



**ALIOR
BANK**

ALIOR BANK S.A.

Q1 2015 results presentation

May 15, 2015

✓ **Continuous and profitable growth**

▪ **Strong earnings growth in Q1'15**

PLN 91m net income (+34% YoY)

PLN 85m net income ex-Meritum (+25% YoY)

▪ **Positive development of loan and deposit book**

Loans +PLN 980m QoQ ex-Meritum (PLN 2,783 m for Meritum)

Deposits +PLN 400m QoQ ex-Meritum (PLN 2,971 m for Meritum)

▪ **NIM impacted by rate cuts, but remains best in class**

4.3% ex Meritum (4.6% inc. Meritum)

▪ **Meritum integration on track, synergies verified**

Synergies of PLN 36 m for 2015 confirmed

▪ **T-Mobile Banking Services leading to strong customer acquisition**

202k clients acquired since launch in May 14

✓ Merger with Meritum Bank

- **Synergies of PLN 36 m and integration cost PLN 50 m confirmed:**
 - Target distribution network leverages experience of two banks (branches, agencies, strong position in intermediaries and increased presence in POS financing),
 - HR optimization up to 1000 FTEs agreed with trade unions,
- **New organizational structure of the merged institution in place**
- **Gdańsk to become Consumer Finance hub**
- **Approval of merger by General Assembly on May 25th. KNF approval to follow soon**
- **Full operational merger expected before end of 2015**

KEY FINANCIALS

M PLN	Q1'15	Q4'14 QTD	Q1'14	(A/C)-1 (%)	(A/B)-1 (%)	Meritum impact
	A	B	C	D	E	F
Net interest income	343	323	274	25,3	6,1	32,3
Net fee and commissions	93	96	84	11,0	-2,9	0,2
Trading result & other	84	81	60	40,1	3,5	5,3
Operating income	520	500	417	24,5	4,0	37,8
General Administrative Expenses	-258	-241	-215	20,0	7,0	-17,7
Net impairment	-145	-133	-117	23,3	23,3	-12,6
Gross profit	117	126	85	37,7	-7,0	7,6
Net profit	91	101	68	33,9	-9,3	6

M PLN	Q1'15	Q4'14 QTD	Q1'14	(A/C)-1 (%)	(A/B)-1 (%)	Meritum impact
Loans	27 411	23 648	20 932	31,0	15,9	2 783
Deposits	27 800	24 428	21 873	27,1	13,8	2 971
Total equity	3 322	3 015	2 718	22,2	10,2	24
Total assets	34 886	30 168	26 518	31,6	15,6	3 188

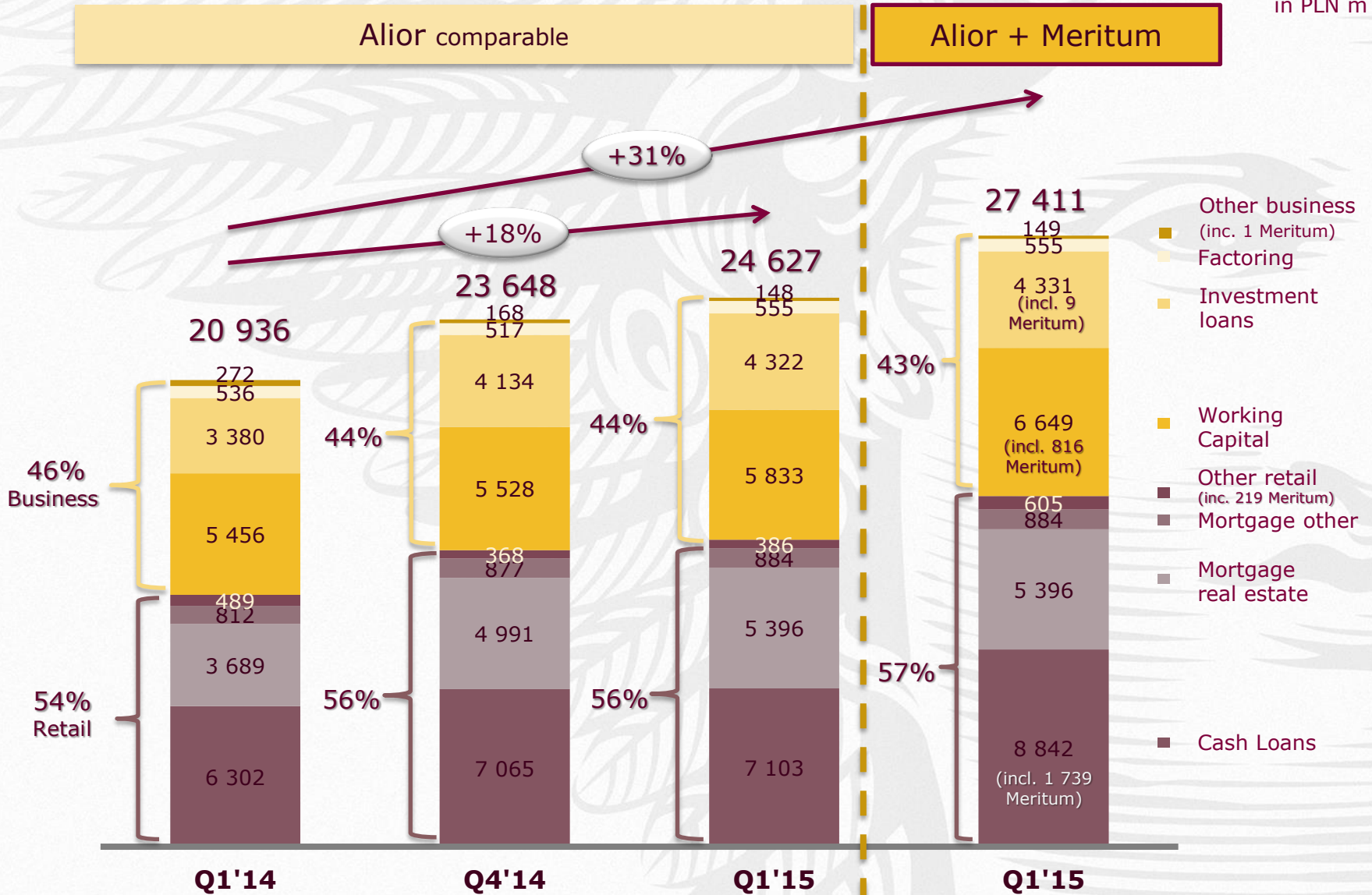
	Q1'15	Q4'14 QTD	Q1'14	A-C pp	A-B pp
ROE (%)*	12,2	12,4	11,2	1,0	-0,2
ROA (%)*	1,2	1,2	1,1	0,1	0,0
C/I (%)	49,6	49,4	51,5	-1,9	0,2
CoR (%)*	2,3	2,4	2,2	0,1	-0,1
L/D (%)	98,6	96,8	95,7	2,9	1,8
NPL ratio (%)	9,8	8,9	8,1	1,7	0,9
NPL coverage ratio (%)	58,5	53,5	52,3	6,2	4,9
CAR (%)	13,0	12,8	12,4	0,6	0,2
Tier 1 (%)	10,4	11,2	10,8	-0,4	-0,8

* Ratios calculated based on Meritum annualized figures for Q1'15 (not just period of consolidation 19.02.15- 31.03.15)

LOAN BOOK DEVELOPMENT

Loan book split

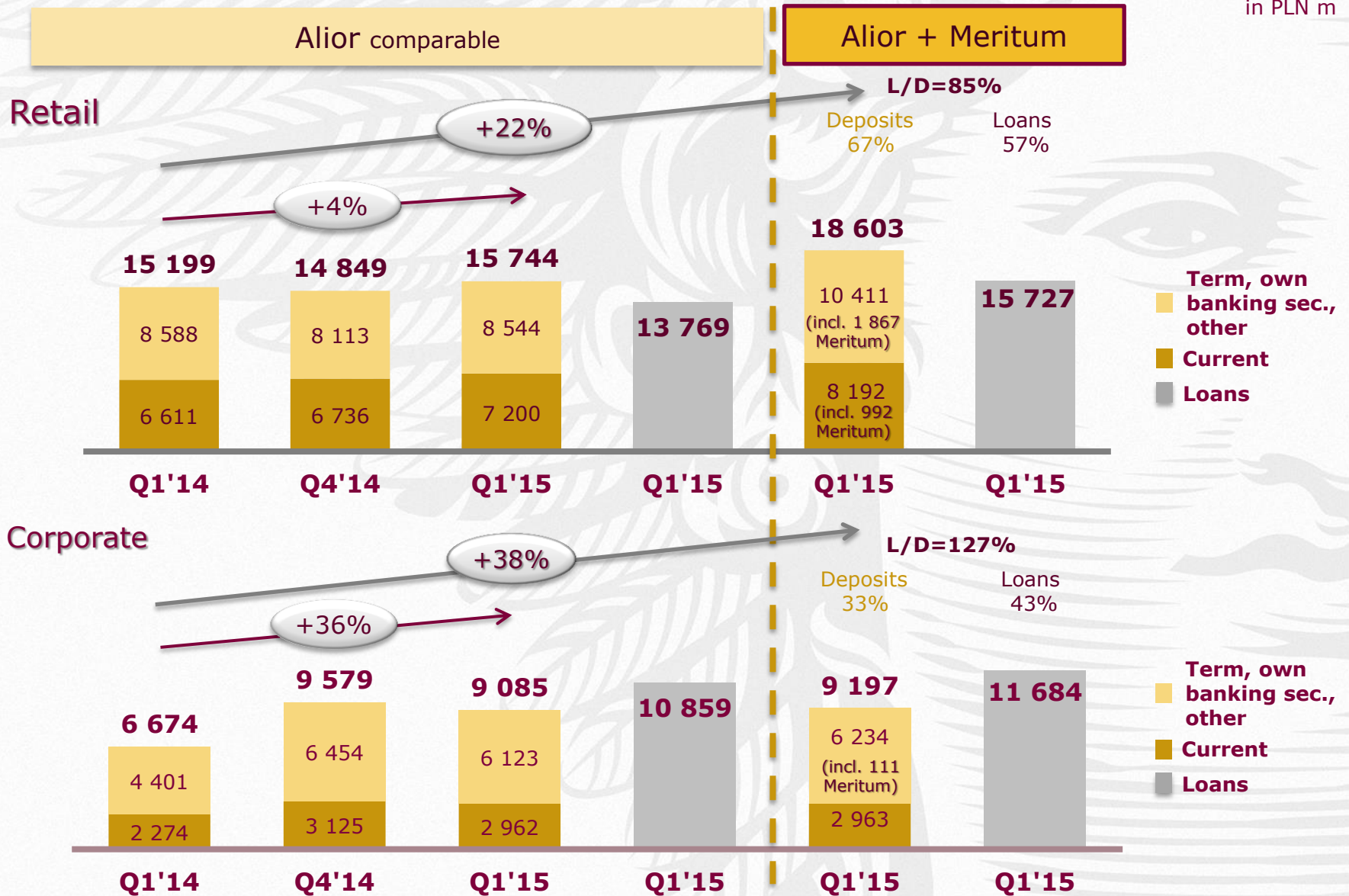
in PLN m



DEPOSIT BASE DEVELOPMENT

L/D = 98,6%

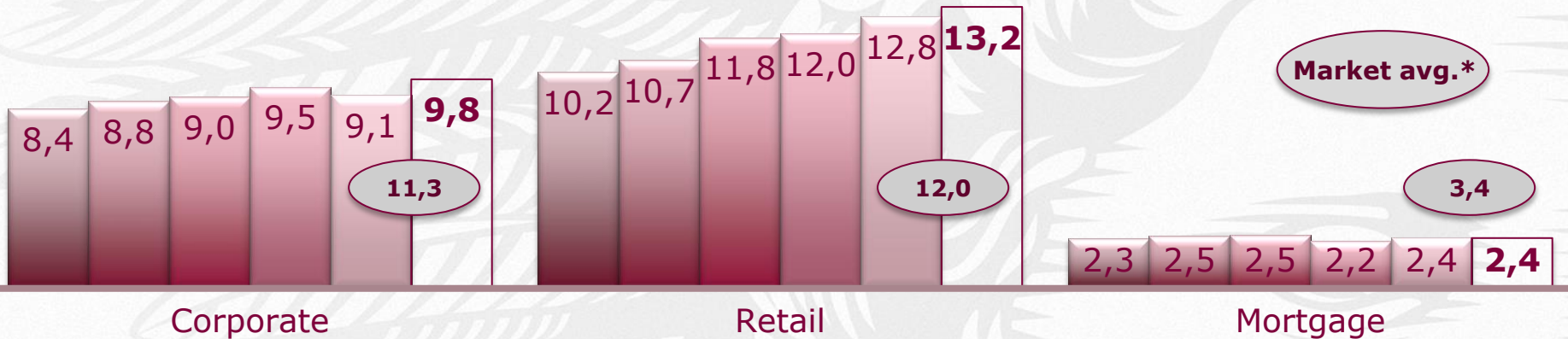
in PLN m



CREDIT RISK OVERVIEW

NPL total (%)

■ Q1'14 ■ Q2'14 ■ Q3'14 ■ Q4'14 ■ Q1'15 □ Q1'15 Alior + Meritum



Coverage ratio (%)

■ Q1'14 ■ Q2'14 ■ Q3'14 ■ Q4'14 ■ Q1'15 □ Q1'15 Alior + Meritum

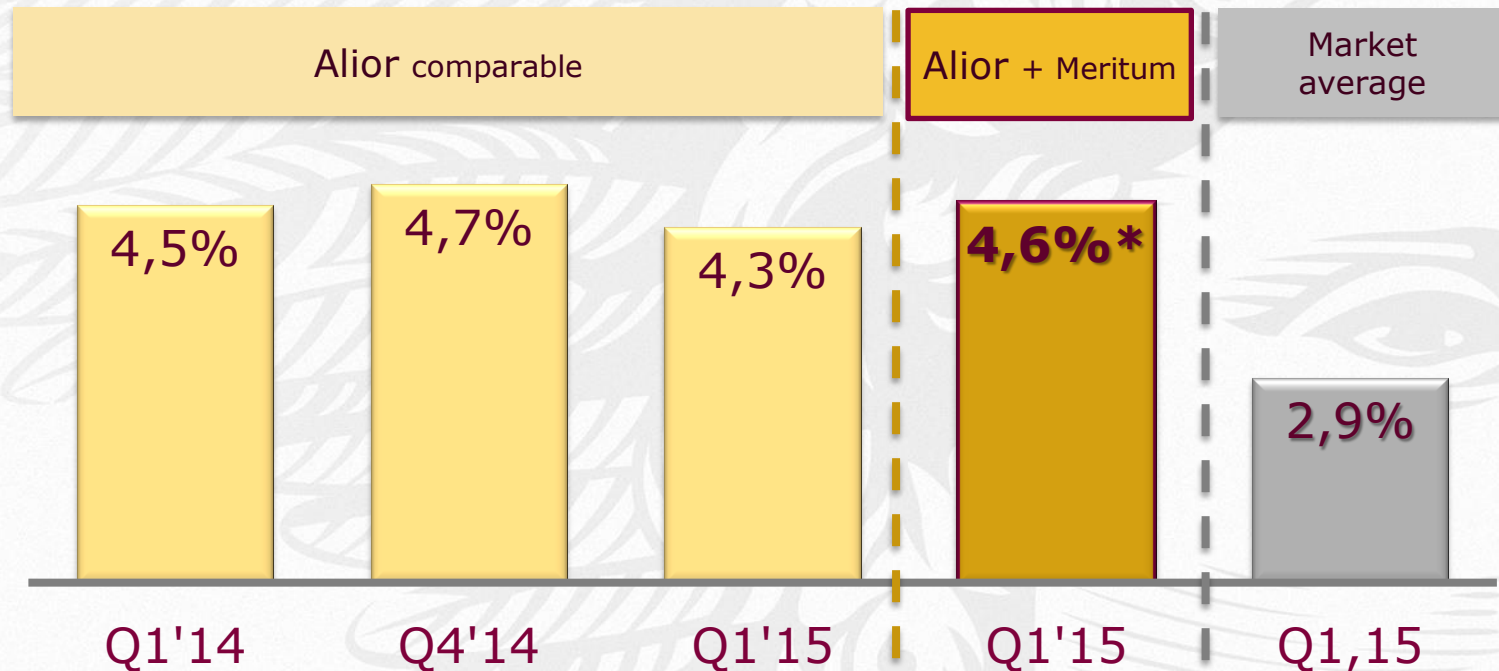


Loan portfolio structure (%)	Corporate	Retail	Mortgage
Alior + Meritum	43	38	19
Alior	44	34	22
Banking sector	34	26	40

*Ratios (as of Mar'15) calculated on the basis of figures on sector receivables published monthly by National Bank of Poland. Sector Corporate line excluding budget entities. Retail means the total retail portfolio – mortgages for real estates portfolio .

NET INTEREST MARGIN

Alior NIM development (YTD)



NIM impacted by:

- Immediate re-pricing of loans
- Delay in term deposit re-pricing
- Change of composition of retail book – fast growth of mortgage loans

Partly offset by Meritum consolidation

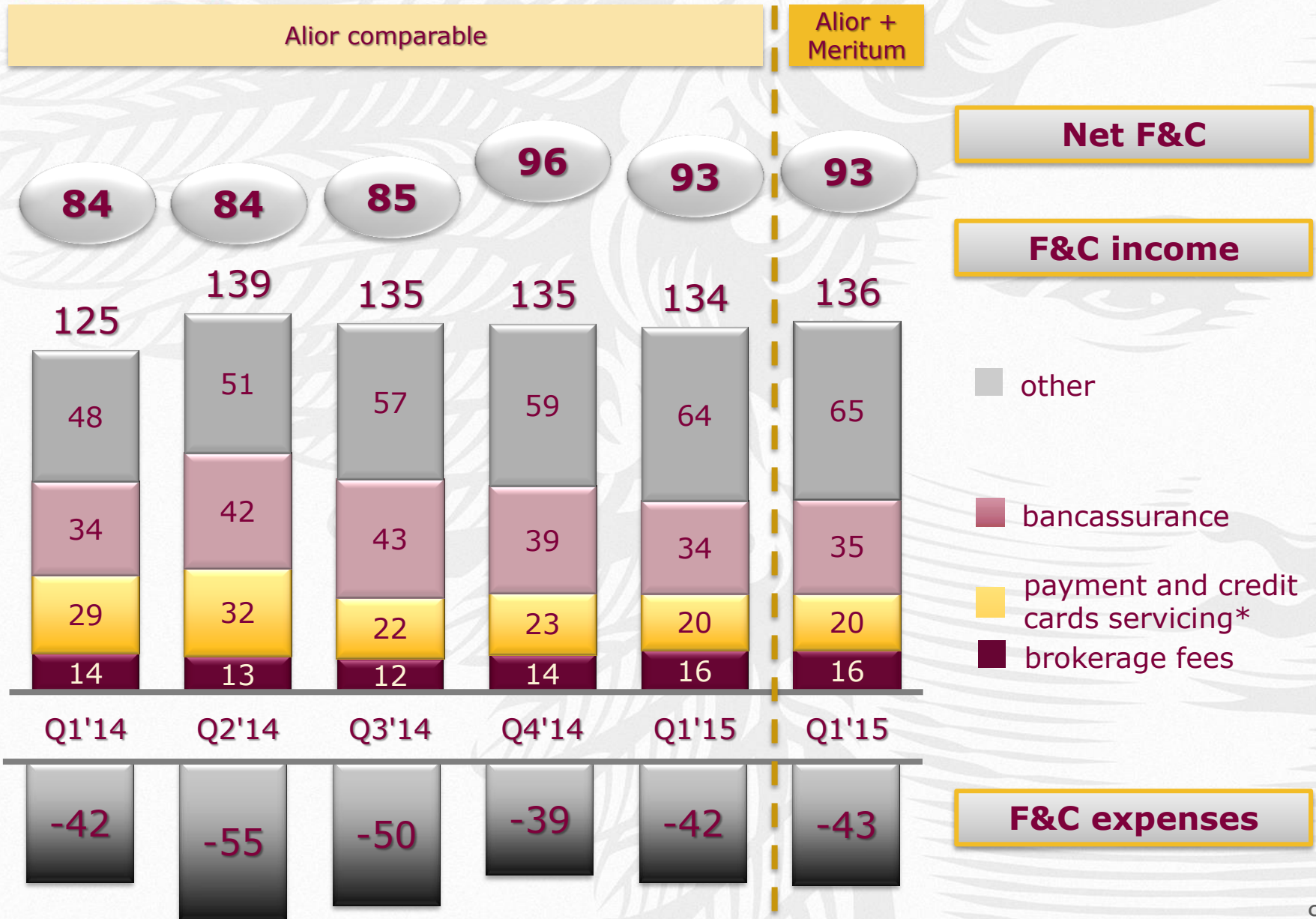
Retain focus on high margin cash loan sales and micro lending.

* Ratio calculated based on Meritum annualized figures for Q1'15 (not just period of consolidation 19.02.15- 31.03.15)

NIM formula: NII for Q1'15 annualized, divided by average of IEA from Q4'14 and Q1'15.

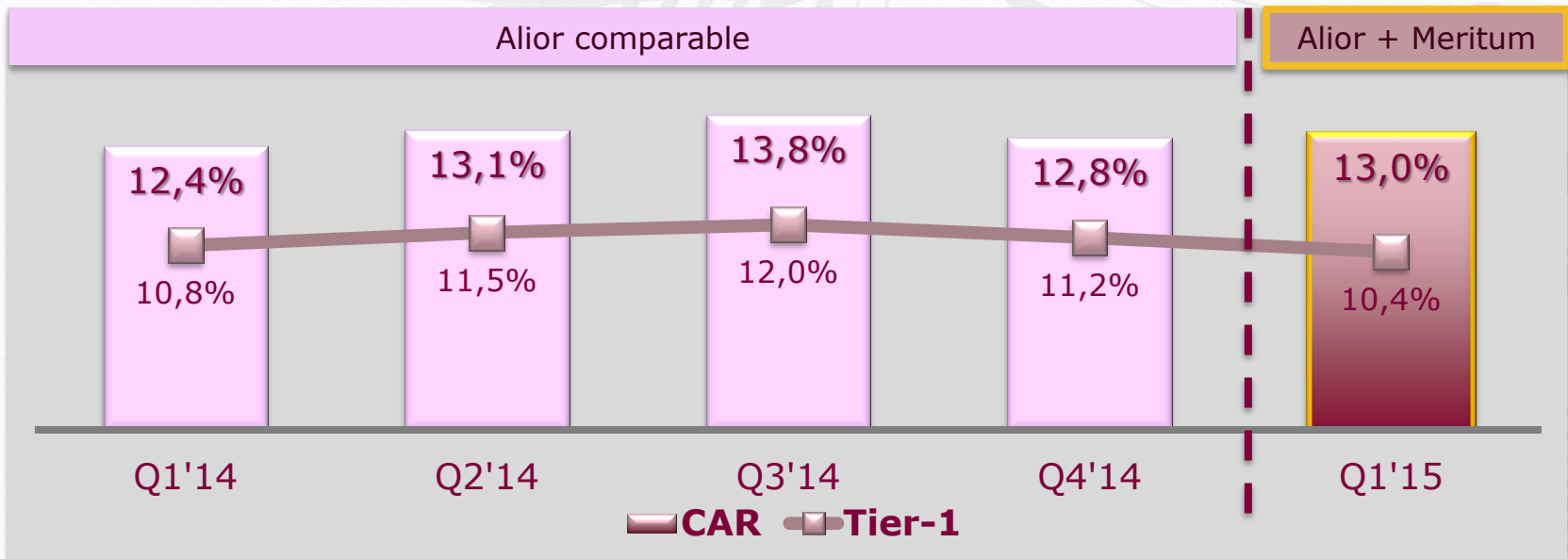
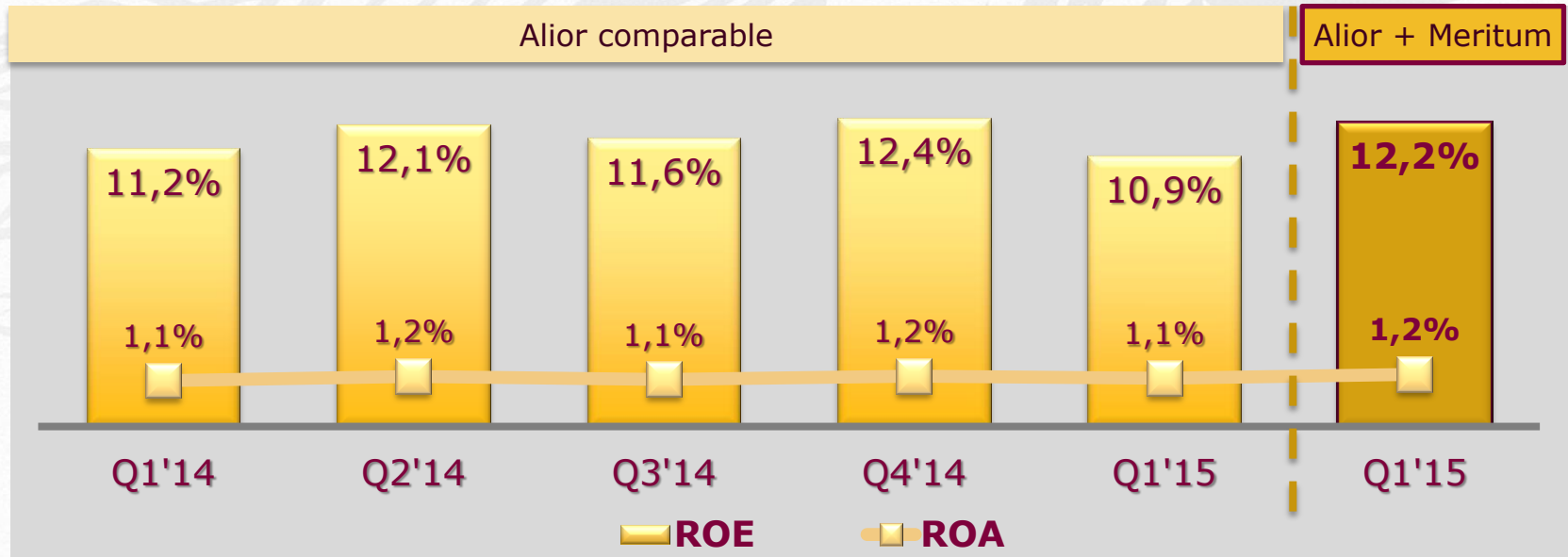
Market average calculated as average of NIM for the following banks: (Alior, BZWBK, Pekao, Bank Handlowy, ING, Millennium, mBank – Q1'15 as well as PKO BP, Bank BPH, GetinNoble – Q4'14)

FEES AND COMMISSIONS



CAPITAL POSITION ALLOWS FOR CONTINUOUS PROFITABLE GROWTH

YTD



STRICT COST DISCIPLINE MAINTAINED

in PLN m

Costs – Q1'15 C/I = 49,6%

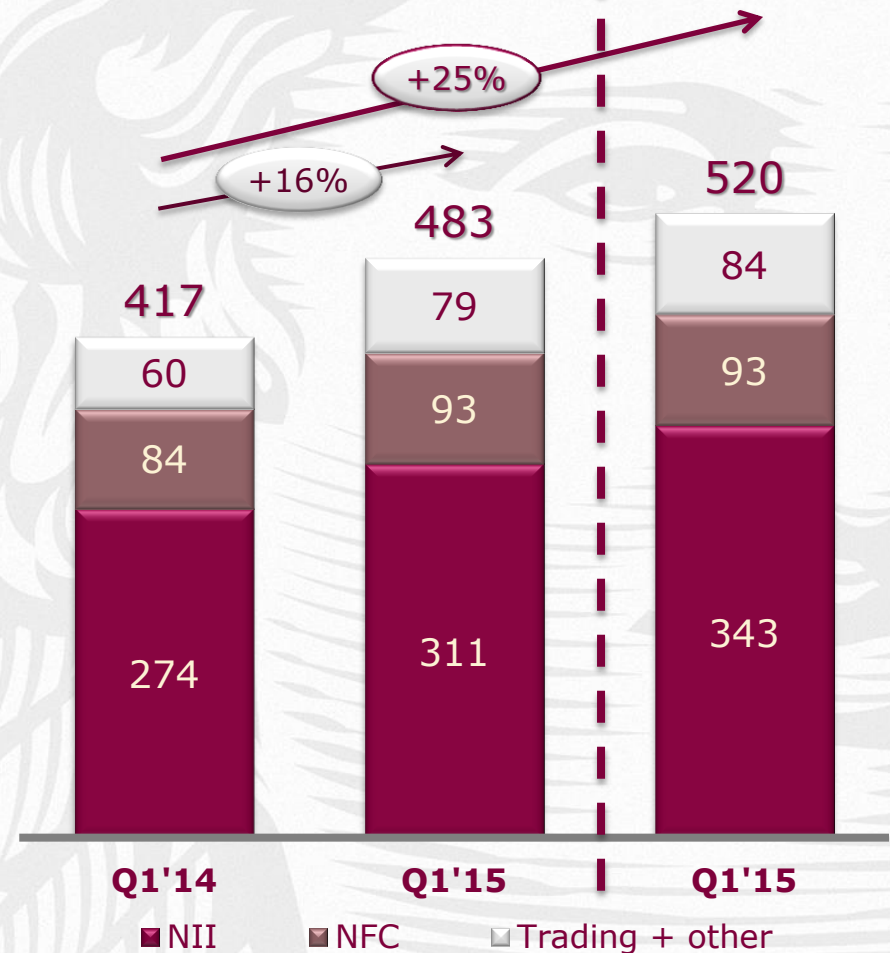
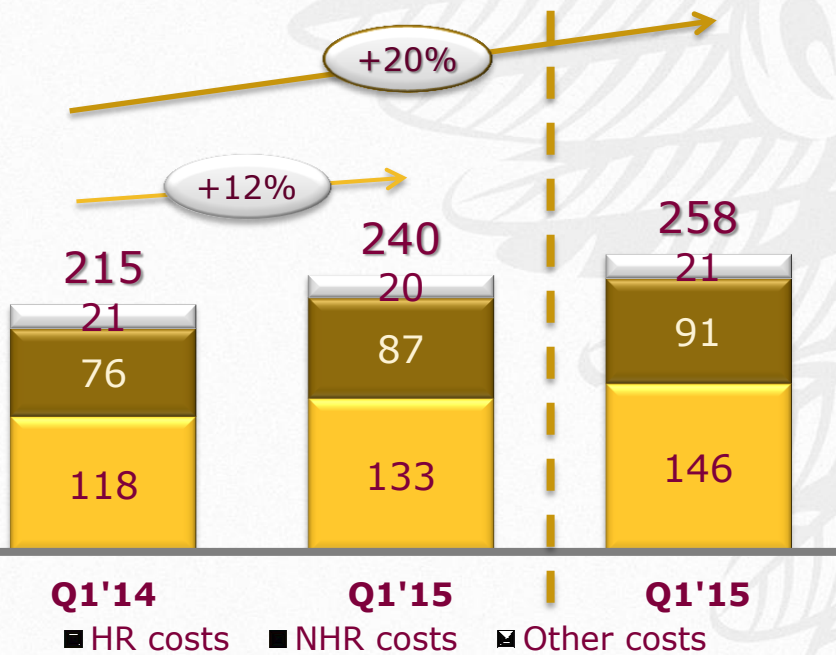
Revenues

Alior comparable

Alior+Meritum

Alior comparable

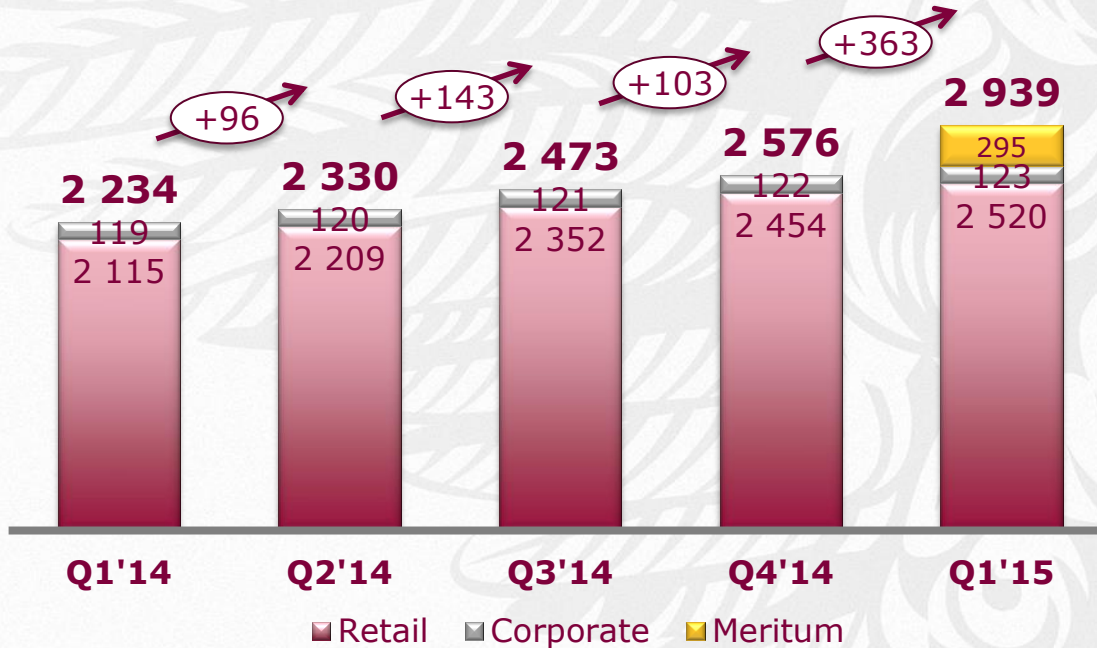
Alior+Meritum



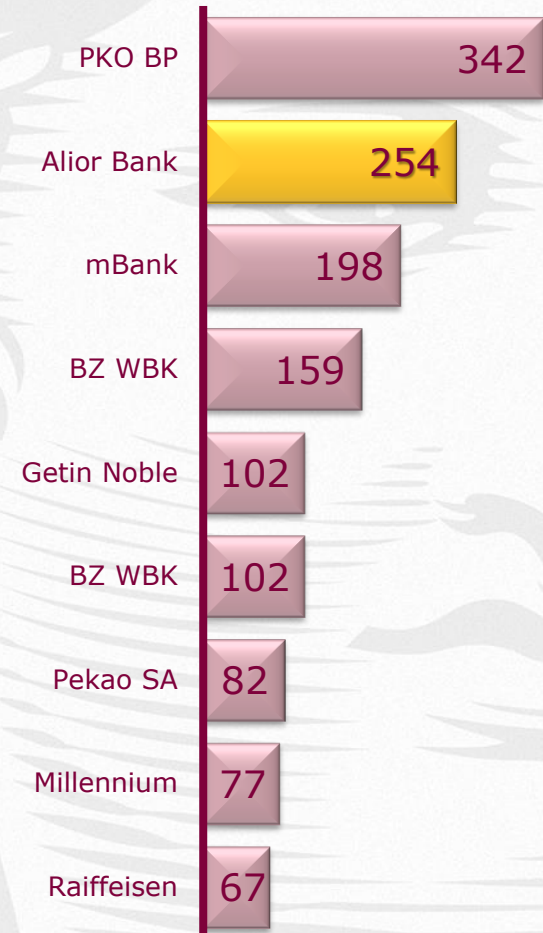
Integration costs in Q1'15: PLN 1 m

GROWING CUSTOMER BASE

Customer acquisition on track



Current accounts growth Q4'14 vs. Q4'13 (ths)

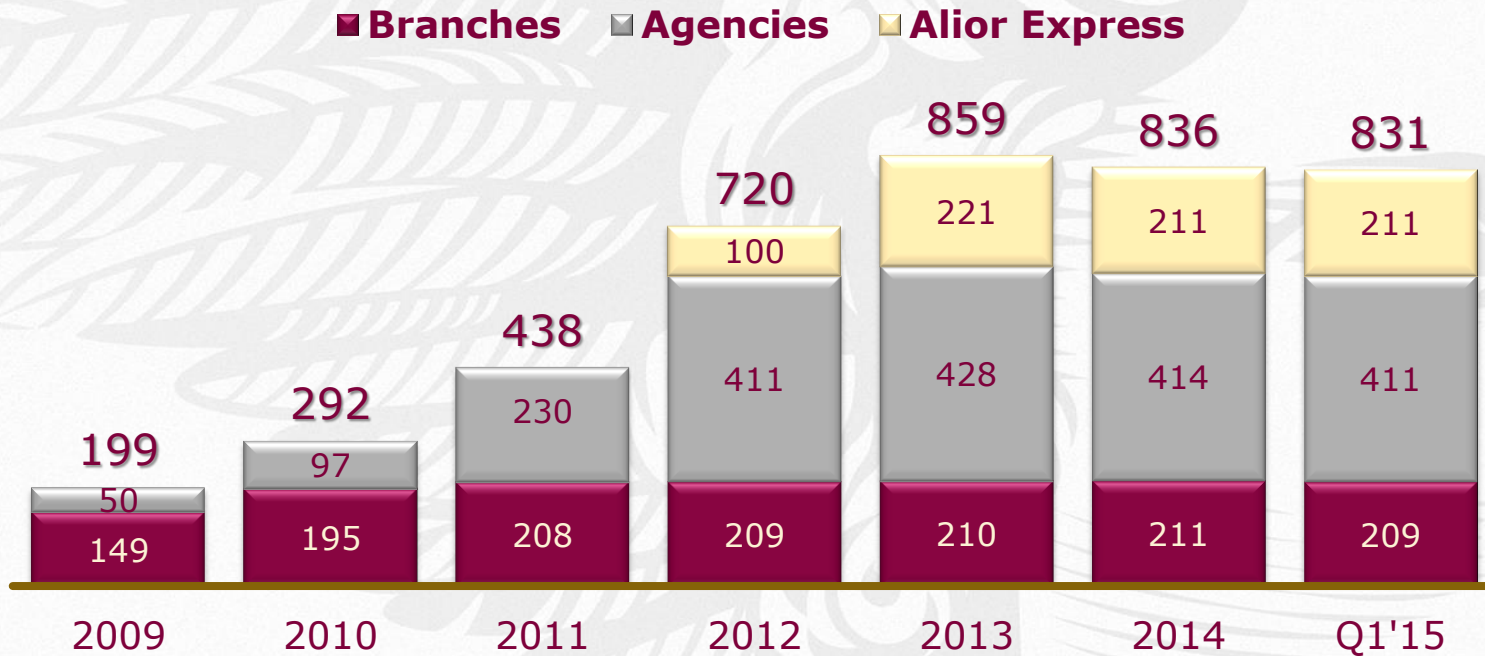


Retail client split by channel

	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
Branches	1 477	1 513	1 579	1 595	1 590
Consumer Finance	368	382	417	443	454
T-Mobile	270	314	356	416	477
Meritum					295

DIVERSIFIED DISTRIBUTION NETWORK

4th largest distribution network in Poland



Post merger with Meritum Alior distribution network (incl. T-Mobile) exceeds 1 800 outlets.

	Alior	Meritum	T-Mobile	Total
Sales outlets	831	204	783	1 818

AGENDA

- Highlights
- Operational Performance
- **Strategic Initiatives**
- Outlook
- Appendix

Client acquisition exceeds expectations

- 202 K clients acquired since launch in May'14

Dynamic growth of loan distribution network

- 135 store-in-store outlets as of end of April 2015
- Minimum 180 store-in-store outlets till the end of H1'15
- Further 60 possible locations for business potential evaluation

Cash loan campaign scheduled in mid May'15

- TV as a leading media, campaign timeline planned for 6+ weeks
- Product parameters and profitability similar to Alior's offer

New mobile banking application in Q2'15



CONSUMER FINANCE PERFORMANCE

Increasing cross-sell volumes from CF customers

Instalment loans average monthly volumes (PLN m; YTD)

06'14	07'14	08'14	09'14	10'14	11'14	12'14	01'15	02'15	03'15
675	690	697	710	722	718	737	742	730	721

-2%

cross-sell* average monthly volumes (PLN m; YTD)

06'14	07'14	08'14	09'14	10'14	11'14	12'14	01'15	02'15	03'15
396	437	474	510	545	579	613	632	669	701

+14%

*Change of cross-sell definition: all product sold to the clients whose first relation is an instalment loan regardless of cross-sell sales channel. Previously only cross sell by CF units was taken into account.

AGENDA

- Highlights
- Operational Performance
- Strategic Initiatives
- **Outlook**
- Appendix



2015 Outlook including Meritum

2015 consensus of PLN 353 m*

NIM ~4,7%

C/I below 48%

CoR ~2,5%

Loan growth 2015 - PLN 5 billion net

*based on the analysts forecasts with Meritum included published post 2014 results announcement
J.P.Morgan - 2 April'15, Wood - 8 April'15, DB - 8 April'15, BESI Research - 16 April'15, Trigon - 21 April'15, BZWBK - 24 April'15,
Raiffeisen - 27 April'15

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- Highlights
- Operational Performance
- Strategic Initiatives
- Outlook
- **Appendix**

INCOME STATEMENT SNAPSHOT

in PLN m	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15
Interest income	399	437	462	443	481
Interest expense	-125	-129	-138	-120	-138
Net interest income	274	307	324	323	343
Dividend	0	0	0	0	0
Fee and commission income	125	139	135	135	136
Fee and commission expense	-42	-55	-50	-39	-43
Net fee and commission income	84	84	85	96	93
Trading result	53	62	75	66	66
Net gain (realized) on other financial instruments	0	2	-2	8	5
Other operating income	12	14	13	14	19
Other operating costs	-5	-3	-5	-7	-6
Net other operating income	7	11	7	7	13
General administrative expenses	-215	-234	-235	-241	-258
Impairment losses	-117	-130	-167	-133	-145
Gross profit (loss)	85	102	88	126	117
Income tax	-17	-19	-18	-25	-26
Net profit from continuing operations	68	83	70	101	92
- attributable to equity holders of the parent	68	83	70	101	91
- attributable to non-controlling interests	0	0	0	0	0
Net profit attributable to equity holders of the parent	68	83	70	100	91



BALANCE SHEET SNAPSHOT

	31 Mar'14	30 Jun'14	30 Sep'14	31 Dec'14	31 Mar'15
Cash and balances with Central Bank	1 078	1 057	1 019	1 158	1 378
Financial assets held for trading	208	285	421	477	525
Financial assets available for sale	2 723	1 473	2 063	2 652	2 494
Hedging derivatives	21	16	53	80	120
Receivables from banks	271	292	292	449	320
Loans and advances to customers	20 932	21 877	22 781	23 648	27 411
Assets pledged as collateral	461	1 330	1 747	927	1 579
Property, plant and equipment	208	204	196	192	188
Intangible assets	188	190	209	216	354
Non-current asset held for sale	38	38	0	1	2
Current income tax receivables	147	145	128	148	205
Current	3	0	2	0	0
Deferred	144	145	126	148	205
Other assets	244	216	245	219	311
TOTAL ASSETS	26 518	27 124	29 156	30 168	34 886
Financial liabilities held for trading	178	226	296	349	390
Financial liabilities measured at amortized cost due to banks	655	1 565	1 919	1 049	1 854
Financial liabilities measured at amortized cost due to customers	21 873	21 418	22 630	24 428	27 800
Hedging derivatives	0	0	0	5	0
Provisions	4	8	13	8	10
Other liabilities	748	718	830	747	786
Income tax liabilities	0	19	0	25	19
- Current	0	19	0	25	19
Subordinated loans	343	349	549	542	706
Liabilities, total	23 800	24 302	26 238	27 152	31 564
Equity	2 718	2 822	2 919	3 015	3 332
Equity attributable to equity holders of the parent	2 715	2 820	2 916	3 013	3 307
Share capital	699	699	699	700	725
Supplementary capital	1 829	1 773	1 773	1 775	1 934
Revaluation reserve	-14	6	30	21	34
Other capital	178	180	182	184	185
Undistributed result from previous years	-46	10	10	10	338
Current year profit/loss	68	152	222	323	91
Non-controlling interests	2	2	2	2	15
TOTAL LIABILITIES AND EQUITY	26 518	27 124	29 156	30 168	34 886

* Subordinated liabilities in the amount of PLN 382 M are taken into account as far as the CAR calculation as of Q3'14 is concerned.

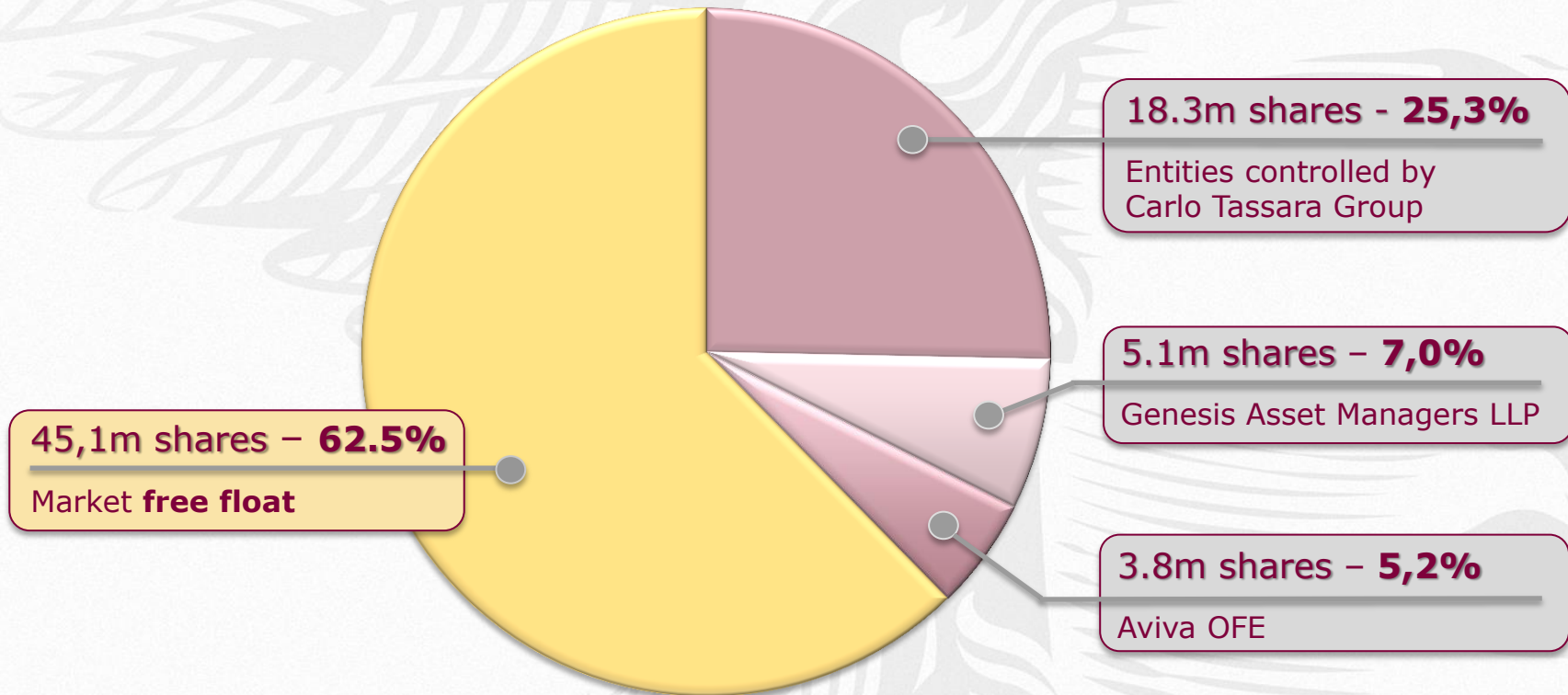
MERITUM PROFORMA INCOME STATEMENT SNAPSHOT

in PLN m	2014	Q1'15
Interest income	429,4	97,2
Interest expense	-83,7	-23,1
Net interest income	345,7	74,1
Fee and commission income	21,4	3,8
Fee and commission expense	-11,4	-3,5
Net fee and commission income	9,9	0,4
Net gain (realized) on other financial instruments	-6,4	0,5
Trading result	0,8	0,3
Net other operating income	5,6	4,7
General administrative expenses	-122,5	-32,7
Impairment losses	-186,0	-38,0
Gross profit	47,2	9,2
Income tax	-11,3	-1,8
Net profit	35,9	7,4

MERITUM PROFORMA BALANCE SHEET SNAPSHOT

ASSETS	31 Mar'14	31 Dec'14	31 Mar'15
Cash and operations with Central Bank	40,6	108,1	95,9
Financial sector receivables	77,4	70,0	50,7
Non-financial and budgetary units receivables	2 298,0	2 606,8	2 742,8
Debt securities	411,6	432,4	480,9
Shares and participation in subsidiaries	1,0	1,3	1,4
Intangible and legal assets	28,1	33,6	33,9
Tangible fixed assets	8,7	8,6	7,9
Other assets	33,1	36,1	33,3
Deferred income	55,7	56,2	64,4
Total assets	2 954,1	3 353,1	3 511,2
LIABILITIES AND EQUITY			
Liabilities due to Central Bank	0,0	0,0	0,0
Liabilities due to financial sector	12,3	32,8	26,5
Liabilities due to customers	2 570,6	2 879,1	2 912,9
Liabilities due to the issuance of debt securities	3,5	0,5	3,1
Specific funds and other liabilities	55,5	44,3	165,4
Cost and income accounted for in time and reserved	5,3	10,8	3,8
Provisions	7,7	8,5	8,2
Subordinated liabilities	93,5	147,2	147,2
Share capital	376,9	379,3	379,3
Revaluation capital	-1,0	-0,3	0,1
Other capital	0,0	0,0	0,0
Net profit from previous years	-185,1	-185,1	-149,2
Net profit current year	15,0	35,9	13,8
Liabilities & Equity	2 954,1	3 353,1	3 511,2

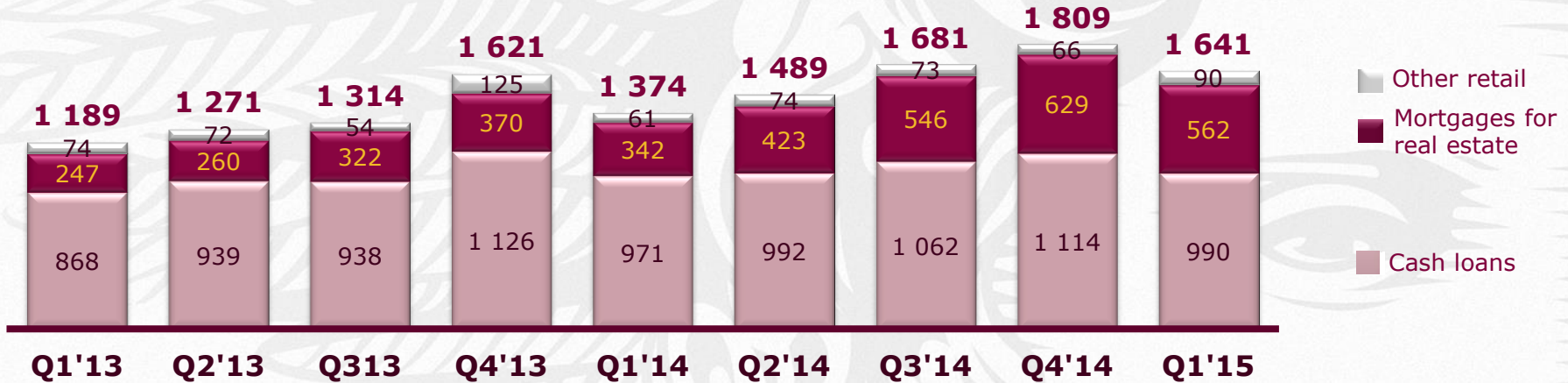
Largest free float among Polish financials institutions



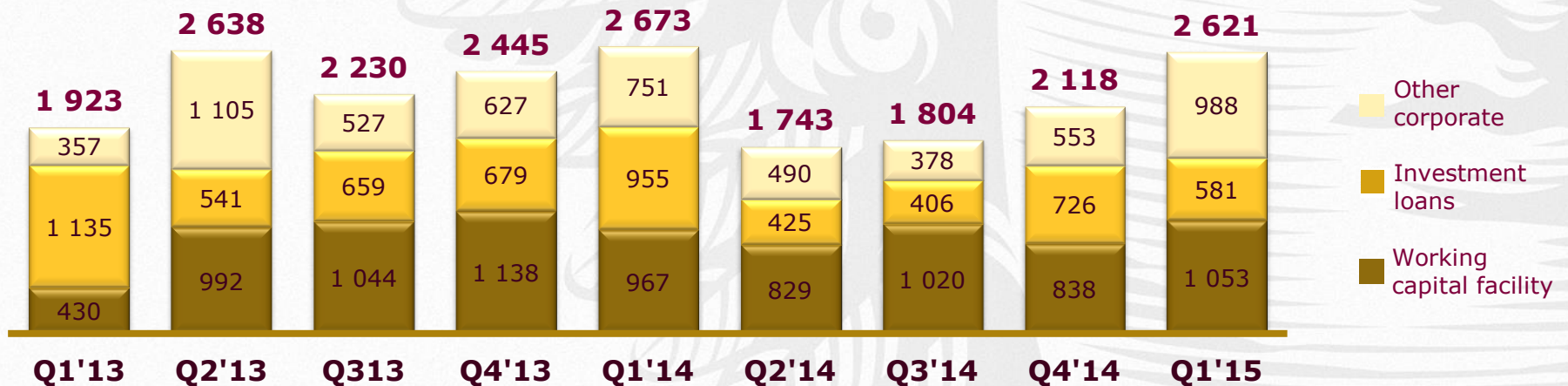
Carlo Tassara has committed to sell at least 25% to a new, strong shareholder latest by mid 2016.

CONTINUED STRONG LOAN GROWTH IN RETAIL & SME

Retail loans (new production per quarter)



Corporate loans (new production per quarter)



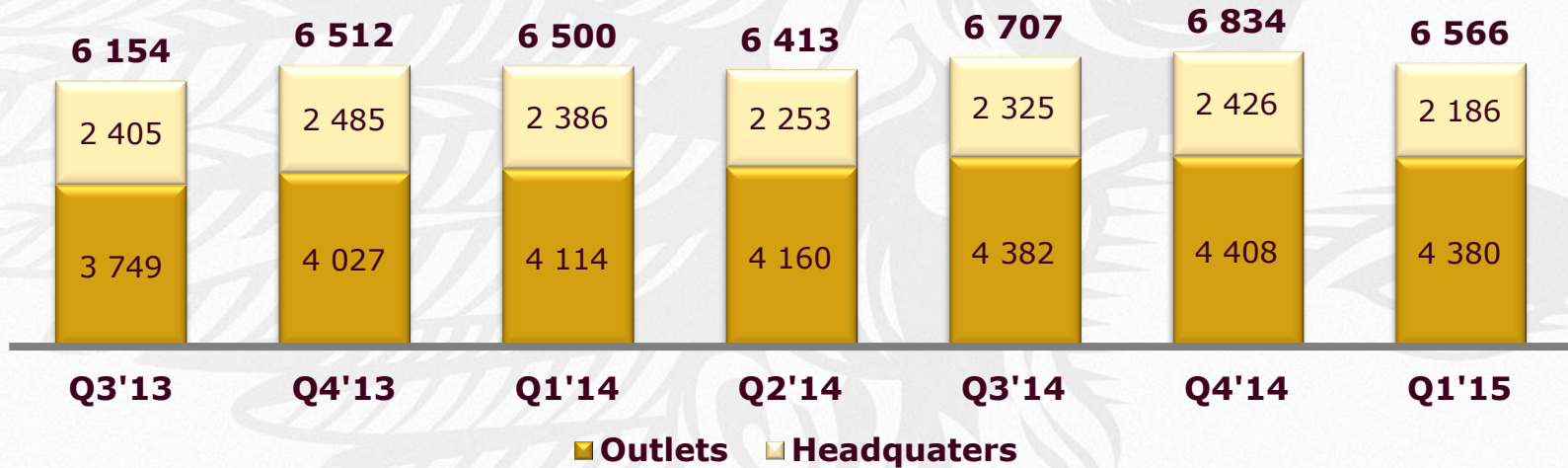
New production defined as any opening of a new credit account / credit line. Renewals are included in corporate loans sale.

Other retail includes: loans for purchase of securities, credit card borrowings loans, other mortgage loans.

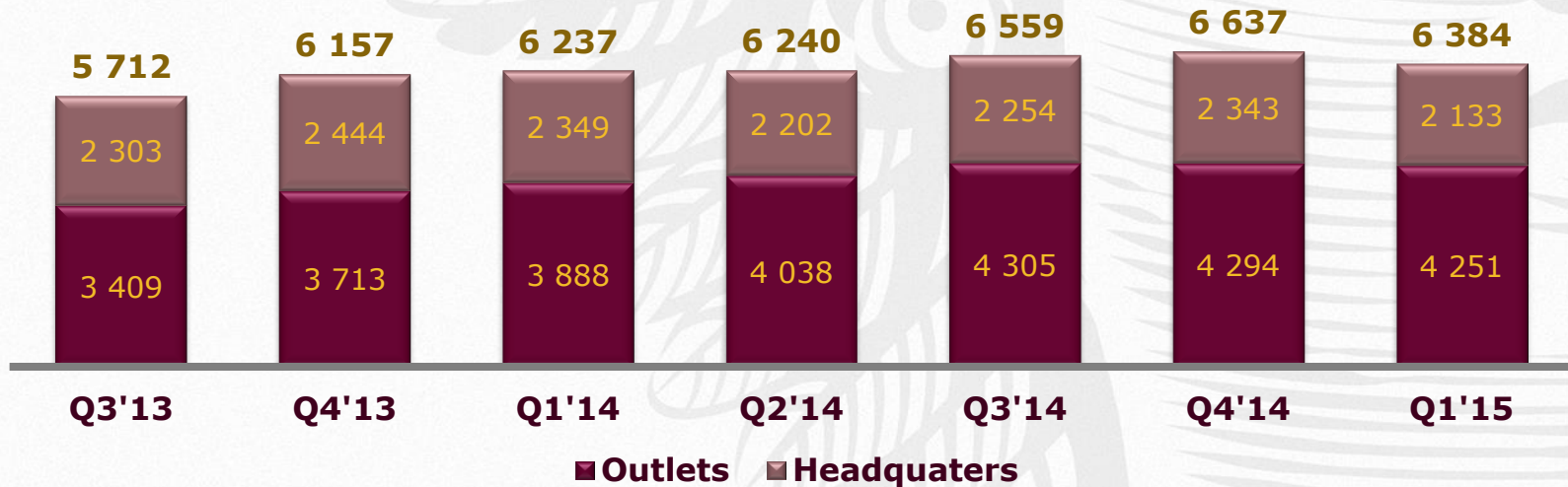
Other corporate includes: credit card borrowings loans, car loans, other receivables, factoring.

EMPLOYEES

Persons



FTEs



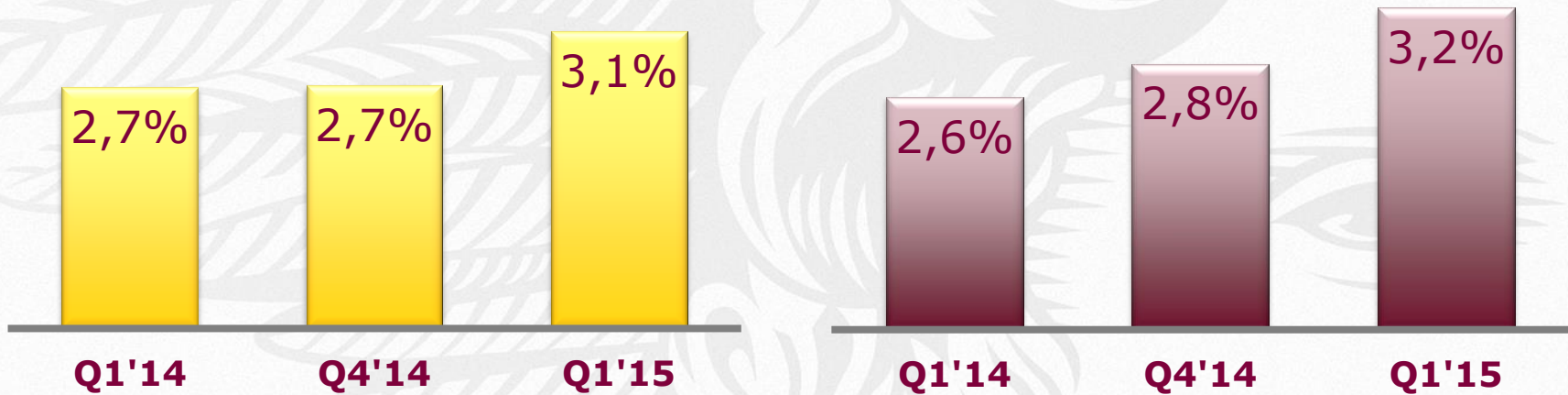


CONTINUED GROWTH OF MARKET SHARE

Deposits

MARKET SHARE

Loans



Deposits

MONTHLY GROWTH (%)

Loans

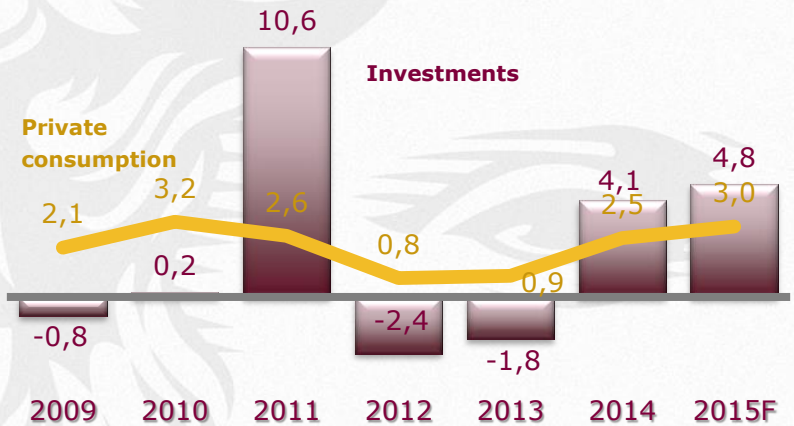
	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
OCT	2,9	0,7	-0,2	0,8	8,8	0,3	OCT	2,0	0,0	2,2	0,2	1,8	-0,4
NOV	3,2	1,1	2,3	0,9	4,6	1,8	NOV	1,7	0,5	1,7	0,2	1,6	1,0
DEC	2,8	3,7	5,3	3,2	-1,4	5,8	DEC	0,4	0,0	1,7	0,5	-1,2	-1,1
JAN	0,0	-1,1	3,8	0,9	-6,8	-6,4	JAN	1,6	2,3	1,7	3,3	1,5	0,5
FEB	0,8	0,6	3,2	1,2	-3,9	-0,9	FEB	1,7	-0,4	1,6	-0,8	1,9	0,4
MAR	13,5	1,0	12,8	0,3	15,1	3,1	MAR	13,1	0,9	21,1	0,6	2,6	1,5

POLISH MACRO OUTLOOK

GDP growth (% yoy)



Investments and private consumption (% yoy)



Inflation (CPI % yoy)



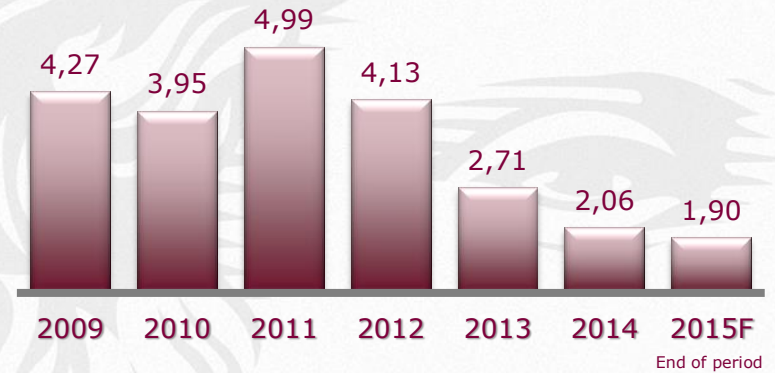
Unemployment rate (%)



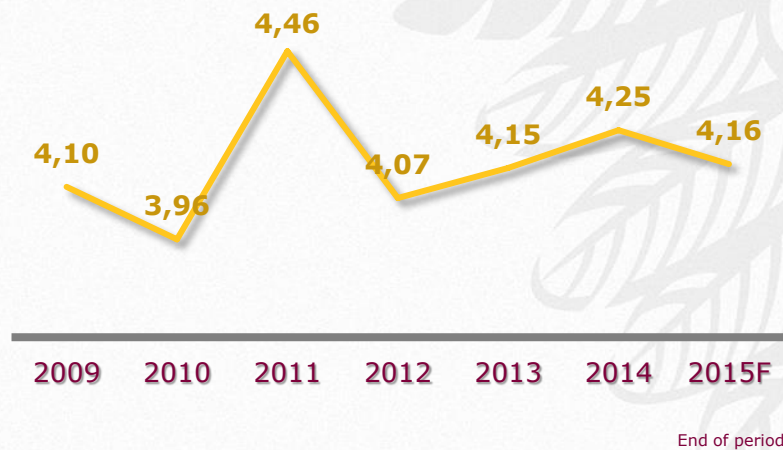
NBP reference rate (%)



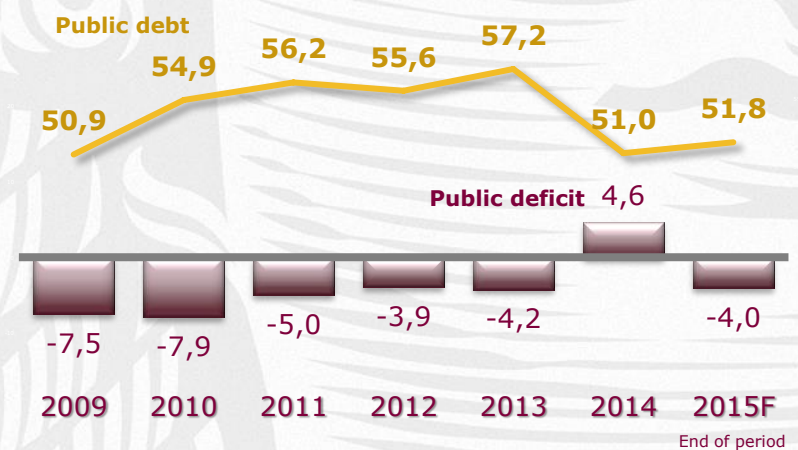
WIBOR 3M (%)



FX rate (EUR/PLN)

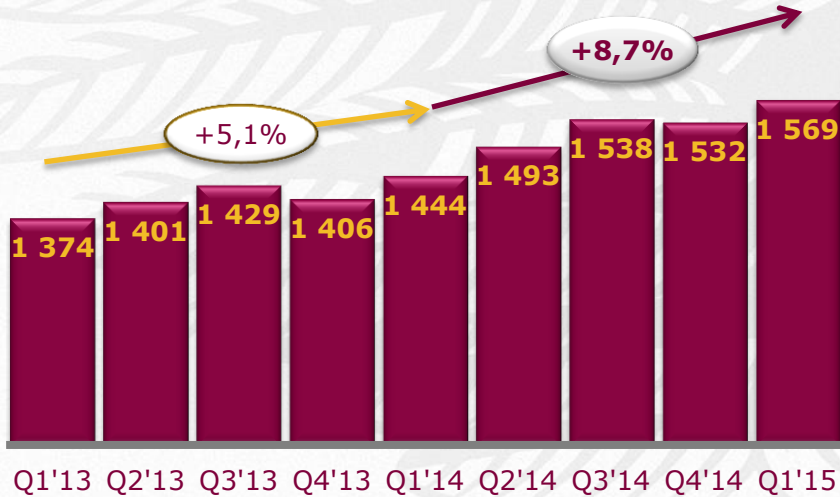


Fiscal policy (% of GDP)

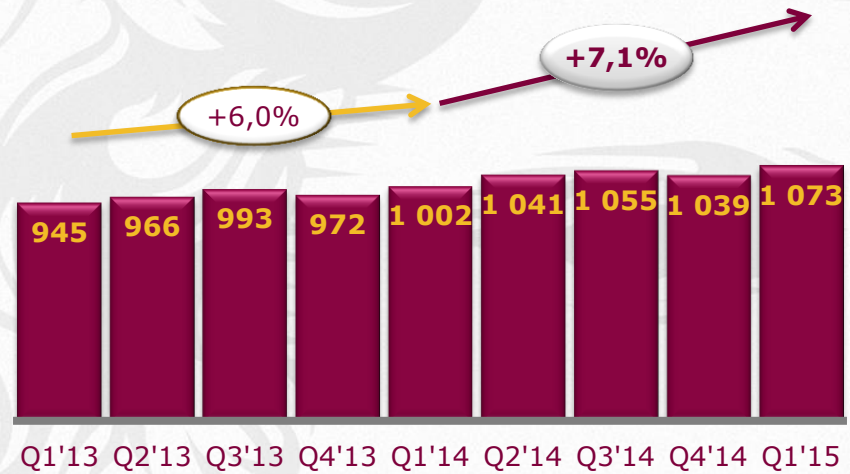


POLISH BANKING SECTOR – GROWTH OF THE MAIN BALANCE SHEET FIGURES

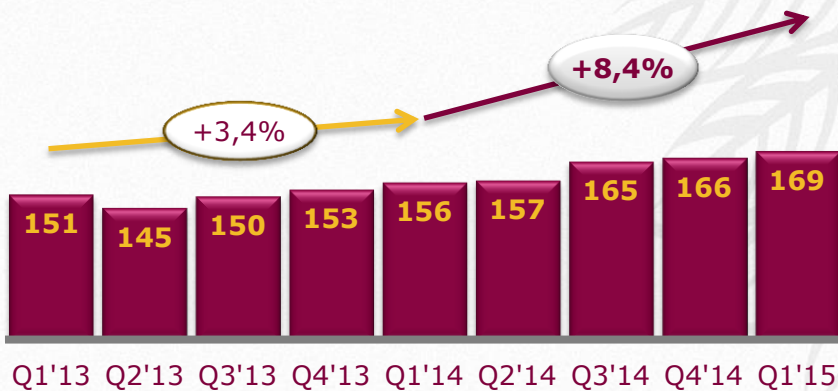
Assets



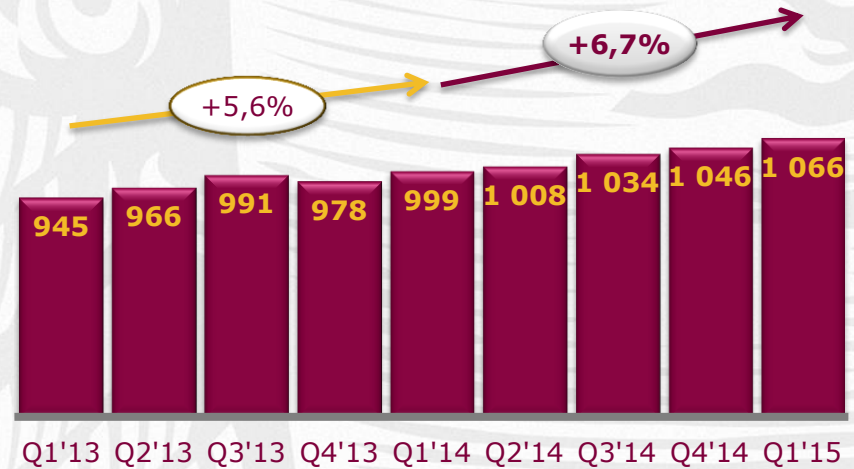
Loans



Equity

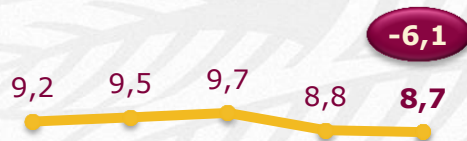


Deposits



POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

NII



Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

X - CHANGE VS. Q1'14 (%)

NFC



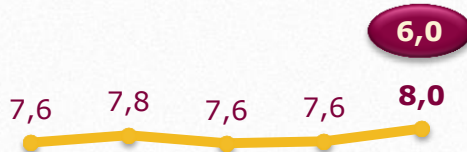
Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

Result on banking activity



Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

Expenses*



Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

Net impairment**



Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

Net profit



Q1'14 Q2'14 Q3'14 Q4'14 Q1'15

* Includes: costs of activity, depreciation and reserves

** Includes: Net impairment on non-financial and financial assets, IBNR

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