customers by entering into one of the group insurance contracts (concluded by the Group with insurers and offered to its Customers).

There were no such liabilities in respect of which the Group did not settle its payment liabilities following from the contracts concluded as at 30 September 2015, 31 December 2014 and 30 September 2014.

24. Financial assets and financial liabilities held for trading

The Group classified derivative instruments and securities (shares, bonds) to financial assets and financial liabilities held for trading as at 30 September 2015, 31 December 2014 and 30 September 2014. Derivative transactions are concluded for trading purposes and for the purpose of managing market risk. The Group concludes the following types of derivative transactions: FX-Forward, FX-Swap, IRS, CIRS, FRA, Commodity Futures, Commodity Forwards and Forward security transactions. Derivative financial instruments are measured on a daily basis using the discounted cash flow method. Apart from the transactions listed above, the Group enters into option transactions. In accordance with the binding laws, in concluding option transactions, the Group executes them in a manner ensuring the simultaneous (each time and immediate) conclusion of an opposite option transaction with the same transaction parameters (back to back).

24.1 Derivative financial instruments (nominal value)	**As at 30.09.2015**	**As at 31.12.2014**	**As at 30.09.2014**
Interest rate transactions	14 080 944	16 130 395	17 027 482
SWAP	12 126 080	12 336 676	13 407 468
FRA	200 000	400 000	400 000
Cap Floor Options	1 754 864	3 393 719	3 220 014
Foreign exchange transactions	5 949 927	6 169 370	7 009 379
FX swap	950 158	1 906 986	3 789 684
FX forward	2 086 829	2 169 979	1 673 903
CIRS	2 181 295	1 750 256	1 169 453
FX options	731 645	342 149	376 339
Other options	4 176 478	2 996 972	2 852 439
Other instruments	1 122 257	573 411	337 922
Derivative financial instruments (nominal value)	**25 329 606**	**25 870 148**	**27 227 222**

(in PLN '000)

24.2 Financial assets held for trading	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Shares	2 684	2 729	3 095
Bonds	307	946	737
Certificates	117	0	0
Interest rate transactions	204 272	260 481	231 931
SWAP	198 252	246 522	219 178
FRA	879	1 790	1 136
Cap Floor Options	5 141	12 169	11 617
Foreign exchange transactions	97 245	110 794	99 304
FX swap	5 013	14 133	40 645
FX forward	48 311	42 485	20 525
CIRS	36 167	51 641	37 137
FX options	7 754	2 535	997
Other options	26 995	81 198	78 081
Other instruments	32 884	20 673	7 700
Financial assets held for trading	**364 504**	**476 821**	**420 848**

24.3 By maturity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Without specified maturity date	2 801	2 730	3 095
≤ 1W	17 450	12 190	13 992
> 1W ≤ 1M	20 760	59 687	35 742
> 1M ≤ 3M	24 962	47 440	24 825
> 3M ≤ 6M	17 591	46 079	44 177
> 6M ≤ 1Y	51 824	44 121	53 141
> 1Y ≤ 2Y	47 100	67 607	49 314
> 2Y ≤ 5Y	142 279	173 918	176 188
> 5Y ≤ 10Y	39 737	23 049	20 374
Financial assets held for trading	**364 504**	**476 821**	**420 848**

24.4 Financial liabilities held for trading	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Interest rate transactions	180 572	201 221	171 921
SWAP	175 421	189 017	160 273
Cap Floor Options	5 151	12 204	11 648
Foreign exchange transactions	58 103	45 414	39 793
FX swap	1 766	6 886	19 134
FX forward	8 320	8 410	8 461
CIRS	40 226	27 585	11 201
FX options	7 791	2 533	997
Other options	26 995	81 198	78 081
Other instruments	27 612	21 200	6 426
Financial liabilities held for trading	**293 282**	**349 033**	**296 221**

24.5 By maturity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Without specified maturity date	0	0	3
≤ 1W	7 340	9 000	7 753
> 1W ≤ 1M	8 589	15 805	20 129
> 1M ≤ 3M	17 441	35 914	6 898
> 3M ≤ 6M	14 217	15 688	23 890

(in PLN '000)

> 6M ≤ 1Y	65 505	30 949	32 796
> 1Y ≤ 2Y	32 342	70 095	47 591
> 2Y ≤ 5Y	125 685	154 772	145 742
> 5Y ≤ 10Y	22 163	16 810	11 419
Financial liabilities held for trading	**293 282**	**349 033**	**296 221**

The listing below shows the hierarchy of valuation methods of financial instruments held for trading re-measured to fair value as at 30 September 2015, and comparative data as at 31 December 2014 and 30 September 2014.

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

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

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

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

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

Instruments of this level include options embedded in deposit certificates issued by the Bank and options concluded on the interbank market to hedge embedded option positions. The fair value is determined on the basis of an internal model in consideration of both observable parameters (e.g. price of the base instrument, quotations from the secondary option market), and non-observable parameters (e.g. fluctuations, correlations between base instruments in options based on baskets of instruments). Model parameters are set based on statistical analyses. As the market risk position in respect of the specified options is in exact opposition, changes in the adopted model assumptions have no impact on changes in the fair value of the Bank's position in respect of level 3 option transactions. As at 30 September 2015, a in the valuation of an option on the financial assets side due to a 1% increase in the price of the base instrument will amount to PLN 3.5 million and will be offset exactly by the change in the valuation of the option on the financial liabilities side.
In the period from 1 January to 30 September 2015, there were no movements of financial instruments between the fair value hierarchy levels.

24.6 Valuation of financial assets	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Level 1	19 947	17 268	8 908
Shares	2 684	2 729	3 095
Bonds	307	946	737
Certificates	117	0	0
Other instruments	16 839	13 593	5 076
Level 2	317 562	378 355	333 859
SWAP	198 252	246 522	219 178
FRA	879	1 790	1 136

(in PLN '000)

Cap Floor Options	5 141	12 169	11 616
FX swap	5 013	14 133	40 645
FX forward	48 311	42 485	20 525
CIRS	36 167	51 641	37 137
FX options	7 754	2 535	997
Other instruments	16 045	7 080	2 625
Level 3	26 995	81 198	78 081
Other options	26 995	81 198	78 081
Total financial assets	**364 504**	**476 821**	**420 848**

24.7 Movements on financial assets classified as level 3	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Opening balance	81 198	46 618	46 618
Increases, including	65 618	91 893	82 953
Derivatives revaluation of previous year	**13 849**	16 778	16 778
Derivatives transactions	**39 819**	36 845	26 606
Positive valuation of derivatives	**11 950**	38 270	39 569
Decreases, including	-119 821	-57 313	-51 490
Derivatives revaluation of previous year	**-38 270**	-18 673	-18 673
Settlement/redemption	**-35 138**	-24 788	-17 640
Negative valuation of derivatives	**-46 413**	-13 852	-15 177
Financial assets classified as level 3 at the end of the period	**26 995**	**81 198**	**78 081**

24.8 Valuation of financial liabilities	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Level 1	16 496	16 624	4 800
Other instruments	16 496	16 624	4 800
Level 2	249 791	251 211	213 340
SWAP	175 421	189 017	160 273
Cap Floor Options	5 151	12 204	11 648
FX swap	1 766	6 886	19 134
FX forward	8 320	8 410	8 461
CIRS	40 226	27 585	11 201
FX options	7 791	2 533	997
Other instruments	11 116	4 576	1 626
Level 3	26 995	81 198	78 081
Other options	26 995	81 198	78 081
Total financial liabilities	**293 282**	**349 033**	**296 221**

24.9 Movements on financial liabilities classified as level 3	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Opening balance	81 198	46 618	46 618
Increases, including	65 618	91 888	82 953
Derivatives revaluation of previous year	13 849	16 778	16 778
Derivatives transactions	39 819	36 845	26 606
Positive valuation of derivatives	11 950	38 265	39 569
Decreases, including	-119 821	-57 308	-51 490
Derivatives revaluation of previous year	-38 270	-18 673	-18 673
Settlement/redemption	-35 138	-24 788	-17 640
Negative valuation of derivatives	-46 413	-13 847	-15 177
Financial liabilities classified as level 3 at the end of the period	**26 995**	**81 198**	**78 081**

(in PLN '000)

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

25. Hedge accounting

The Group applies cash flow hedge accounting. The objective of the hedging strategy is to hedge against interest rate risk arising from the volatility of cash flows from floating interest rate assets, using IRS transactions in PLN. Under the established hedge relationships, the hedged items are cash flows from the portfolio of PLN loans bearing floating interest rates, and the hedging items are IRS transactions under which the Group receives fixed rate interest and pays floating rate interest. The hedged items are measured under amortized cost and the hedging items are measured at fair value.

25.1 Hedging instruments (nominal value)	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Interest rate transactions	11 485 000	5 835 000	2 500 000
SWAP	11 485 000	5 835 000	2 500 000
Hedging instruments (nominal value)	**11 485 000**	**5 835 000**	**2 500 000**

25.2 Hedging derivatives - assets	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Level 2	123 416	80 205	53 036
Interest rate transactions	123 416	80 205	53 036
SWAP	123 416	80 205	53 036
Hedging derivatives - assets	**123 416**	**80 205**	**53 036**

25.3 By maturity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
> 1W ≤ 1M	6 193	0	0
> 1M ≤ 3M	3 664	0	0
> 3M ≤ 6M	1 761	8 896	0
> 6M ≤ 1Y	40 030	49	6 330
> 1Y ≤ 2Y	39 119	47 856	30 997
> 2Y ≤ 5Y	32 649	23 404	15 709
Hedging derivatives - assets	**123 416**	**80 205**	**53 036**

25.4 Hedging derivatives - liabilities	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Level 2	418	4 777	0
Interest rate transactions	418	4 777	0
SWAP	418	4 777	0
Hedging derivatives - liabilities	**418**	**4 777**	**0**

25.5 By maturity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
> 6M ≤ 1Y	418	875	0
> 1Y ≤ 2Y	0	2 221	0
> 2Y ≤ 5Y	0	1 681	0
Hedging derivatives - liabilities	**418**	**4 777**	**0**

(in PLN '000)

25.6 Nominal value of hedging instruments by maturity

Type of instrument	Nominal value at 30 September 2015					
	up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
IRS PLN FIXED - FLOAT	500 000	190 000	5 900 000	4 895 000	-	11 485 000

26. Subordinated liabilities

On 15 November 2011, the Polish Financial Supervision Authority granted its permission to include the subordinated loan of EUR 10 million, concluded on 12 October 2011 by and between Alior Bank S.A. and Erste Group Bank AG in the supplementary funds of Alior Bank S.A. The loan was taken out for a period of 8 years, and the interest rate is based on 3M EURIBOR. The loan can be repaid early provided that a written notice is submitted 30 days before the planned payment. As at 30 September 2015, 31 December 2014 and 30 September 2014, the carrying amount of the loan was PLN 42,591 thousand, PLN 42,828 thousand and PLN 42,018 thousand, respectively.

On 26 September 2014, the Bank issued F-series bonds with a total nominal value of PLN 321,700 thousand. The bonds were issued for a period of 10 years (the redemption date is 26 September 2024) and the interest rate is based on 6M WIBOR. Pursuant to the CRR Regulation, the bonds meet the conditions for including them in Tier 2 capital. As at 30 September 2015 and 31 December 2014, the carrying amount of the bonds was PLN 321,919 thousand and PLN 326,445 thousand, respectively. On 28 October 2014, PFSA gave its consent for including the bonds in Tier 2 capital.

On 31 March 2015, the Bank issued G-series bonds with a total nominal value of PLN 192,950 thousand. The bonds were issued for a period of 6 years (the redemption date is 31 March 2021) and the interest rate is based on 6M WIBOR. Pursuant to the CRR Regulation, the bonds meet the conditions for including them in Tier 2 capital. As at 30 September 2015, the carrying amount of the bonds was PLN 192,979 thousand.

Due to the merger with Meritum Bank, the following bonds issued by Meritum Bank were included in the portfolio of subordinated bonds:

- bonds with a total nominal value of PLN 67,200 thousand issued on 29 April 2013 as part of the Meritum Bank's Subordinated Bonds Issuance Program with a maturity of 8 years (redemption on 29 April 2021). Interest on bonds is based on 6M WIBOR. On 28 June 2013, the Polish Financial Supervision Authority issued a permission for the Bank to include these bonds in the Bank's supplementary funds. The carrying amount of these bonds amounted to PLN 68,825 thousand as at 30 September 2015.
- bonds with a total nominal value of PLN 80,000 thousand issued on 21 October 2014 with a maturity of 8 years (redemption on 21 October 2022). Interest on bonds is based on 6M WIBOR. Pursuant to the CRR Regulation, the bonds meet the criteria of inclusion in the Bank's supplementary funds. The carrying amount of these bonds amounted to PLN 81,410 thousand as at 30 September 2015.

(in PLN '000)

	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Liabilities recognized in equity	**707 724**	**369 273**	**382 951**
Subordinated borrowings	42 591	42 828	42 018
B-series bonds	0	0	18 990
F-series bonds	321 919	326 445	321 943
G-series bonds	192 979	0	0
Meritum Bank's bonds	150 235	0	0
Liabilities not recognized in equity	**0**	**172 322**	**165 705**
B-series bonds	0	19 687	0
C-series bonds	0	152 635	165 705
Subordinated liabilities	**707 724**	**541 595**	**548 656**

27. Equity

27.1 Equity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Equity attributable to equity holders of the parent	3 468 875	3 013 163	2 916 463
Share capital	727 076	699 784	699 413
Supplementary capital	2 279 758	1 775 397	1 773 494
Other reserves	186 671	184 008	182 318
Retained earnings / (accumulated losses)	-3 641	9 804	9 804
Revaluation reserve	8 989	21 426	29 728
On measurement of available for sale assets	-16 767	-6 198	2 554
On measurement of hedging derivatives	25 756	27 624	27 174
Profit for the year	270 022	322 744	221 706
Non-controlling interests	1 461	1 913	2 071
Total equity	**3 470 336**	**3 015 076**	**2 918 534**

27.2 Revaluation reserve	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Valuation of financial assets available for sale	-16 767	-6 198	2 554
treasury bills	0	-25	0
treasury bonds	-20 423	-7 601	2 753
other bonds	-277	-26	400
Deferred tax	3 933	1 454	-599
Valuation of hedging derivatives	25 756	27 624	27 174
IRS	31 798	34 104	33 548
Deferred tax	-6 042	-6 480	-6 374
Revaluation reserve	**8 989**	**21 426**	**29 728**

28. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or the most advantageous) market as at the measurement date under the current market conditions (i.e. the exit price), irrespective of whether such price is directly observable or estimated with the use of another measurement technique.

(in PLN '000)

The fair value of financial instruments is based on prices quoted on the principal (or the most advantageous) active market, without deducting the transaction costs. If the market price is unavailable, the fair value of an instrument is estimated using the measurement models or techniques for discounting future cash flows.

The measurement techniques are based on:

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

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

Balance-sheet items measured at fair value

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

The fair values of the financial instruments presented in the balance sheet at fair value as at 30 September 2015, 31 December 2014 and 30 September 2014 were equal to their carrying amounts.

Since 2013, Alior Bank SA has adjusted the value of derivatives for counterparty credit risk. The amount of such adjustment is equal to the change in the valuation of derivatives resulting from the insolvency of each of the parties to the transaction (Bilateral Credit Value Adjustment). The BCVA adjustment as at 31 March 2015 amounted to PLN – 1,203 thousan. The total amount of BCVA adjustment comprises the CVA adjustment (reflecting counterparty insolvency risk only) in the amount of PLN – 1,268 thousand, and the DVA adjustment (reflecting the risk of the Bank's insolvency) in the amount of PLN + 65 thousand. The amount of such adjustment is calculated based on the estimates of the following parameters: PD (Probability of Default), LGD (Loss Given Default), Expected Exposure (EE) and Expected Negative Exposure (NEE).

(in PLN '000)

PD and LGD are estimated by the Bank using internal models based on market quotations of credit risk. Counterparty exposures are calculated taking into account the current valuation and its projection calculated based on the expected changes in market conditions. Additionally, the estimations of credit risk adjustments take into account the mutual liabilities of the parties to the transaction resulting from hedging agreements.

Fair value measurement for disclosure purposes

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

Financial instrument	Fair value hierarchy level	As at 30.09.2015		As at 31.12.2014		As at 30.09.2014	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and balances with the Central Bank	n/a	1 347 956	1 347 956	1 158 440	1 158 440	1 018 716	1 018 716
Loans and advances to customers:	level 3	29 389 041	29 067 342	23 647 990	23 296 579	22 780 596	22 506 280
Retail segment (carrying amount)							
Loans for purchase of securities		148 858	143 127	142 921	139 791	171 141	167 359
Consumer loans		8 151 875	8 059 375	6 217 208	6 132 524	6 093 110	5 991 046
Consumer finance loans		639 826	643 841	704 834	706 709	676 330	678 058
Working capital facility		172 146	172 146	142 530	142 530	152 510	152 510
Credit card borrowings loans		229 444	223 750	204 619	199 866	203 365	200 381
Loans for residential real estate		6 243 418	6 073 287	4 991 141	4 846 854	4 448 345	4 338 190
Other mortgage loans		918 431	891 566	877 230	849 874	853 623	831 749
Other receivables		277 335	277 299	20 436	20 428	30 118	30 118
Corporate segment (carrying amount)							
Working capital facility		7 064 903	7 042 784	5 527 749	5 491 586	5 500 786	5 479 884
Car loans		86 342	86 340	141 299	141 288	166 005	165 998
Investment loans		4 917 282	4 915 210	4 134 162	4 102 105	3 887 679	3 875 040
Acquired receivables		504 879	504 879	517 347	517 347	556 972	556 972
Other receivables		34 302	33 738	26 514	26 105	40 612	38 976
Amount due from banks	level 3	372 122	372 122	449 378	449 378	292 240	292 240
Non-current assets held for sale	Level 3	973	973	908	908	37	37
Other assets	level 3	387 825	387 825	219 261	219 261	244 820	244 820
Financial liabilities measured at amortized cost:	level 3	32 093 407	32 105 318	25 477 150	25 492 681	24 549 799	24 563 538
Due to banks							
Current deposits		11 011	11 011	11 015	11 015	11 018	11 018
Overnights		30 007	30 007	0	0	46 717	46 717
Term deposits		0	0	0	0	42 866	42 866
Other liabilities		171 283	171 283	131 550	131 550	118 647	118 647
Repo		417 735	417 735	883 921	883 921	1 700 172	1 700 172
Due to customers							
Current deposits		11 798 765	11 798 765	9 860 730	9 860 730	9 237 533	9 237 533
Term deposits		16 979 480	16 979 480	12 623 311	12 623 311	11 457 098	11 457 098
Banking securities issued		2 303 670	2 315 581	1 664 632	1 680 163	1 659 992	1 673 731

(in PLN '000)

Other liabilities		381 456	381 456	301 991	301 991	275 756	275 756
Subordinated liabilities	Level 3	707 724	707 724	541 595	541 595	548 656	548 656
Management option plan	Level 3	23 452	88 455	20 789	64 940	19 099	94 684
Other liabilities	Level 3	716 700	716 700	747 073	747 073	837 340	837 340
Guarantees	Level 3	1 239 066	1 784	1 123 573	2 245	1 178 703	2 476

Loans and advances to customers:

In the method for calculating the fair value of Loans and advances to customers (with the exception of overdraft facilities) the Group compares the margins earned on newly extended loans (in the month preceding the reporting date) with the margins in the whole loan portfolio. If the margins on newly extended loans are higher than the margins on the current portfolio, the fair value of the loan is lower than its carrying amount.
Loans and advances to customers are entirely classified to level 3 of fair value hierarchy due to the use of a valuation model with material unobservable input data, that is current margins earned on newly granted loans.

Financial liabilities measured at amortized cost:

The Group has assumed that the fair values of deposits of customers and other banks and other financial liabilities with maturities below 1 year are equal to their carrying amounts. Deposits are accepted daily as part of the Group's ongoing operations; therefore, their terms are similar to the current market terms of identical transactions. The maturities of such items are short, so both values do not differ significantly.
For the purposes of disclosure, the Group determines the fair values of financial liabilities with residual maturities (or restatement of floating rates) above 1 year. This group includes own issues and subordinated loans. When determining the fair value of this group of liabilities, the Group assesses the present value of expected payments based on the current percentage curves and the original issue spread.
Own issues and subordinated loans are entirely classified to the level 3 of fair value hierarchy due to the use of a valuation model with material unobservable input data, including the original issue spread above the market curve. With respect to own issues and subordinated loans with residual maturities (or restatement of the rate) below 1 year the carrying amount appropriately reflects their fair value.

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

(in PLN '000)

updated estimates of observable input data: the Bank's share prices, the value of the WIG-Banki index, and the level of interest rate, as well as unobservable input data: volatility of the Bank's share prices, value of the WIG-Banki index and correlation between the Bank's share prices and the value of the WIG-Banki index.

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

Financial assets and financial liabilities measured based on unobservable input data.

	As at 30.09.2015	Valuation technique	Material unobservable input data
Amounts due from customers	29,067,342	comparative method	margin on newly granted loans
Financial liabilities measured at amortised cost	32,105,318	discounted cashflows	issue spread over market curve
Option Plan	88,455	simulation model	volatility of the Bank's share prices, volatility of the WIG-Banki index correlation of the Bank's share prices with the WIG-Banki index
Guarantees	1,784	cash flows	future cash flows, taking into account the amount of collateral

Financial assets and financial liabilities measured based on observable input data.

	Valuation technique	Material observable input data
Derivative financial instruments – instruments held for trading	To measure instruments, the discounted cash flows method is applied; it involves calculating yield curves based on quotations from the interbank market (including: deposit rates, rates from transactions such as FRA, OIS, IRS, fx swap points, fx basis swap points).	FX forward transactions: NBP fixing rates, yield curves based on money market deposit rates, and quotations of FRA, OIS, IRS transactions; FX swap points CIRS transactions: NBP fixing rates, yield curves based on money market deposit rates, and quotations of FRA, OIS, IRS transactions; FX basis swap points FX options: yield curves, volatility of foreign exchange rates. OIS, IRS, FRA transactions: yield curves based on money market deposit rates, and quotations of FRA, OIS, IRS Cap/Floor options transactions: yield curves, interest rate volatility. Forward commodity transactions: yield curves for futures
Derivative financial instruments – hedging instruments	To measure instruments, the discounted cash flows method is applied; it involves calculating yield curves based on quotations from the interbank market (including: deposit rates, rates from FRA, OIS, IRS transactions).	IRS transactions: yield curves based on money market deposit rates, and quotations of FRA, OIS, IRS transactions
NBP bills	The fair value is determined based on the discounted cash flows method which involves calculating a yield curve	money market deposit rates

29. Capital adequacy ratio and Tier 1 ratio

Calculation of funds and capital adequacy ratio	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Total own funds for the capital adequacy ratio	**3 674 432**	**2 951 908**	**2 993 571**
Common equity Tier I capital	2 978 413	2 589 476	2 611 326
Tier II capital	696 019	362 432	382 245
Capital requirements	**2 312 783**	**1 844 857**	**1 739 903**

(in PLN '000)

Capital requirements for the following risks: credit, counterparty, credit valuation adjustment, dilution and delivery of instruments to be settled at a later date	2 072 103	1 658 381	1 552 101
Total capital requirements for the following risks: equity instrument price risk, debt instrument price risk, commodity prices and FX risk	1 715	1 657	2 594
Capital requirement for general interest rate risks	30 744	26 207	26 596
Capital requirements for operating risk	208 221	158 612	158 612
Tier 1	**10,30%**	**11,23%**	**12,01%**
Capital adequacy ratio	**12,71%**	**12,80%**	**13,76%**

As at 30 September 2015, 31 December 2014 and 30 September 2014, the capital adequacy ratio and Tier 1 ratio were calculated in accordance with the Regulation of the European Parliament and Council (EU) No. 575/2013 dated 26 June 2013 on prudential requirements for credit institutions and investment firms ("CRR Regulation"). Until the date of these financial statements part of the regulations, amending Regulation (EU) No. 648/2012 ("CRR Regulation").

30. Off-balance sheet items

30.1 Off-balance sheet contingent liabilities granted to customers	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Off-balance sheet liabilities granted	8 149 939	7 786 373	7 682 418
Relating to financing	6 549 320	6 246 398	6 185 911
Guarantees	1 600 619	1 539 975	1 496 507
Performance guarantees	361 553	416 402	317 804
Financial guarantees	1 239 066	1 123 573	1 178 703
Off-balance sheet liabilities granted	**8 149 939**	**7 786 373**	**7 682 418**

30.2 By maturity	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
≤ 1W	3 332	760	1 634
> 1W ≤ 1M	27 107	57 610	22 732
> 1M ≤ 3M	146 133	90 459	117 530
> 3M ≤ 6M	270 261	141 211	141 045
> 6M ≤ 1Y	269 022	222 121	242 046
> 1Y ≤ 2Y	223 384	299 870	241 779
> 2Y ≤ 5Y	252 801	273 794	219 487
> 5Y ≤ 10Y	399 927	447 268	502 774
> 10Y ≤ 20Y	8 652	6 882	7 480
Off-balance sheet liabilities granted in respect of guarantees	**1 600 619**	**1 539 975**	**1 496 507**

The Group offers its individual customers contingent liabilities in respect of renewable overdraft facilities These liabilities are granted for an unspecified period, but at the same time, the adequacy of inflows of funds to the accounts is monitored.
Contingent liabilities in respect of credit cards are granted to individual customers for a period of three years.
Contingent liabilities for business customers include:
- current account limits for a period of 12 months;
- guarantees for a maximum period of 6 years;
- credit cards for a period of up to 3 years;
- tranche loans for a period of up to 2 years.

(in PLN '000)

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

31. Assets pledged as collateral

	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Treasury bonds blocked with REPO transactions	417 410	882 088	1 699 687
Registered pledge on Treasury bonds	37 754	35 072	32 973
Deposit as collateral of transactions performed	11151	10 031	14 115
Total carrying amount	**466 315**	**927 191**	**1 746 775**

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

	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Treasury bonds blocked with BFG	159 570	122 032	122 032
Deposits as derivative transactions (ISDA) collateral	171 352	143 427	110 319
Total	**330 922**	**265 459**	**232 351**

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

32.1 Description of the transaction

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

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

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

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

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

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

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

In the second quarter of 2015, the forced buy-out of the remaining shares in Meritum was completed. As at 30 June 2015, the Bank held 100% of shares in Meritum Bank ICB S.A. The fair vaue of the remaining shares was determined based on their acquisition price.

On 30 June 2015, the District Court for the capital city of Warsaw in Warsaw, 13th Business Department of the National Court Register, registered the combination of the banks.

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

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

(in PLN '000)

32.2 Settlement of the purchase transaction

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

The table below shows the identifiable assets acquired and liabilities assumed:

ASSETS	Meritum	Adjustments and eliminations	Identifiable acquired assets at fair value
Cash and balances with Central Bank	96 568	0	96 568
Available-for-sale financial assets	458 806	0	458 806
Amounts due from banks	61 418	0	61 418
Loans and advances to customers	2 722 185	-25 522	2 696 663
Property, plant and equipment	8 228	0	8 228
Intangible assets	33 296	9 103	42 399
Investments in subsidiaries	1 254	-1 254	0
Income tax assets	44 069	-990	43 079
Current	*0*	712	712
Deferred	*44 069*	*-1 702*	42 367
Other assets	39 778	-12 524	27 254
TOTAL ASSETS	**3 465 602**	**-31 187**	**3 434 415**

LIABILITIES	Meritum	Adjustments and eliminations	Identifiable acquired assets at fair value
Financial liabilities held for trading	0	718	718
Amounts due to customers	2 944 644	31 945	2 976 589
Provisions	1 266	-506	760
Other liabilities	90 307	-43 958	46 349
Income tax liabilities	2 667	0	2 667
Current	2 667	0	2 667
Subordinated liabilities	149 102	0	149 102
TOTAL LIABILITIES	**3 187 986**	**-11 801**	**3 176 185**

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

(in PLN '000)

32.3 Description of fair value measurement methods

32.3.1 Amounts due from customers

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

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

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

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

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

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

- Contractual cash flows related to the principal are then adjusted for the prepayments rate based on historic prepayments made by the customers in a given subportfolio and the sector knowledge concerning prepayments in portfolios with similar features.
- Interest margins for the individual subportfolios are established based on WIBOR/EURIBOR/LIBOR rates and contractual amounts of interest-related cash flows. This information is then compared with the forecasted fluctuations of basis interest rates.
- Future cash flows are estimated based on adjusted balances of agreements in the future periods, estimated interest margins and expected future interest rate levels.
- The risk-related cost is estimated on the basis of the historical data for the portfolio or similar portfolios. The expected loss analysis is based on the expected level of risk parameters determined based on the period that has passed since the date of launching the agreement. The main risk parameters are: DR (Default Rate), CR (Cure Rate) and LGD (Loss Given Default).
- The estimated risk cost is used to adjust the expected future cash flows.
- The value of the cash flows arising from the above elements is additionally adjusted for the amount of other costs and income related to the portfolio (e.g. fees and commission and portfolio handling costs).
- The sum of the above cash flows is then adjusted using an appropriate discount rate. The discount rate takes into account: the current and forecasted level of the risk-free rate, the cost of financing the portfolio in a given currency and the market cost of the necessary capital in connection with holding the portfolio, which set the expected market rate of return on an investment in such a portfolio.
- The sum of discounted cash flows sets the fair value of the loan portfolio as at a specified date.

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

32.3.2 Amounts due to customers

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

- Current accounts
- Term deposits

Given the fact that current accounts are payable on demand, an assumption was adopted that their fair value equals their carrying value.
The fair value of term deposits has been estimated for two subgroups based on customer type:

- Deposits of individuals
- Corporate deposits

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

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

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

32.3.3 Intangible assets

Customer relationships in the area of deposits

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

- Core deposits represent the hypothetical savings for the Bank arising from the fact that the Bank's customers maintain their cash on low-interest current accounts for a long time, instead of higher-interest term deposits. This enables the Bank to limit the financing from the market and effectively reduce interest expense.
- The spread between the interest rates of the individual current and term products was then related to the balances of core deposits in the individual periods from the valuation date to the assumed expiry of core deposits.
- The hypothetical savings thus calculated were then discounted using the discount rate representing the market cost of obtaining a similar deposit portfolio.
- As a result of the acquisition of Meritum Bank, customer relationships of PLN 4,075 thousand were recognized as at 19 February 2015. These are amortized over 2 years. As at 30 September 2015, the carrying value of customer relationships amounted to PLN 2,875 thousand.

IT systems

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

Internally developed systems

- Internally developed systems include Feniks, IS, Gandalf and Hurtownia Danych (Data Warehouse).
- The estimation of these systems' fair value comprised in each case determining the operational level of utilizing the functionalities of these systems in the case of their migration to IT systems of a typical buyer on the market.
- The extent of the assumed operational utilization of system functionalities was the basis for adjusting their gross value, being the sum of capitalized expenditure incurred on their development. Gross expenditure thus adjusted constituted the fair value of the internally developed systems as at the valuation date.

External systems

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

Meritum Bank's trademark

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

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

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

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

- The trademark recognized as an intangible assets as at the date of acquisition of Meritum Bank was measured in the amount of PLN 3,367 thousand. Due to the fact that the Bank does not intend to use the trademark in the course of its further operation, the asset was written off.

32.3.4 Goodwill

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

Calculation of goodwill	in PLN '000
+ the fair value of the consideration	360 102
- the fair value of net assets of the acquired entity	258 230
Total goodwill	**101 872**

(in PLN '000)

Goodwill was allocated entirely to the retail segment and will not be subject to a tax deduction.
Goodwill arising from the acquisition comprises mainly expected synergies from the business combination. The objective of the planned business combination is to ensure further dynamic growth, increase the market share, the scale of operations, and consequently the possibility of becoming one of the main players on the Polish banking market, optimize the topline strategy, strengthen the product offer and enhance the sales processes, including IT solutions supporting them, strengthen the innovativeness and technology competencies and presence in all the key distribution channels for strategic products.
Due to the fact that the business combination took place during the reporting period, presented below is the income statement of the acquired entities from the acquisition date until 30 September 2015 and the income statement of the Group as though the acquisition date fell at the beginning of a reporting period, i.e. as at 1 January 2015.

Income statement of Meritum and Meritum Services from the acquisition date until 30 September 2015

	19.02.2015-30.09.2015
Interest income	237 760
Interest expense	-42 568
Net interest income	**195 192**
Fee and commission income	11 860
Fee and commission expense	-6 613
Net fee and commission income	**5 247**
Trading result	**583**
Net gain / loss realized on other financial instruments	**-921**
Other operating income	18 071
Other operating expenses	-546
Other operating income, net	**17 525**
General administrative expenses	**-73 085**
Net impairment losses and allowances	**-102 480**
Profit before tax	**42 061**
Income tax	-7 861
Net profit	**34 200**

The income statement of the Group reported as if the acquisition date was at the beginning of a reporting period, i.e. as at 1 January 2015.

Group	**1.01.2015-30.09.2015**
Interest income	1 610 922
Interest expense	-468 230
Net interest income	**1 142 692**
Dividend income	**64**
Fee and commission income	407 383
Fee and commission expense	-155 010
Net fee and commission income	**252 373**
Trading result	**191 910**
Net gain / loss realized on other financial instruments	**7 689**

Other operating income	69 158
Other operating expenses	-29 388
Other operating income, net	**39 770**
General administrative expenses	**-797 871**
Net impairment losses and allowances	**-502 646**
Profit before tax	**333 981**
Income tax	-65 312
Net profit	**268 669**

33. Purchase of an organized part of an enterprise

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

ZZN conducts business activities comprising:
- intermediation relating to properties which are intended for branch offices and other properties, including their adaptation to the requirements of the Bank's business activities;
- leasing and renting land, facilities, premises and usable space, including the related ancillary activities;
- services relating to property administration, including property management;

With the purchase of ZZN, all obligations relating to ZZN's operations were transferred to the Bank, including, in particular, any rights attached to properties. The Bank's General Shareholders' Meeting agreed to the purchase on 25 May 2015.
The purchase price of the organized part of an enterprise amounted to PLN 41,800,000.
Identifiable assets acquired and liabilities assumed are presented below:

Assets	in PLN '000
Property, plant and equipment	38,264
Other assets	4,980
Total assets	**43,244**

Liabilities	in PLN '000
Other liabilities	6,556
Total liabilities and equity	**6,556**
Total identifiable net assets	**36,688**

The fair value of the net assets acquired is equal to their carrying amount.
As a result of the transaction, the Group recognized goodwill of PLN 5,112 thousand, determined as follows:

Calculation of goodwill	in PLN '000
+ Fair value of consideration transferred	41,800
- Fair value of net assets of the acquiree	36,688

(in PLN '000)

Total goodwill	**5,112**

34. Related party transactions

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

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

Related parties	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Assets			
Loans and advances to customers	199	59 753	63 652
Total assets	**199**	**59 753**	**63 652**
Liabilities and equity			
Financial liabilities measured at amortized cost	89 259	142 997	195 040
Provisions	12	9	0
Other liabilities	60	161	39
Total liabilties and equity	**89 331**	**143 167**	**195 079**

Related parties	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Off-balance sheet liabilities granted to customers	**9 194**	**31 999**	**21 555**
Relating to financing	7 512	22 763	5 293
Guarantees	1 682	9 236	16 262

Related parties	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Interest income	49	2 354
Interest expense	-979	-1 901
Fee and commission income	101	838
Other operating income	59	88
General administrative expenses	-23 991	-43 525
Impairment losses on non-current asset held for sale	0	-38 298
Total	**-24 761**	**-80 444**

As at 30 September 2015, the majority of amounts due to customers related to deposits placed with the Bank by Alior Polska sp. z o.o., Zygmunt Zaleski Stichting and Socamil SA. In the 9 months of 2015, all general administrative expenses related to costs incurred by the Bank in respect of leasing properties from Alior Polska sp. z o.o.

Nature of related party transactions

All transactions with related entities are concluded under the bank product rules and regulations, on an arm's length basis.

(in PLN '000)

In the reporting period covered by these financial statements, the agreements between the Group and Alior Polska Sp. z o.o. relating to the sublease of office space were in force. Ms. Helene Zaleski, Chair of the Alior Bank S.A. Supervisory Board, also holds the position of President of the Management Board of Alior Polska Sp. z o.o.

35. Management Option Plan

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

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

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

Name and surname	Number of A-series warrantes awarded as at 30.09.2015	Number of B-series warrants awarded as at 30.09.2015	Number of C-series warrants initially awarded as at 30.09.2015
Sobieraj Wojciech	222 086	222 086	222 086
Czuba Krzysztof	88 833	88 833	88 833
Hucał Michał	53 300	66 625	88 833
Skrok Witold	71 067	88 833	88 833
Sułkowska Katarzyna	88 830	88 833	88 833
Total	**524 116**	**555 210**	**577 418**

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

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

starting from the second anniversary of the first quotation of the Bank's shares on the WSE;

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

The eligible persons will be able to take up subscription warrants on condition that the change in the price of the Bank's shares on the WSE in the reference period (calculated as the difference between the final price of the shares offered and the average closing price from 30 trading session days preceding the first (for A series subscription warrants), second (for B series subscription warrants) or third (for C series subscription warrants) anniversary of the first quotation of the Bank's shares on the WSE exceeds the change in the WIG-Banki index in the same period (calculated as the difference between the WIG-Banki index as at the day of the first quotation of the Bank's shares on the WSE and the average closing value of the WIG-Banki index from 30 trading session days preceding the day of the first, second or third anniversary of the first quotation of the Bank's shares at the WSE (as appropriate)).
The issue price of the shares will amount to the average price of the Bank's shares in the Public Offering calculated by dividing the net proceeds from the public offering by the total number of offered shares allocated in the public offering, increased by 10% (in the case of D series shares), 15% (in the case of E series shares) and 17.5% (in the case of F series shares).
The new management option scheme will affect the Bank's financial result as a component of employee costs and will be recognized, in the same amount, as an increase in equity under other capital – share-based payment – equity component. At the day of start of the plan, its value amounted to PLN 24,692 thousand. In the first three quarters of 2015, the related costs amounted to PLN 2,662 thousand. The value of the scheme was determined based on the fair value model. The fair value of share warrants was determined based on the simulation model of the share prices and the value of the WIG-Banki index. It is assumed that both the share prices and index prices change over time in accordance with the Geometric Brownian Motion process, assuming: long-term volatility of the Bank's share prices, long-term volatility of the value of WIG-Banki index, the correlation between the share price and the value of the index during the simulation period, the dividend rate of the shares, and the risk-free rate. The estimates of volatility and correlation were based on historical data and comparable data (in the absence of historical data). The model takes into account the right to exercise the series A, B and C warrants for a period of five years from the first, second and third year from the date of issue, respectively.

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

On 30 April 2015, resolutions of the Bank's Supervisory Board and Management Board were passed on the allotment of 262,614 deferred A series warrants and 1,003,050 B series warrants. Vesting of 49,968 B series warrants was deferred and, similarly as in the case of A series warrants, conditioned on achievement of goals in 2015.

To maintain the valuation of the Scheme unchanged, 134,663 A series warrants and 57,398 B series warrants were not allotted.

With respect to persons holding managerial positions at the Bank within the meaning of the Policy of Variable Remuneration Components in Alior Bank S.A., each pool of the Warrants will be offered and issued in four tranches (the first tranche of the Subscription Warrants of 49.9% and the other three tranches of 16.7% of the number of warrants granted for the period), subject to terms and conditions of the Policy of Variable Remuneration Components in Alior Bank S.A.

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

As at the date of publication of this report, the Bank's Management Board completed the procedures for increasing the Bank's share capital by five issues of new D-series ordinary bearer shares with a nominal value of PLN 4,107,040 constituting 12.32% of all exercisable rights vested in the participants of the Subscription Warrant Scheme. The new issues constitute 0.56% of the currently issued shares. Representations on exercising the rights vested in them by the Bank in respect of A-Series Subscription Warrants and taking up a total of 410,704 D-Series ordinary bearer shares with a nominal value of PLN 10.00 each, with a total nominal value of PLN 4,107,040, at an issue price of PLN 61.84 per one D-Series share, were submitted on 29 August 2014, 28 November 2014, 27 February 2015, 29 May 2015, 24 August 2015 and 28 August 2015. On 15 October 2014, 5 February 2015, 7 May 2015, 7 September 2015 and 2 November 2015, the District Court for the capital city of Warsaw, 13th Business Department of the National Court Register in Warsaw registered the share capital increase through the issue of D series ordinary bearer shares and the amendments to the Bank's Articles of Association.

36. Disputed claims

As at the end of September 2015, the total amount of claims resulting from court proceedings against the Bank (excluding collection proceedings) was PLN 40,607 thousand (as at the end of 2014 it amounted to PLN 33,692 thousand).

In those cases where the probability of an outflow exceeded 50%, the Bank recognized a provision. As at 30 September 2015 it amounted to PLN 3,339 thousand (as at 31 December 2014 it was PLN 2,513 thousand).

In the Bank's opinion, no single court, arbitration court or public administration body proceeding in progress in the third quarter of 2015, and none of the proceedings jointly, could threaten the Bank's financial liquidity.

(in PLN '000)

37. Notes relating to the Brokerage Office

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

Cash and cash equivalents	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Cash and cash equivalents deposited in cash accounts with the brokerage office and paid in for purchasing securities in Initial Public Offerings or in public trading in the primary market	230 998	147 475	158 400
Total	**230 998**	**147 475**	**158 400**

Amounts due from banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Receivables in respect of transactions concluded on the securities exchange:	837	176	2 557
WSE	837	176	2 557
Total	**837**	**176**	**2 557**

Amounts due from the National Deposit and securities exchange clearing houses	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Amounts due from the settlement fund	20 152	18 879	27 583
Amounts due from the compensation fund	9 327	56	49
Total	**29 479**	**18 935**	**27 632**

Amounts due to the National Deposit and securities exchange clearing houses	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Amounts due to the settlement fund	1	6	426
Total	**1**	**6**	**426**

Amounts due to banks conducting brokerage activities, brokerage houses and commodity brokerage houses	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Liabilities in respect of transactions concluded on the securities exchange:	8 015	608	1 189
WSE	8 015	608	1 189
Total	**8 015**	**608**	**1 189**

Customers' financial instruments recorded in securities accounts	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Dematerialized financial instruments:	7 821 824	6 908 065	7 122 854
including those admitted to trading on the regulated market	5 831 071	5 493 790	5 679 088
Financial instruments other than dematerialized	9 645	11 295	49 811
Total	**7 831 469**	**6 919 360**	**7 172 665**

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

On 25 May 2015, the Ordinary Shareholders' Meeting of Alior Bank Spółka Akcyjna adopted a resolution on the appropriation of the net profit for 2014 totalling PLN 337,029,551.94. The Bank's Ordinary Shareholders' Meeting decided to retain the entire net profit for 2014 in the supplementary capital.
The Group did not pay any dividend for 2014.

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

During the third quarter of 2015, there were no material purchases or disposals of property, plant and equipment or of intangible assets, other than those described in Note 33.

40. Events significant to the business operations of the Bank's Group

Information on the planned change of the strategic investor

- On 30 May 2015, the Management Board of the Bank received a notification concerning the conclusion of a preliminary sale agreement for 18,318,473 of the Bank's shares, representing 25.26% of the Bank's share capital, by and between Alior Lux S.a.r.l. & Co. S.C.A. with its registered office in Luxembourg, Alior Polska Sp. z o.o. with its registered office in Warsaw, and Powszechny Zakład Ubezpieczeń Spółka Akcyjna in Warsaw.
  In accordance to the received notification the Bank'S shares will be purchased by PZU S.A. in three tranches, after the conditions specified in the agreement have been met:
  1. in the first tranche, PZU S.A. will purchase 6,744,900 of the Bank's shares held by Alior Lux and 500,000 shares held by Alior Polska;
  2. in the second tranche, PZU S.A. will purchase 7,244,900 of the Bank's shares held by Alior Lux;
  3. in the third tranche, PZU S.A. will purchase 3,828,673 of the Bank's shares held by Alior Lux.

  The execution of each successive tranche will take place after 70 days of the execution of the preceding tranche. The Agreement was signed on the condition of obtaining the necessary consents from the Polish Financial Supervision Authority, the President of the Polish Antimonopoly Office (UOKiK) and the Antimonopoly Committee of Ukraine. If the said consents are not obtained by 31 March 2016, the agreement shall expire.
  The Management Board of the Bank welcomed the information that an agreement had been signed for the purchase of shares held by Carlo Tassara by PZU S.A., the largest Polish insurer. In the opinion of the Management Board, having PZU S.A. as the strategic investor will be a solid foundation for the long-term development of Alior Bank and will strengthen its market position.

- On 5 August 2015, the President of the Polish Antimonopoly Office issued a decision granting a concentration consent to Powszechny Zakład Ubezpieczeń Spółka Akcyjna and the Bank.

- On 2 September 2015, the Management Board of PZU S.A. learned that the Antimonopoly Committee of Ukraine ("AMCU") granted a consent for the acquisition by PZU SA of the Bank's shares giving PZU SA the right to execute more than 25% votes in the Bank's top body.

- On 6 September 2015, the Management Board of PZU S.A. learned that the Polish Financial Supervision Authority stated that there was a lack of grounds to object to the contemplated acquisition by PZU SA of shares in Alior Bank S.A in a number sufficient to exceed the 20% of the number of votes at the general meeting.

These decisions mean that the successive conditions precedent in the agreement concluded on 30 May 2015 between PZU S.A. and the Bank's shareholders (i.e. Alior Lux S.à r.l. & Co. S.C.A. and Alior Polska sp. z o.o.) have been met. Pursuant to the said agreement, provided that the conditions specified therein have been met, PZU S.A. will acquire 18,318,473 of the Bank's shares in total, representing 25.26% of the Bank's share capital and voting rights at the Bank's General Meeting.

On 12 October, the Management Board of the Bank received a notification under Art. 69 of the Act on the Public Offering of 29 July 2005 concerning a change in the share of voting rights at the General Shareholders' Meeting of Alior Bank Spółka Akcyjna held by Powszechny Zakład Ubezpieczeń S.A. with its registered office in Warsaw. In accordance with the notification received, following a transaction conducted on 9 October 2015 (and settled on 12 October 2015), PZU S.A. and its subsidiary PZU Życie S.A. holds 7,272,247 of the Bank's shares representing 10.002% of the voting rights at the General Shareholders' Meeting of the Bank.

Other material events

- On 15 July 2015, LuxCo 82 s.a.r.l. with its registered office in Luxembourg sold 1,458,012 of the Bank's shares. The block of 1,458,012 of the Bank's shares was sold in connection with the full settlement of the first incentive plan for the Bank's managers. Following the transaction, LuxCo does not have any shares in the Bank.

- On 31 July 2015, an agreement for the sale of an organized part of an enterprise was signed by and between Alior Polska Sp. z o.o. and Alior Bank S.A. The subject matter of the agreement was an establishment separated organizationally, functionally and financially within the enterprise of Alior Bank Polska sp. z o.o., operating under the name of "Alior Polska Spółka z ograniczoną odpowiedzialnością Zakład Zarządzania Nieruchomościami" ("ZZN").
  ZZN conducts business activities comprising:
  - intermediation relating to properties intended for branch offices and other properties, including their adaptation to the requirements of the Bank's business activities;

- leasing and renting land, facilities, premises and usable space, including the related ancillary activities;
- services relating to property administration, including property management;

With the purchase of ZZN, all obligations relating to ZZN's operations were transferred to the Bank, including in particular, any rights attached to properties. The Bank's General Shareholders' Meeting agreed to the purchase on 25 May 2015.
The purchase price of the organized part of an enterprise amounted to PLN 41,800,000. The purchase price of the properties included in ZZN and referred to in Resolution no. 27/2015 of the Ordinary Shareholders' Meeting amounted to PLN 18,088,885.47.

- On 7 August 2015, the Bank concluded an agreement with Telekom Romania Mobile Communications S.A. ("Telekom Romania MC") concerning cooperation in the provision of financial intermediation services by Telekom Romania MC.

Preamble

The cooperation agreement with Telekom Romania MC relates to preparing a comprehensive offer of banking products and services and ensuring multi-channel access to these products and services based on the Telekom Romania brand (the Deutsche Telekom Group). The objectives of cooperation are as follows:

1) attracting a significant part of over 6 million customers of Telekom Romania MC and customers within the Group to banking services;
2) providing state-of-the-art online and mobile technology solutions and transactional banking solutions to such customers;
3) offering products and services which combine unique benefits resulting from cooperation between a bank and a telecom to customers.

Cooperation will include offering the majority of banking products to customers through all the possible channels, taking advantage, particularly, of the technological synergies and advantages resulting from the operating models of a bank and a telecom. This will be a continuation of the operating model of the Bank and T-Mobile which resulted in launching a T-Mobile Banking Service offer on the Polish market in May 2014.
Telekom Romania MC, acting as an intermediary of the Bank, will offer selected products of the joint venture in its sales outlets, also providing the brand and marketing. An ability to offer services to one of the largest groups of customers in Romania will materially contribute to ensuring a significant pace of customer acquisition and to increasing the Bank's profitability.
The subject matter of the Agreement covers, in particular, entrusting to Telekom Romania MC intermediation services, in the name and on behalf of the Bank, in providing financial services, including: concluding and amending bank account agreements, concluding and amending agreements for an overdraft facility, concluding and amending deposit agreements, concluding and amending loan and cash advance agreements, concluding and amending payment card agreements, concluding and amending other agreements to be arranged in the future between the Parties, consumers, sole traders, legal persons and organisational units without legal personality operating in the segments of micro-entrepreneurs, small enterprises and large companies. The said activities will be conducted in a legal form of a Bank's Branch in Romania.

Financial terms

Remuneration of Telekom Romania MC for the provision of financial intermediation services shall comprise three components: 1) a one-off fee for each new customer who meets the criteria specified in the Agreement; 2) a monthly fee depending on the number of customers who meet the criteria specified in the Agreement; 3) a percentage share in the pre-tax profit of the Bank's Branch (at a level depending on the profitability of the customer base acquired by Telekom Romania).

Purchase Option

In the period until 30 June 2038, an entity indicated by Telekom Romania MC ("the Acquirer") and Telekom Romania MC will have an option to purchase an organized part of the Bank's enterprise which includes the Bank's Branch ("ZPC"), pursuant to and in accordance with the terms and conditions specified in the Agreement, including, in particular, subject to obtaining a relevant permit of the PFSA and the National Bank of Romania.

The disposal may take place at a price representing the product of the number of customers (who meet the criteria specified in the Agreement) and the amount which depends on the fulfilment by the Bank of the relevant obligations specified in the Agreement. In accordance with the Agreement, the price will be revalued starting from 2022.

The Purchase Option may be executed by Telekom Romania MC after 5 years of the Agreement coming into force or earlier, in cases specified in the Agreement and relating to the infringement by the Bank of the obligation specified in the Agreement or to the instances, as set out in the Agreement, of termination or expiry of the Agreement, a failure to meet the financial targets connected with the Agreement or in the case of assumption of control over the Bank by a competitor or a subsidiary of a competitor of Telekom Romania MC.

Termination of the Agreement

The Agreement shall become effective on the date of its signing and subject to obtaining approvals of the competent Company's bodies. The Agreement is concluded subject to the following conditions subsequent:

1) the failure to establish a Bank's Branch in Romania within 8 months of the effective date of the Agreement (unless the Parties agree to extend this period), including the failure to obtain the necessary permits;
2) the failure of the Parties to agree and sign an Agreement concerning trademarks within 8 months of the effective date of the Agreement (unless the Parties agree to extend this period);
3) the failure to obtain the consent of the subsidiaries of Telekom Romania MC for the sale of banking products in accordance with the provisions of the Agreement within 8 months of the effective date of the Agreement (unless the Parties agree to extend this period);
4) the failure to obtain the official position of the National Bank of Romania confirming that Telekom Romania MC is able to provide financial intermediation services without the need to obtain the additional consent of the National Bank of Romania.

The Agreement was signed for a period of 5 years after the effective date of the Agreement), with an option to extend it automatically for another period(s) of 5 years. Telekom Romania MC shall have an option not to extend the validity of the Agreement provided that Telekom Romania MC submits, 6 months in advance of the expiry of the period of validity of the Agreement, a declaration that it would not use the option to extend it for another period.

- Within continued cooperation with Tesco the conditions has been agreed and new agreement has been signed. Thereby Tesco project enters the next phase of development. The work on expansion of sales network with the new channels and implementation of the expanded products offer and financial services dedicated to the clients of Tesco stores is underway. The project continues with very good sales performance, in cash loan in particular.

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

41. Significant events after the balance sheet date

- On 21 October 2015, another annex was signed to the agreement of 12 July 2010 concluded with one of the Bank's customers, which had been described in current report no. 37/2013 of 31 July 2013 as the agreement of the highest value. In accordance with the signed annex, the limit for guarantee-related products was increased to PLN 300,000,000. As a result of the signed annex signed, the Bank's total exposure to the customer's group resulting from agreements increased to PLN 349,170,300. Every guarantee issued which exceeds the limit of PLN 196 million will be secured with a deposit of no less than 25% of the amount of the guarantee issued, irrespective of its tenor. Guarantees valid for more than 36 months must be secured by a deposit of no less than 50% of the amount of the guarantee issued, irrespective of the utilization of the line. Every guarantee issued above the limit of PLN 250 million will be secured with a deposit of 100% of the amount of the guarantee issued. The remaining terms and conditions of the agreement were not changed and do not deviate from those commonly applied to such agreements.

- On 3 November 2015 an Extraordinary General Meeting has been convened to 30 November 2015. Outside the resolutions of an administrative nature, it is planned to adopt the resolutions on changes in the Supervisory Board, on issue of subscription warrants within private subscription, with the exclusion of the pre-emptive rights of the existing shareholder as well as on conditional increase of the share capital of the Bank through issuance of shares earmarked for the holders of the subscription warrants, with the exclusion of the pre-emptive rights of the existing shareholders to take up shares, and regarding changes to the statutes of the Bank.

42. Financial forecasts

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

43. Establishment of the Bonds' Issue Scheme

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

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

At the same time, the Supervisory Board of Alior Bank S.A. authorized the Management Board of Alior Bank S.A. to determine the detailed terms and conditions for issuing particular Bond series issued under the Issue Scheme, allotting the bonds to investors and taking all other necessary actions aimed at carrying out the Issue Scheme. The Management Board will inform of the dates and detailed terms and conditions of the issue in consecutive reports. On the date of the report there was no bonds' issue under this scheme.

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

44. Rating

As part of the preparations for the initial public offering, Alior Bank S.A. promised the Polish Financial Supervision Authority to take immediate action from the start of 2013 to obtain a rating awarded by a renowned international rating agency.

On 5 September 2013, Fitch Ratings Ltd. granted a BB rating with a stable perspective to Alior Bank S.A. The rating remained unchanged in accordance with the assessment made on 5 March 2015.

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

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

45. Registered audit company

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

46. Factors affecting the Bank's results in the next quarter's persective

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

- risk related to introduction of changes in the legal environment by the regulators, which may result in an increase of banking activities burdens. Including, first of all, declarations regarding the possibility of introduction of the banking assets tax, further increase of the burdens connected with Banking Guarantee Fund, and finally implementation of initiatives aiming at conversion of residential FX mortgages,

- increase of the required minimum capital requirements to T1 = 10.25%, and TCR = 13.25% from the current 9.0% and 12.5% respectively by the PFSA as from January 1, 2016, which has a direct impact on the need to ensure adequate level of equity in the future for the purpose of the development strategy implementation,

- the level of sales of the main products offered by the Bank, including mainly cash loans and housing loans for retail customers, and the scale of distribution of products for corporate customers, combined, at the same time, with maintaining profitability of sales at the assumed level,

- achievement of planned synergies, resulting from the merger with Meritum Bank in terms of income, costs and risk management, while maintaining integration costs budgeted for the year 2015 at the assumed level,

- performance in the environment of historically low interest rates, which creates pressure on the level of generated interest margin. This pressure can significantly increase in case of decision on further cut of key interest rates in 2016, which may be taken by the Monetary Policy Council,

- continuation of positive trends in the economy. GDP growth, increase in the employment as well as remuneration levels, which positively affects loans sales level and loan portfolio quality.

(in PLN '000)

Interim condensed separate financial statements

Interim condensed separate income statement

	01.07.2015-30.09.2015	01.01.2015-30.09.2015	01.07.2014-30.09.2014	01.01.2014-30.09.2014
Interest income	552 758	1 556 346	459 021	1 284 831
Interest expense	-166 708	-455 711	-138 380	-393 120
Net interest income	**386 050**	**1 100 635**	**320 641**	**891 711**
Dividend income	**22**	**64**	**9**	**25 549**
Fee and commission income	144 976	405 363	134 966	398 888
Fee and commission expense	-55 867	-153 146	-49 723	-146 251
Net fee and commission income	**89 109**	**252 217**	**85 243**	**252 637**
Trading result	**54 935**	**191 605**	**74 975**	**189 984**
Net gain (realized) on other financial instruments	**3 145**	**7 490**	**-1 779**	**391**
Other operating income	15 832	65 815	12 316	38 000
Other operating costs	-1 451	-30 051	-5 224	-13 272
Net other operating income	**14 381**	**35 764**	**7 092**	**24 728**
General administrative expenses	**-259 206**	**-775 680**	**-234 562**	**-682 259**
Impairment losses & provisions	**-173 087**	**-477 226**	**-166 553**	**-413 704**
Profit before tax	**115 349**	**334 869**	**85 066**	**289 037**
Income tax	-23 717	-64 774	-17 146	-51 528
Net profit	**91 632**	**270 095**	**67 920**	**237 509**
Net profit	**91 632**	**270 095**	**67 920**	**237 509**
Weighted average number of ordinary shares	**71 878 989**	**71 878 989**	**69 941 261**	**69 941 261**
Basic earnings per share	**1,27**	**3,76**	**0,97**	**3,40**
Diluted earnings per share (in PLN)	**1,22**	**3,60**	**0,93**	**3,24**

Interim condensed separate statement of comprehensive income

	01.07.2015-30.09.2015	01.01.2015-30.09.2015	01.07.2014-30.09.2014	01.01.2014-30.09.2014
Net profit	**91 632**	**270 095**	**67 920**	**237 509**
Items that may be reclassified to profit or loss	**31 713**	**-12 437**	**23 646**	**46 505**
Net gains/losses on financial assets available for sale	3 599	-10 569	8 699	16 311
Profit/loss on valuation of financial assets available for sale	4 443	-13 048	10 740	20 137
Deferred tax	-844	2 479	-2 041	-3 826
Net gain on hedging derivatives	28 114	-1 868	14 947	30 194
Net gain on valuation of hedging derivatives	34 709	-2 306	18 453	37 276
Deferred tax	-6 595	438	-3 506	-7 082
Total comprehensive income, net	**123 345**	**257 658**	**91 566**	**284 014**

(in PLN '000)

Interim condensed separate statement of financial position

ASSETS	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Cash and balances with the Central Bank	1 347 956	1 158 440	1 018 716
Financial assets held for trading	364 504	476 821	420 848
Financial assets available for sale	4 016 457	2 652 125	2 063 048
Other financial instruments at fair value through profit or loss	0	0	3 601
Hedging derivatives financial instruments	123 416	80 205	53 036
Amounts due from banks	370 493	446 993	289 508
Loans and advances to customers	29 395 343	23 647 990	22 780 596
Assets pledged as collateral	466 315	927 191	1 746 775
Property, plant and equipment	213 945	191 835	195 899
Intangible assets	362 690	214 589	207 958
Investments in subsidiaries	20 893	5 644	5 644
Non-current assets held for sale	973	908	37
Income tax asset	252 812	146 939	126 545
Current	0	0	2 288
Deferred	252 812	*146 939*	*124 257*
Other assets	386 698	218 398	244 139
TOTAL ASSETS	**37 322 495**	**30 168 078**	**29 156 350**

LIABILITIES AND EQUITY	As at 30.09.2015	As at 31.12.2014	As at 30.09.2014
Financial liabilities held for trading	293 282	349 033	296 221
Financial liabilities measured at amortized cost due to banks	662 785	1 049 162	1 942 343
Financial liabilities measured at amortized cost due to customers	31 447 236	24 430 968	22 611 038
Hedging derivatives financial instruments	418	4 777	0
Provisions	9 587	8 311	5 900
Other liabilities	715 000	741 875	829 571
Income tax liabilities	12 806	24 553	0
Current	12 806	24 553	0
Subordinated loans	707 724	541 595	548 656
Total liabilities	**33 848 838**	**27 150 274**	**26 233 729**
Equity	**3 473 657**	**3 017 804**	**2 922 621**
Share capital	727 075	699 784	699 413
Supplementary capital	2 280 668	1 775 397	1 773 494
Revaluation reserve	8 989	21 426	29 728
Other reserves	186 830	184 167	182 477
Current year profit	270 095	337 030	237 509
TOTAL LIABILITIES AND EQUITY	**37 322 495**	**30 168 078**	**29 156 350**

(in PLN '000)

Interim condensed separate statement of changes in equity

1.01.2014 - 31.12.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Total equity
As at 1 January 2015	**699 784**	**1 775 397**	**184 167**	**21 426**	**0**	**337 030**	**3 017 804**
Transfer of the previous year result	**-**	**337 030**	**-**	**-**	**-**	**-337 030**	**0**
Comprehensive income	**-**	**-**	**-**	**-12 437**	**-**	**270 095**	**257 658**
Net profit	-	-	-	-	-	270 095	270 095
Other comprehensive income	-	-	-	-12 437	-	-	-12 437
Share-based payments	**-**	**-**	**2 663**	**-**	**-**	**-**	**2 663**
Share issue	**27 291**	**168 241**	**-**	**-**	**-**	**-**	**195 532**
As at 30 September 2015	**727 075**	**2 280 668**	**186 830**	**8 989**	**0**	**270 095**	**3 473 657**

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

(in PLN '000)

1.01.2014- 30.09.2014	Share capital	Supplementary capital	Other reserve - Share-based payments	Revaluation reserve	Retained earnings/ accumulated losses	Net profit	Total equity
As at 1 January 2014	**635 830**	**1 434 712**	**176 792**	**-16 777**	**-275 382**	**219 752**	**2 174 927**
Transfer of the previous year result	**-**	**-**	**-**	**-**	**219 752**	**- 219 752**	**0**
Comprehensive income	**-**	**-**	**-**	**46 505**	**-**	**237 509**	**284 014**
Net profit	-	-	-		-	237 509	237 509
Other comprehensive income	-	-	-	46 505	-	-	46 505
Share-based payments	**-**	**-**	**5 685**	**-**	**-**	**-**	**5 685**
Share issue	**63 583**	**394 412**	**-**	**-**	**-**	**-**	**457 995**
Distribution of prior year result	**-**	**-55 630**	**-**	**-**	**55 630**	**-**	**0**
As at 30 September 2014	**699 413**	**1 773 494**	**182 477**	**29 728**	**-**	**237 509**	**2 922 621**

(in PLN '000)

Interim condensed separate cash flow statement

	01.01.2015-30.09.2015	01.01.2014-30.09.2014
Operating activities		
Profit before tax	**334 869**	**289 037**
Adjustments:	**67 312**	**-868 043**
Unrealized foreign exchange gains/losses	-798	61
Amortization/depreciation of tangible and intangible assets	105 322	57 126
Change in tangible and intangible assets impairment write-down	4 350	174
Profit/loss on investment net sale	0	99
Change in provisions	517	1 029
Share-based payments	2 663	5 685
Change in loans and receivables	-2 833 161	-3 181 861
Change in financial assets available for sale	-1 046 611	642 280
Change in financial assets held for trading	112 317	-177 557
Change in assets pledged as collateral	460 876	-1 059 039
Change in hedging asset derivatives	-43 211	-40 937
Change in other financial instruments at fair value through profit or loss	0	-3 601
Change in non-current assets held for sale	-65	38 298
Change in other assets	-2 335	94 907
Change in deposits	3 240 520	1 341 145
Change in issued debt	628 959	501 450
Change in financial liabilities held for trading	-56 011	112 131
Change in hedging liabilities derivatives	-4 359	0
Change in other liabilities and other comprehensive income	-363 760	881 698
Income tax paid	-137 901	-81 131
Net cash flow from (used in) operating activities	**402 181**	**-579 006**
Investing activities		
Outflows:	**-501 698**	**-48 886**
Purchase of property, plant and equipment	-64 089	-16 027
Purchase of intangible assets	-74 850	-28 215
Purchase of shares in subsidiaries, net of cash acquired	-362 759	-4 644
Inflows:	**0**	**2 803**
Dividend received	0	0
Disposal of property, plant and equipment	0	2 712
Disposal of shares in subsidiaries	0	91
Net cash used in investing activities	**-501 698**	**-46 083**
Financing activities		
Outflows:	**-216 250**	**-222 434**
Repayment of long-term liabilities	-194 977	-203 294
Interest expense – loan received	0	-654
Interest expense – subordinated loan	-21 273	-18 486
Inflows:	**388 482**	**779 695**
Inflows from share issue	195 532	457 995
Inflows from the issuance of subordinated liabilities	192 950	321 700
Net cash flow from financing activities	**172 232**	**557 262**
Total net cash flow	**72 715**	**-67 828**
incl. exchange gains/(losses)	**3 201**	**4 896**
Balance sheet change in cash and cash equivalents	**72 715**	**-67 828**
Cash and cash equivalents, opening balance	**1 456 273**	**1 251 673**
Cash and cash equivalents, closing balance	**1 528 988**	**1 183 845**
Additional disclosures on operating cash flows		
Interest income received	1 347 855	1 335 666

Interest expense paid	-393 717	-381 771

1. Basis of preparation

Scope and comparatives
In connection with the registration of the business combination between the Bank and Meritum Bank ICB S.A., the condensed interim separate financial statements of Alior Bank S.A. cover the combined data of Alior Bank and Meritum for the 9-month period ended 30 September 2015 and comprise the comparatives for the 9-month period ended 30 September 2014 (as regards the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement) and the comparatives as at 31 December 2014 (as regards the statement of financial position and statement of changes in equity). The condensed interim separate financial statements have been prepared in Polish zloties. Unless otherwise stated, the amounts are presented in PLN thousands.

In the first quarter of 2015, the Bank decided to change the presentation of net interest income on CIRS. From January 2015, interest income and expenses related to making a placement and accepting a deposit under a CIRS transaction are presented in net interest income, whereas in 2014 they were presented in net trading income. The purpose of introducing the change is to ensure the consistency of the presented net income with its economic substance.

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

Separate income statement

Items from the income statement	Data from the financial statements as at 30.09.2014		Change		Restated data 30.09.2014	
	01.07.2014-30.09.2014	01.01.2014-30.09.2014	01.07.2014-30.09.2014	01.01.2014-30.09.2014	01.07.2014-30.09.2014	01.01.2014-30.09.2014
Interest income	452 831	1 264 439	6 190	20 392	459 021	1 284 831
Interest expense	-134 578	-381 074	-3 802	-12 046	-138 380	-393 120
Net interest income	**318 253**	**883 365**	**2 388**	**8 346**	**320 641**	**891 711**
Trading result	**77 363**	**198 330**	**-2 388**	**-8 346**	**74 975**	**189 984**

(in PLN '000)

Separate statement of financial position

Items from the statement of financial position	Data from the financial statements as at 30.09.2014	Change	Restated data 30.09.2014
Financial assets available for sale	3 795 708	1 732 660	2 063 048
Amounts due from banks	294 765	5 257	289 508
Loans and advances to customers	22 789 454	8 858	22 780 596
Assets pledged as collateral	0	-1 746 775	1 746 775
TOTAL ASSETS	**26 879 927**	**0**	**26 879 927**
Financial liabilities measured at amortized cost	24 553 381	24 553 381	0
Financial liabilities measured at amortized cost due to banks	0	-1 942 343	1 942 343
Financial liabilities measured at amortized cost due to customers	0	-22 611 038	22 611 038
Provisions	12 907	7 007	5 900
Other liabilities	822 564	-7 007	829 571
TOTAL LIABILITIES AND EQUITY	**25 388 852**	**0**	**25 388 852**

Statement of compliance

These interim condensed consolidated financial statements of Alior Bank Spółka Akcyjna for the 9 months of 2015 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union as of 30 September 2015, taking into account the position of the Polish Financial Supervision Authority of 12 February 2015 and the opinion of the Ministry of Finance presented in a letter of 11 February 2015 as regards recognition of contributions made to the Bank Guarantee Fund (BGF), and in accordance with the requirements of the Decree of 19 February 2009 on current and periodic information to be prepared by issuers of securities and conditions for considering as equivalent the information required by the provisions of the law of a non-EU state (Journal of Laws of 2009 no. 33, item 259), as amended. Doubts regarding the recognition of payments to the BGF in the income statement appeared after Interpretation 21 of the International Financial Reporting Interpretations Committee (IFRIC 21) had come into force as of 1 January 2015. Taking into account the positions of the Ministry of Finance and the PFSA referred to above, the Group applied a similar approach to the recognition of the fees as in the prior years, namely it decided to amortize the cost of BGF contributions over the whole of 2015.
The total cost of the mandatory contribution and the prudential fee to the BGF will amount to PLN 60,936 in 2015, of which PLN 29,675 thousand was charged to costs of the period ended 30 September 2015.

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

The interim condensed separate income statement, interim condensed separate statement of comprehensive income, interim condensed separate statement of changes in equity and and interim condensed separate cash flow statement for the financial period from 1 January 2015 to 30 September 2015, and interim condensed separate statement of financial position as at 30 September 2015, including the comparatives, have been prepared in accordance with the same accounting policies as those applied in the last annual financial statements, with the exception of amendments to standards which are binding from 1 January 2015.

Going concern
The interim condensed separate financial statements of Alior Bank Spółka Akcyjna have been prepared on the assumption that the Bank will continue as a going concern for a period of at least 12 months after the baance sheet date, i.e. after 30 September 2015.
As of the date of approval of these financial statements, the Bank's Management Board is not aware of any circumstances that would have a negative effect on the Bank's operations for any reasons.

2. Accounting policies

The detailed accounting policies have been presented in the annual financial statements of Alior Bank S.A. for the financial period from 1 January 2014 to 31 December 2014, published on 27 February 2015 and available on the Alior Bank S.A. website, with the exception of changes discussed in note 2.2. to the interim condensed consolidated financial statements.

3. Off-balance sheet items

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

4. Related party transactions

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

5. Significant events after the balance sheet date

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

Signatures of all the Management Board members

04.11.2015	Wojciech Sobieraj CEO	.... Signature
04.11.2015	Małgorzata Bartler Deputy CEO	.... Signature
04.11.2015	Krzysztof Czuba Deputy CEO	.... Signature
04.11.2015	Joanna Krzyżanowska Deputy CEO	.... Signature
04.11.2015	Witold Skrok Deputy CEO	.... Signature
04.11.2015	Barbara Smalska Deputy CEO	.... Signature
04.11.2015	Katarzyna Sułkowska Deputy CEO	.... Signature