



**ALIOR
BANK**

ALIOR BANK S.A.

Q2 2016 results presentation

August 11, 2016

- **Highlights**
- Operational Performance
- T-Mobile update
- Outlook
- Appendix

Strong volume growth sustained and equity position secured.

- Second quarter in a row with volume growth exceeding 1 billion net loans,
- Rights issue concluded as planned resulting in permanent improvement of Bank's capital position,
- Profitability post CoR remains at satisfactory level of 2,2%,
- Consistent asset quality improvement - CoR comfortably below guided levels: 2%,
- Significant boost in product offering for business clients (dedicated business client portal, new account and dedicated loan offering for micro companies).

BPH Core transaction on track

- Financing successfully provided upon rights issue completion,
- All conditions precedents fulfilled – GE responded to Alior tender offer:
 - ✓ Apr 29th Demerger plan approval and signing,
 - ✓ May 5th Alior EGM approval for equity raise,
 - ✓ Jun 23rd UOKiK clearance (filling on Apr 28th),
 - ✓ Jun 24th equity raise registered by court (filling on Jun 15th),
 - ✓ Jul 28th Tax clearance,
 - ✓ Jul 29th Alior EGM approval of BPH demerger,
 - ✓ Aug 8th KNF clearance for demerger and Core Bank acquisition,
- Operational merger to conclude by Q1'17.

AGENDA

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KEY FINANCIALS

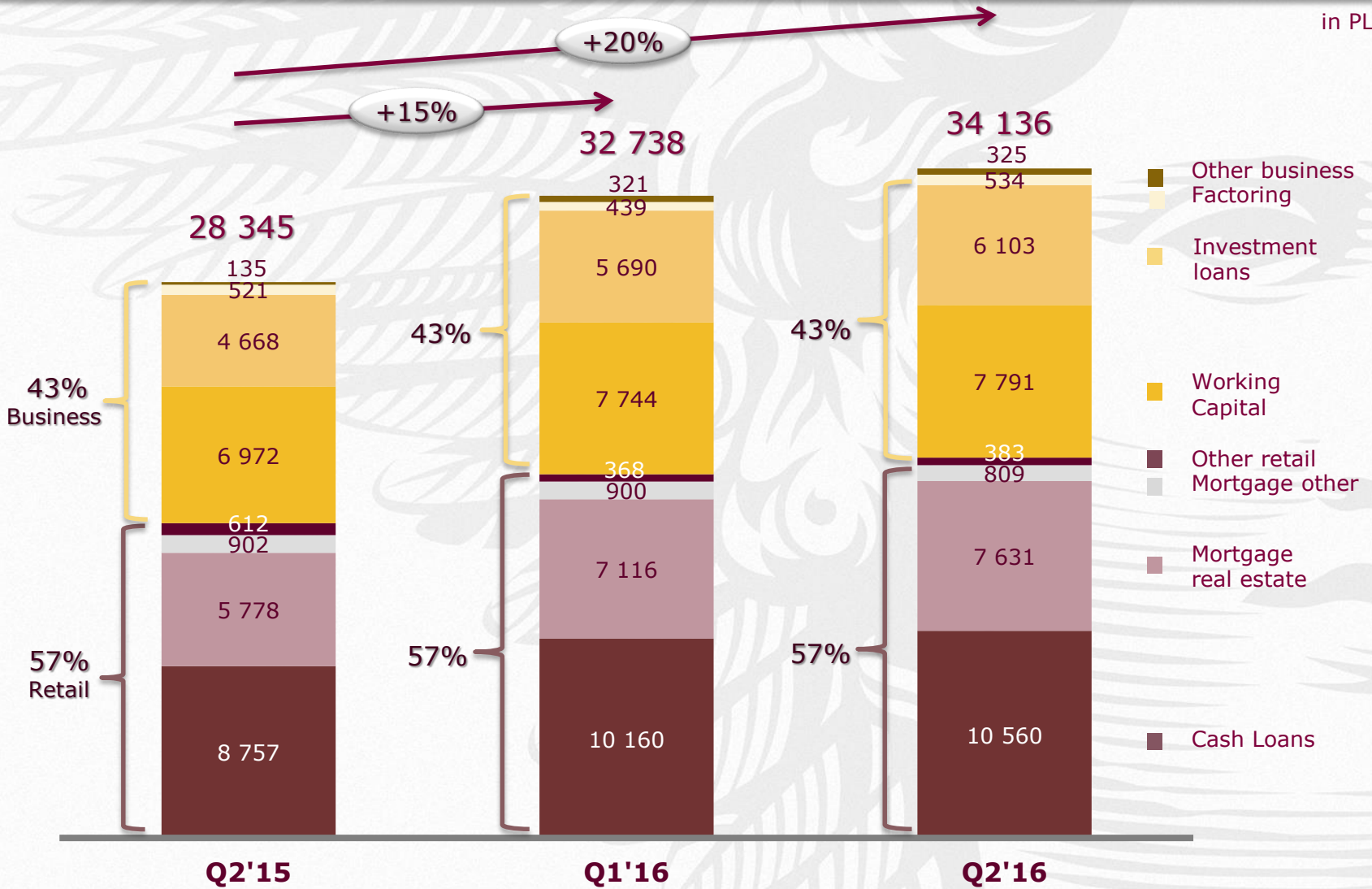
M PLN	1H'16	1H'15	(A/B)-1 (%)	Q2'16	Q1'16	Q2'15	(D/G)-1 (%)
	A	B	C	D	E	F	G
Net interest income	857	718	19	444	412	373	19
Net fee and commissions	163	163	0	76	87	70	8
Trading result & other	163	164	-1	83	80	81	2
Operating income	1 183	1 045	13	603	579	525	15
General Administrative Expenses	-564	-520	8	-287	-277	-263	9
Net impairment	-349	-304	15	-173	-176	-159	9
Banking tax	-53			-32	-21		
Gross profit	217	220	-1	111	106	103	8
Net profit	162	179	-9	82	80	87	-6
Net profit excl. banking tax	215	179	20	114	101	87	31

M PLN	1H'16	1H'15	(A/B)-1 (%)	Q1'16	Q4'15	Q3'15	(A/D)-1 (%)
Loans	34 136	28 345	20	32 738	30 907	28 345	4
Deposits	37 990	29 775	28	35 802	33 664	29 775	6
Total equity	5 801	3 345	73	3 602	3 514	3 345	61
Total assets	47 042	36 467	29	42 026	40 003	36 467	12

	1H'16	1H'15	A-B	Q2'16	Q1'16	Q2'15	D-E
ROE (%)	7,0	11,3	-4,3	6,9	9,0	10,6	-2,1
ROA (%)	0,7	1,1	-0,3	0,7	0,8	1,0	0,0
C/I (%)	47,7	49,8	-2,1	47,6	47,8	50,0	-0,1
CoR (%)	2,0	2,2	-0,2	1,9	2,1	2,2	-0,1
L/D (%)	89,9	95,2	-5,3	89,9	91,4	95,2	-1,6
NPL ratio (%)	10,0	8,3	1,7	10,0	9,3	8,3	0,66
NPL coverage ratio (%)	58,3	58,3	0,0	58,3	59,8	58,3	-1,6
CAR (%)	20,9	12,8	8,2	20,9	13,5	12,8	7,4
Tier 1 (%)	17,3	10,2	7,1	17,3	10,6	10,2	6,7

Loan book split

in PLN m

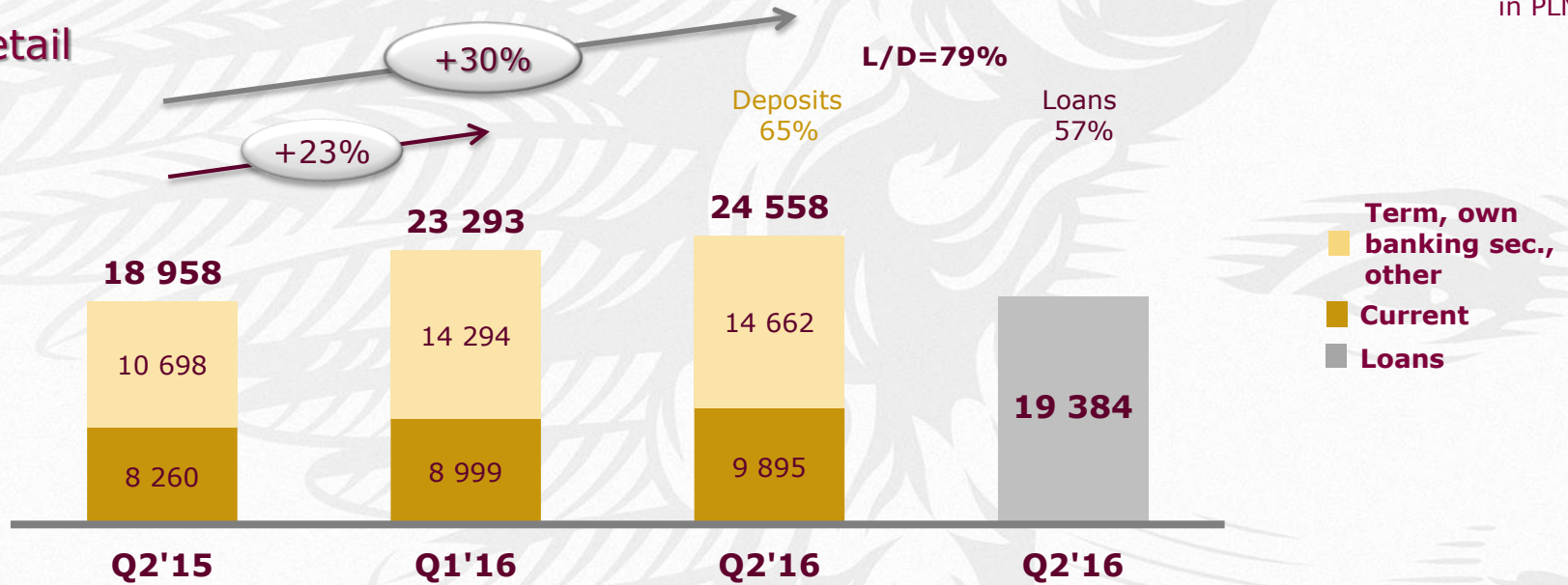


DEPOSIT BASE

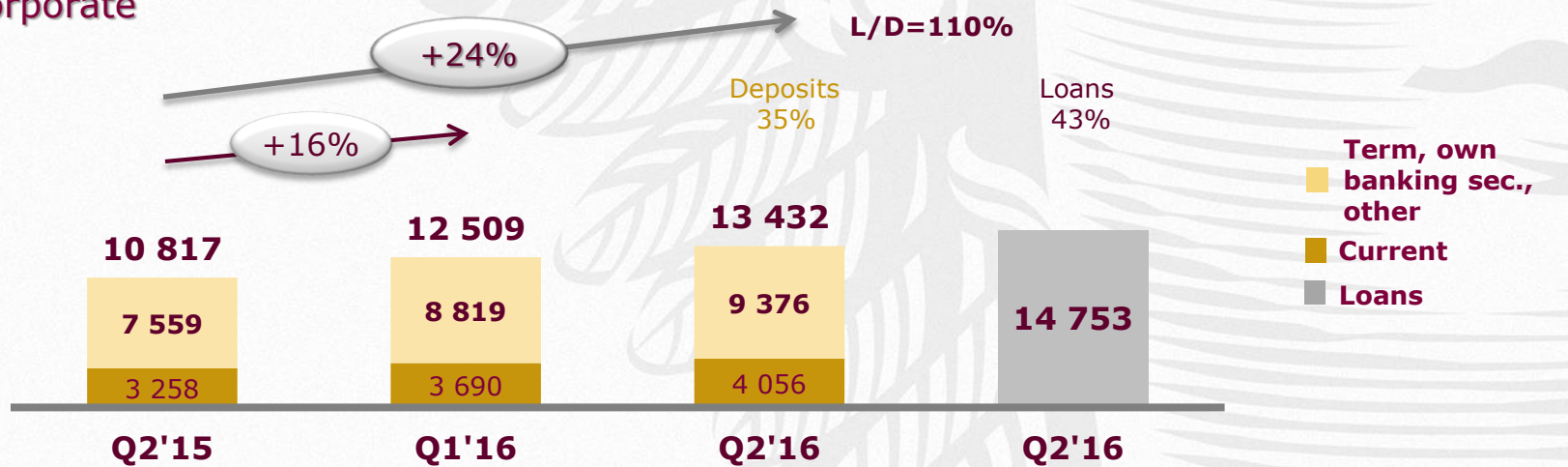
L/D = 90%

in PLN m

Retail

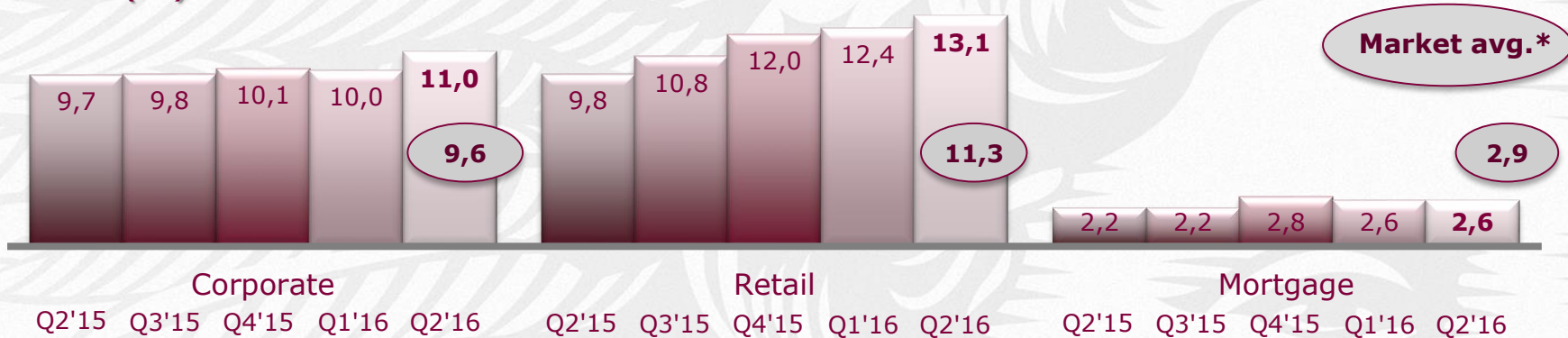


Corporate



CREDIT RISK OVERVIEW

NPL total (%)



Coverage ratio (%)



Loan portfolio structure (%)	Corporate	Retail	Mortgage
Alior	43	35	22
Banking sector*	34	26	40

*Ratios (as of the end of June 2016) 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 .

NIM calculated assuming the AFS portfolio amount in Q1'16 and Q2'16 at the level of Q4'15

Alior NIM development (%)

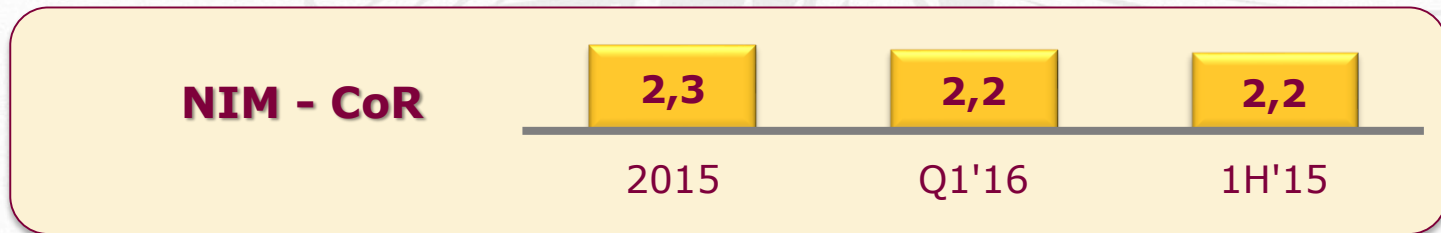
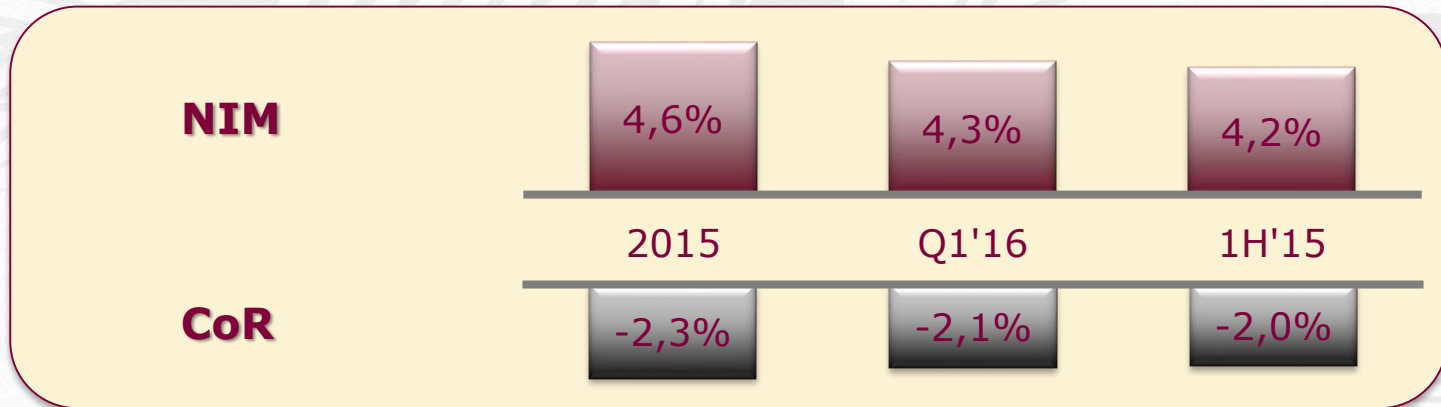


AFS portfolio evolution

in PLN m	Q2'15	Q4'15	Q2'16	ch. Q2'16/Q4'15	ch. Q2'16/Q2'15
AFS portfolio	2 714	4 253	8 505	100%	213%
IEA	33 524	36 964	44 998	22%	34%
AFS portfolio share in IEA	8,1%	11,5%	18,9%		

PROFITABILITY SUSTAINED AT SATISFACTORY LEVEL

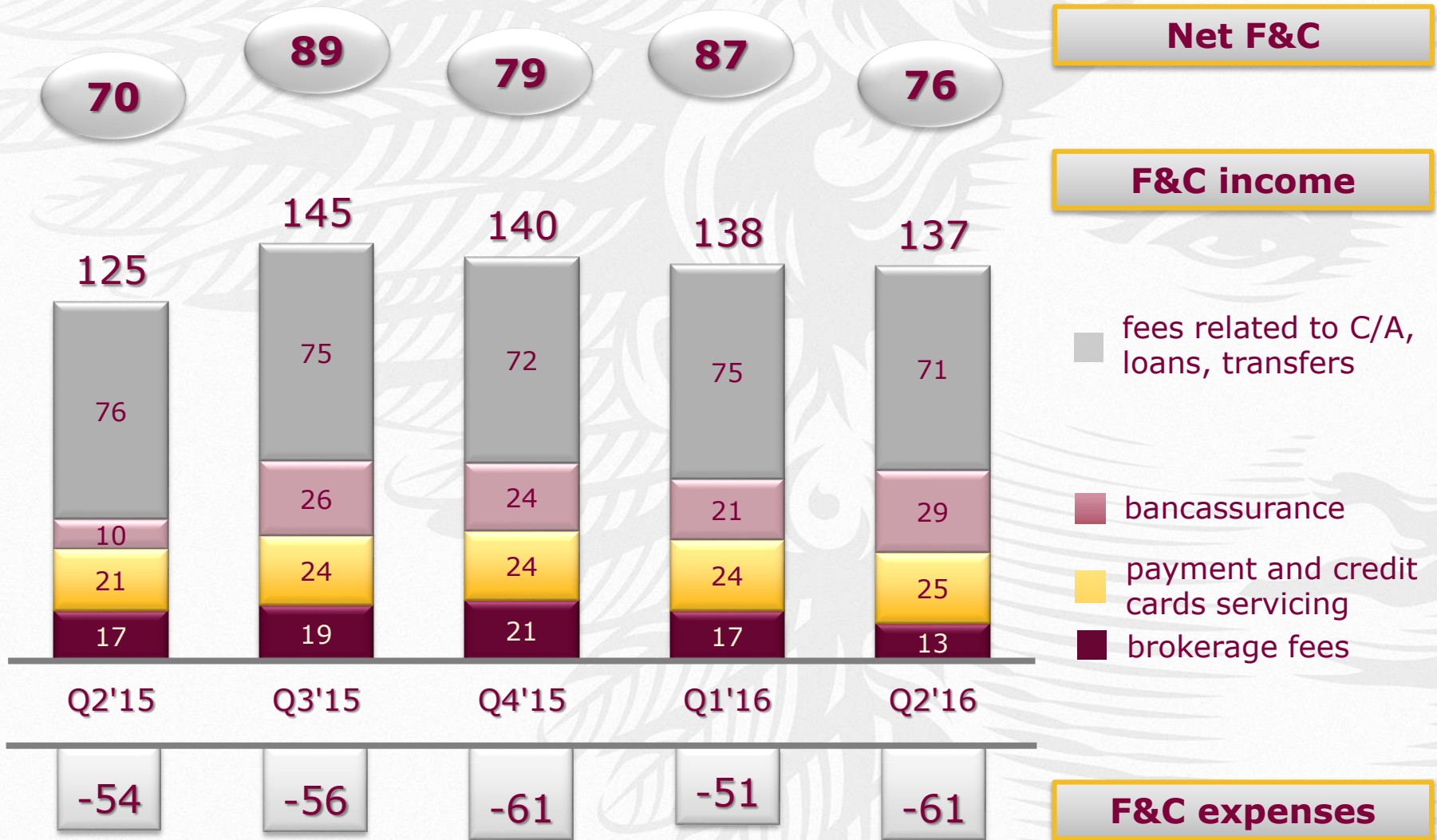
Alior NIM development (%) calculated based on actual



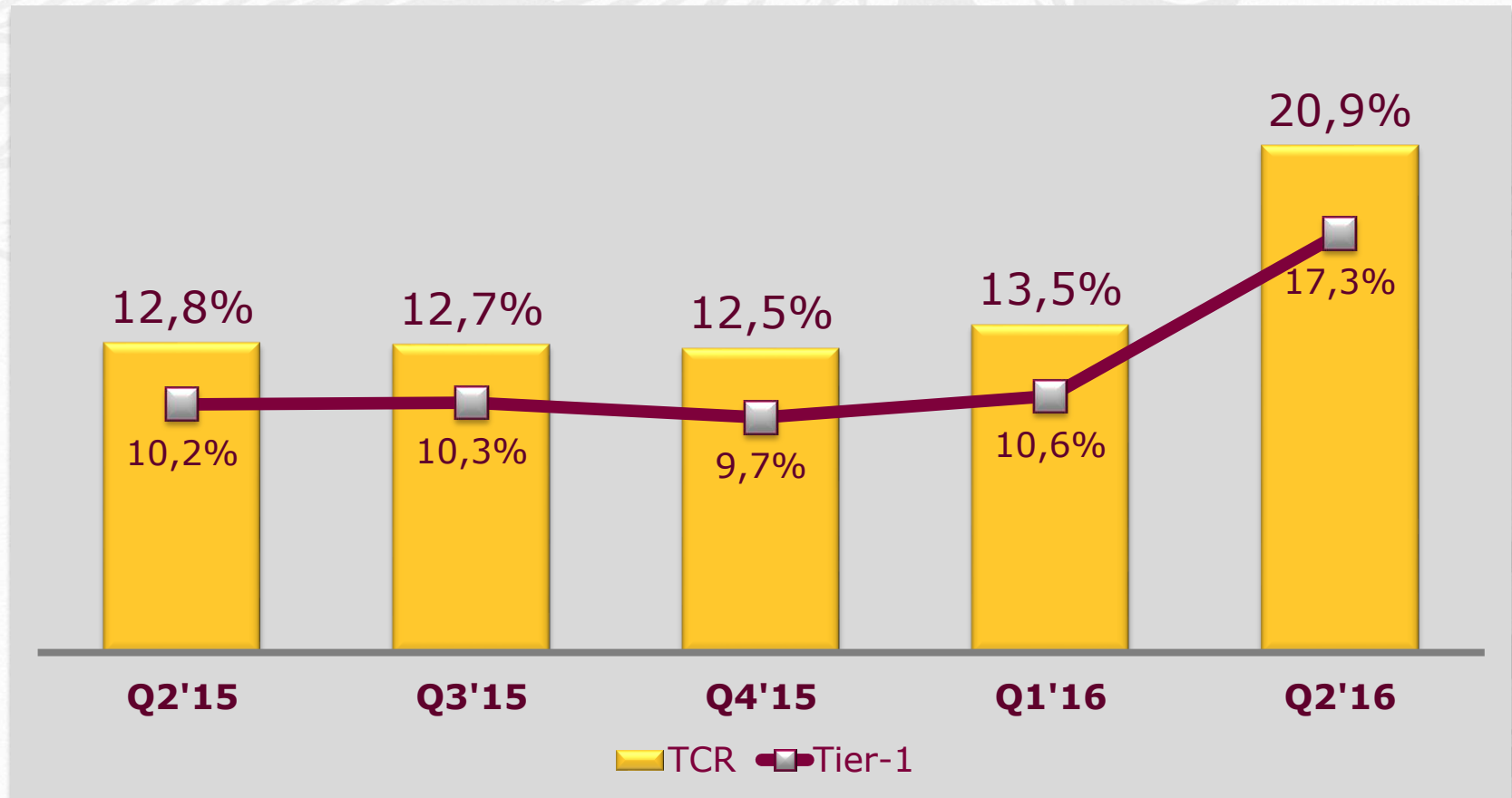
Stable NIM – CoR, slight decrease of NIM compensated by lower CoR.

NIM formula 2015: NII for 2015 divided by average IEA from 2014 and 2015 . NIM formula for 2016: NII for Q1'16 annualized, divided by average of IEA from 2015 and Q1'16; NII for 1H'16 annualised, divided by average of IEA from 2015 and 1H'16.

FEES AND COMMISSIONS



CAPITAL POSITION

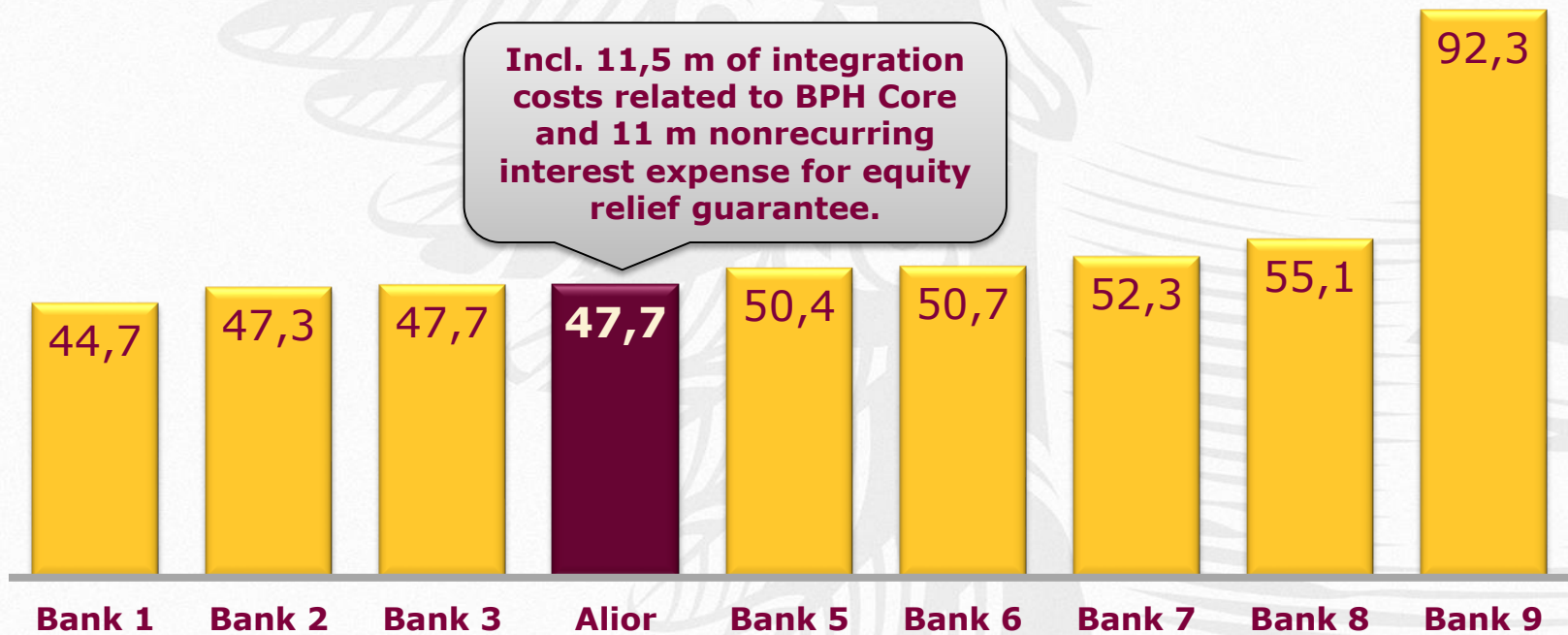


**Q2'16 increase reflects PLN 2,2 bn rights issue.
Q1'16 CAR calculation includes the effect of guarantee and counter guarantee agreements concluded on March 31, 2016.**



ALIOR CONTINUOUS FOCUS ON COST DISCIPLINE MAKES IT ONE OF THE MOST EFFICIENT FINANCIAL INSTITUTIONS NATIONWIDE

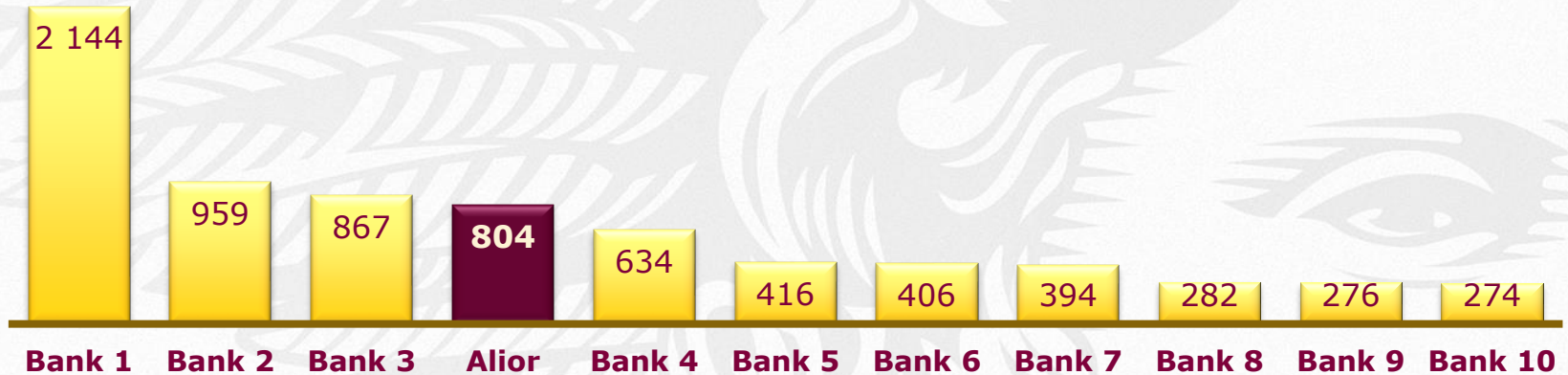
Q1'16 C/I (%) of selected banks quoted on WSE vs. Q2'16 C/I of Alior



Over 3,2 million clients provides for high cross sell potential

	Q1'16	Q2'16	Ch. Q/Q (%)
Branches	1 874	1 930	3,0
Consumer Finance	520	560	7,8
T-Mobile	558	590	5,6
Total retail clients	2 952	3 080	4,3
Business clients	132	133	0,7
Total number of clients	3 084	3 213	4,2

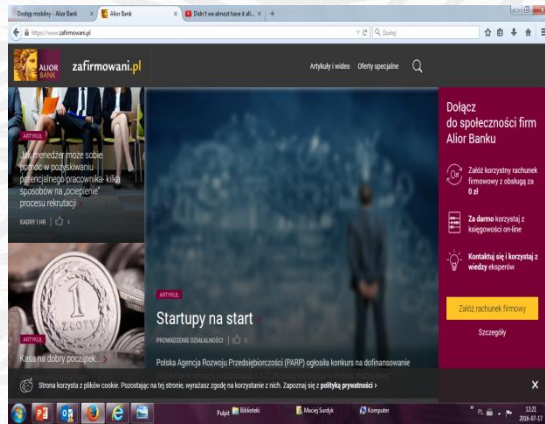
4th largest distribution network among Polish banks



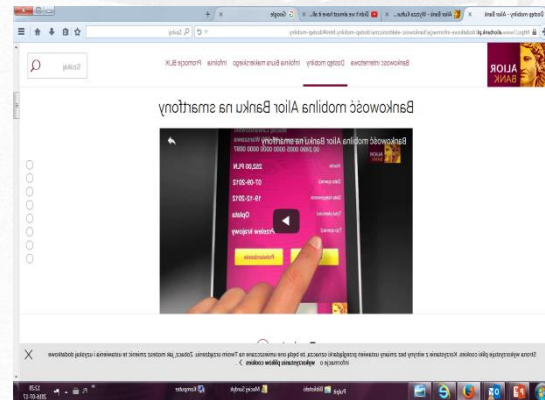
Alior as at the end of Q2'16, other banks as at the end of Q1'16

and number three if partner networks are accounted for.

	Alior		Tesco	T-Mobile	Total
	Branches	Agencies			
Sales outlets	299	505	71	579	1 454



- **Zafirmowani.pl - new portal for companies,**
- **Complementary accounting, invoicing and reporting module,**
- **Special offering from reputable brands (i.e. EY, T-mobile, Link 4).**



- **I-konto Biznes – fully automated, web-based account opening process,**
- **Refreshed mobile banking.**



- **New loan offering for micro companies,**
- **30 min for credit decision,**
- **Loan availability within 24h.**

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STRONG T-MOBILE PARTNERSHIP IN POLAND EFFECTIVELY CAPTURING PROFITABLE GROWTH

Maintaining strong customer acquisition and increasing their activity

- **314 ths. customers acquired** since launch in May'14
- **Phone financing volume growth** – total number of **acquired customers is 90 ths.** by end of H1'16
 - simplified credit verification procedure for T-Mobile
 - extension of the offer **to new T-Mobile customers**
 - **90% of device financing agreements concluded with „new to bank“ customers**
- Supporting further integration through bundled offers **current account & telco subscription** – Freemium and Premium launched in Q2
- **Launching affinity card** for T-Mobile's most successful CSR campaign
- Implementation of **new Internet and mobile platform - Q3'16**

Increased profitability through dynamic credit activity increase

- **New credit sales volume increase to PLN 270 mio** in H1'16 vs. PLN 174 mio in H2'15 and PLN 98,6 mio in H1'15 (**increase by +55% and +173% HoH** respectively)
- **Doubled number of credit cards sales** in Q2'16 vs. Q1'16

AGENDA

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2016 Outlook maintained

2016 consensus of PLN 322 m*

NIM ~4,6%

C/I below 48% excluding banking tax

CoR ~2,3%

Loan growth 2016 PLN 5 billion net

*based on the following analysts forecasts:

SG – February 8; Ipopema – February 8; Citi – February 19; JP Morgan – February 26.

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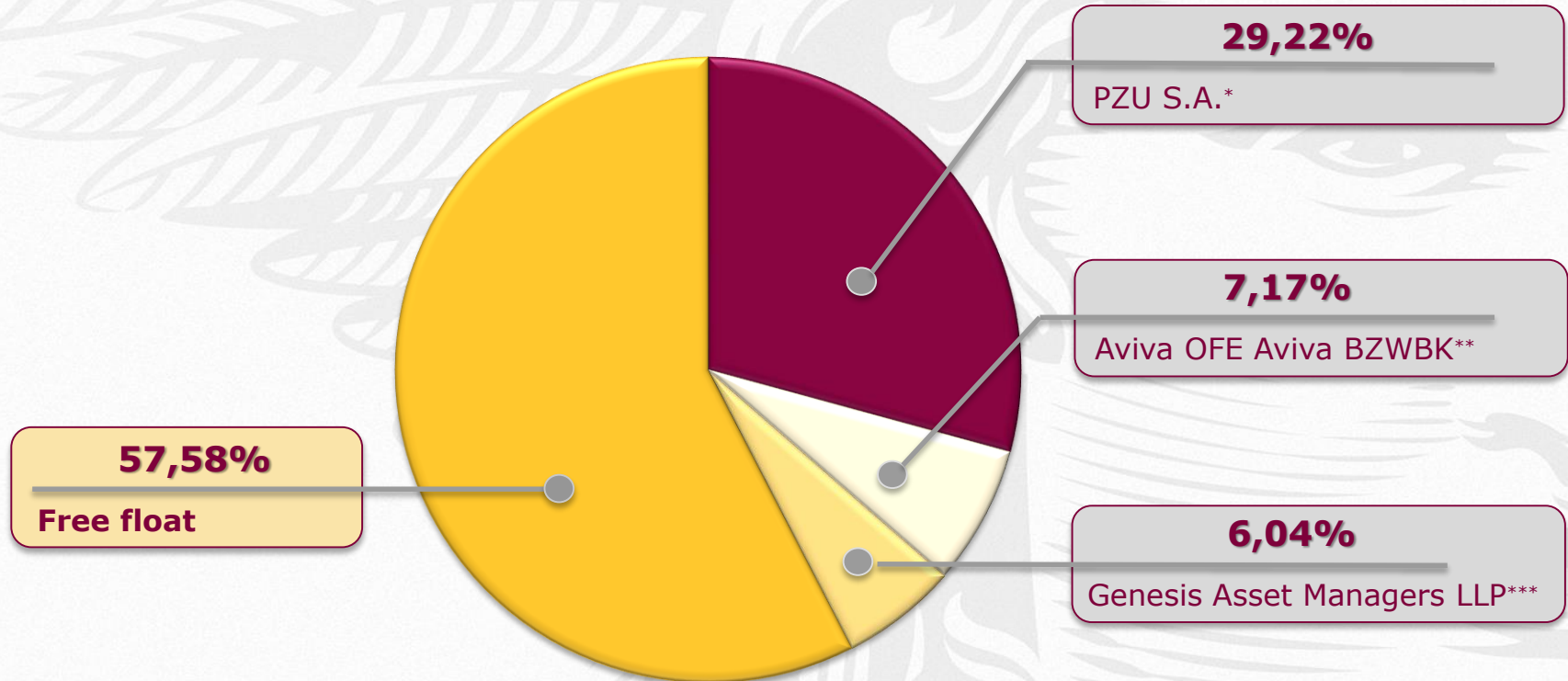
INCOME STATEMENT SNAPSHOT

in PLN m	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16
Interest income	596	617	630	663	694
Interest expense	-223	-228	-235	-251	-250
Net interest income	373	388	395	412	444
Dividend	0	0	0	0	0
Fee and commission income	125	145	140	138	137
Fee and commission expense	-54	-56	-61	-51	-61
Net fee and commission income	70	89	79	87	76
Trading result	71	54	79	58	73
Net gain (realized) on other financial instruments	-1	3	5	11	10
Other operating income	32	17	14	15	19
Other operating costs	-22	-1	-2	-5	-18
Net other operating income	10	16	12	11	0
General administrative expenses	-263	-262	-325	-277	-287
Impairment losses	-159	-173	-195	-176	-173
Banking tax				-21	-32
Gross profit (loss)	103	115	51	106	111
Income tax	-16	-24	-12	-26	-29
Net profit from continuing operations	87	91	39	80	82
- attributable to equity holders of the parent	88	91	40	80	82
- attributable to non-controlling interests	-1	0	0	0	0
Net profit	87	91	40	80	82

BALANCE SHEET SNAPSHOT

	30 Jun'15	30 Sep'15	31 Dec'15	31 Mar'16	30 Jun'16
Cash and balances with Central Bank	1 815	1 348	1 750	666	726
Financial assets held for trading	427	365	391	360	402
Financial assets available for sale	2 714	4 016	4 253	6 008	8 505
Hedging derivatives	49	123	140	161	54
Receivables from banks	503	372	645	524	1 337
Loans and advances to customers	28 345	29 389	30 907	32 738	34 136
Assets pledged as collateral	1 495	466	628	226	563
Property, plant and equipment	184	214	229	224	218
Intangible assets	358	368	387	390	393
Non-current asset held for sale	2	1	1	1	1
Current income tax receivables	228	253	275	313	344
Current	0	0	0	0	0
Deferred	228	253	275	313	344
Other assets	347	388	397	414	362
TOTAL ASSETS	36 467	37 304	40 003	42 026	47 042
Financial liabilities held for trading	324	293	310	339	299
Financial liabilities measured at amortized cost due to banks	1 601	663	1 051	404	1 017
Financial liabilities measured at amortized cost due to customers	29 775	31 431	33 664	35 802	37 990
Hedging derivatives	11	0	0	1	0
Provisions	14	10	11	15	12
Other liabilities	671	717	535	895	739
Income tax liabilities	16	13	22	31	19
- Current	16	13	22	31	19
Subordinated loans	711	708	896	938	1 165
Liabilities, total	33 122	33 834	36 489	38 424	41 240
Equity	3 345	3 470	3 514	3 602	5 801
Equity attributable to equity holders of the parent	3 344	3 469	3 513	3 600	5 800
Share capital	727	727	727	727	1 293
Supplementary capital	2 278	2 280	2 280	2 591	4 172
Revaluation reserve	-23	9	15	23	-3
Other capital	186	187	185	185	184
Undistributed result from previous years	-4	-4	-4	-5	-7
Current year profit/loss	179	270	310	80	162
Non-controlling interests	2	1	1	1	1
TOTAL LIABILITIES AND EQUITY	36 467	37 304	40 003	42 026	47 042

Largest free float among Polish financials institutions



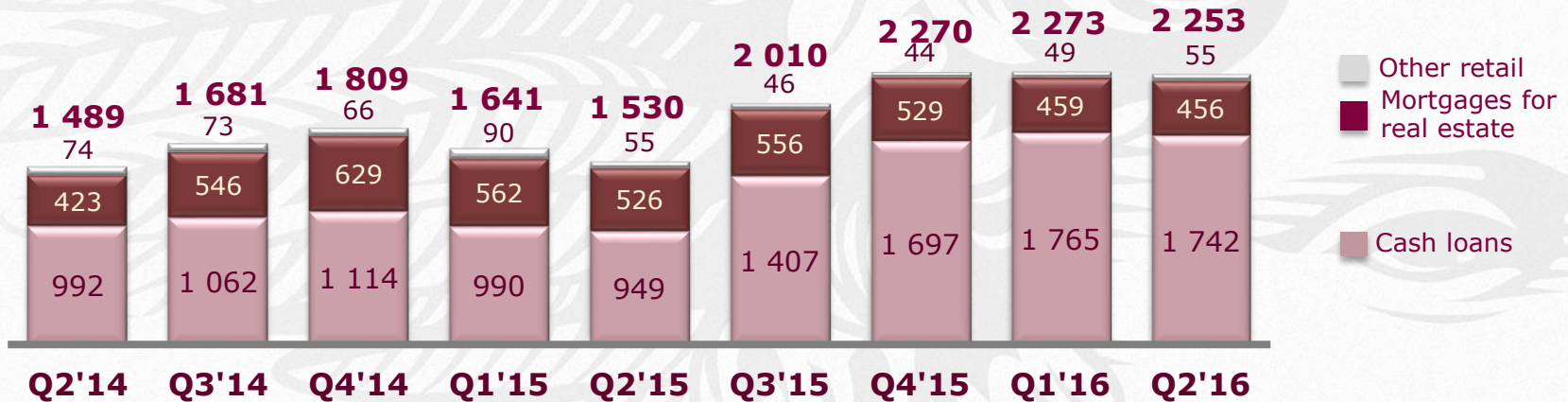
* PZU S.A. and PZU Życie, PZU SFIO Universum, PZU FIZ Aktywów Niepublicznych BIS 2

** on the basis of number of shares registered on Extraordinary GSM which took place on May 5, 2016.

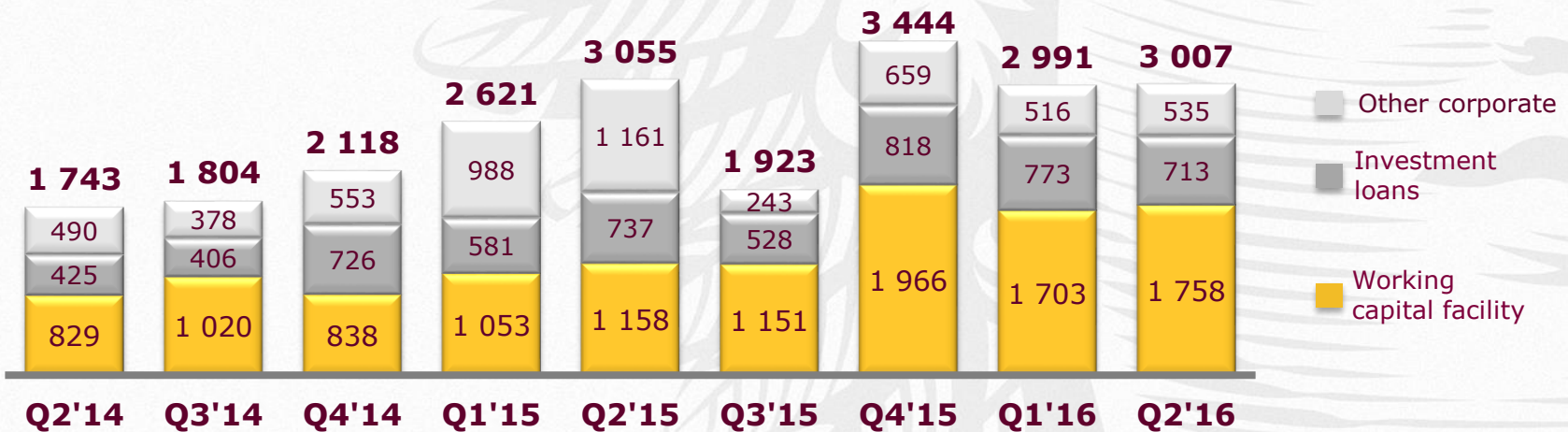
*** 4,58% of votes at GSM – according to the information provided by investor.

NEW LOANS SALES 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.

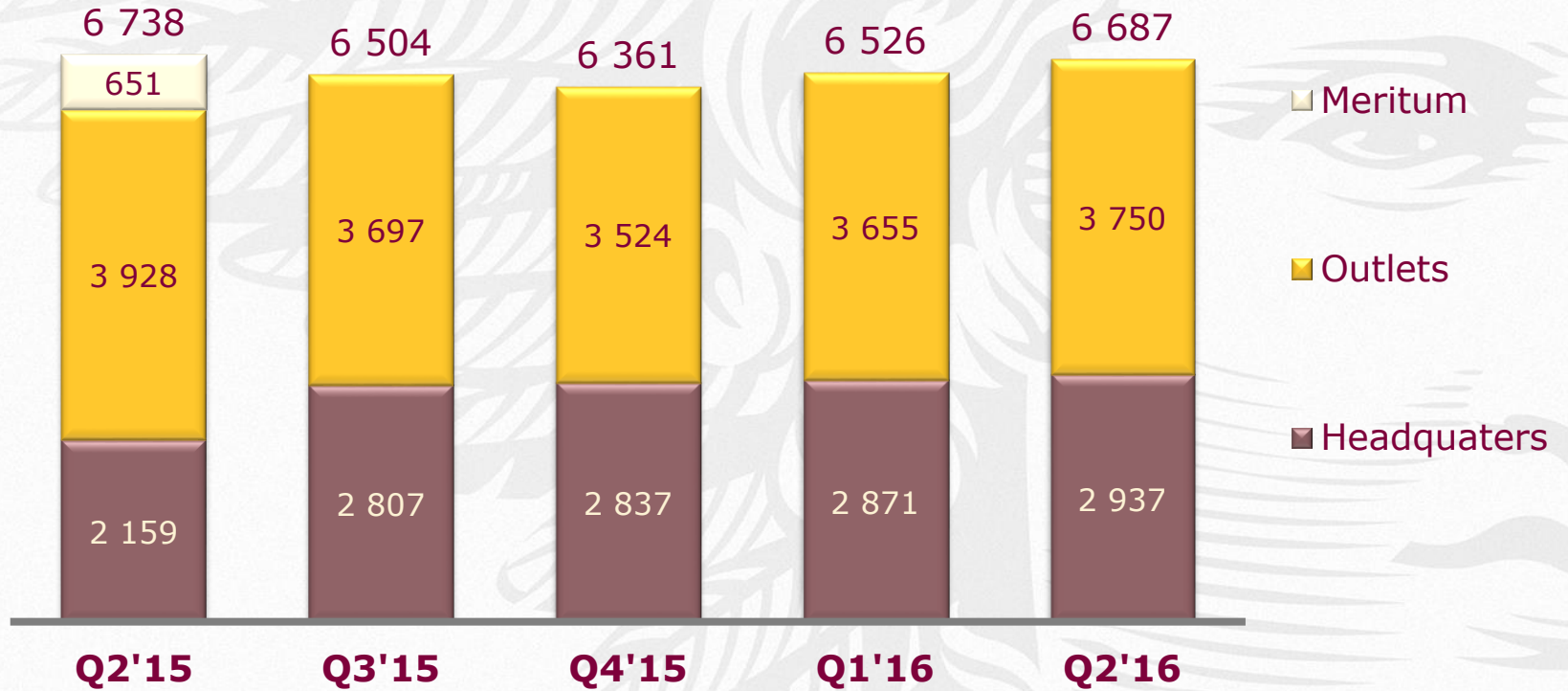
Other retail includes: loans for purchase of securities, credit card borrowings loans, other mortgage loans.

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

Meritum Bank loans sales included as from Q3'15

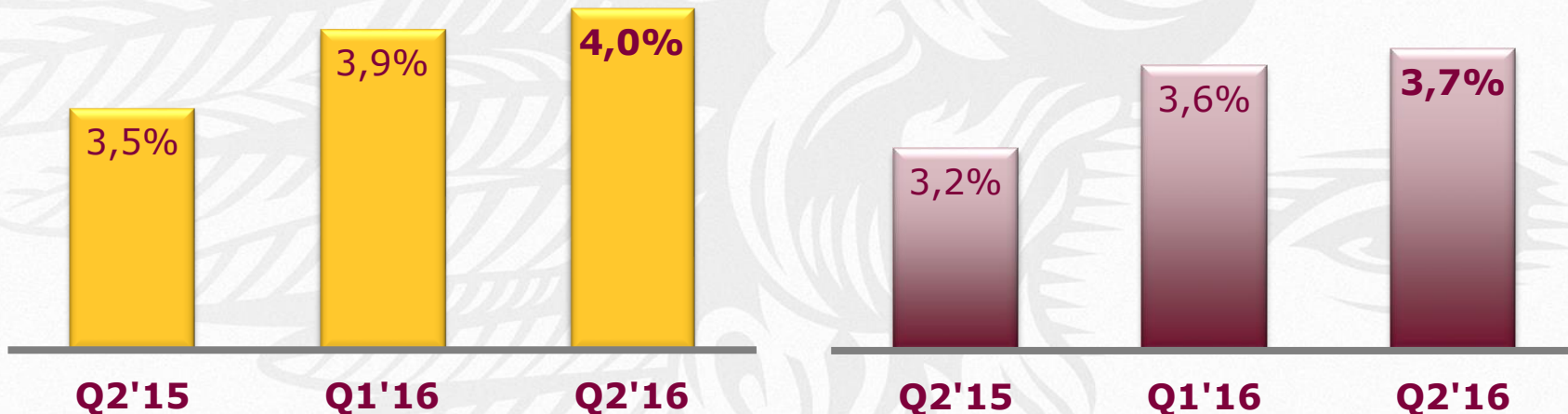
EMPLOYEES

FTEs



CONTINUED GROWTH OF MARKET SHARE

Deposits MARKET SHARE Loans



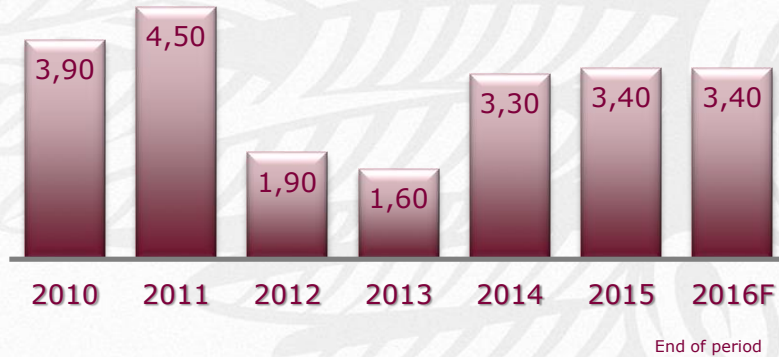
Alior's deposits as well as gross loans according to published financial statements.

Deposits Quarterly growth (%) Loans

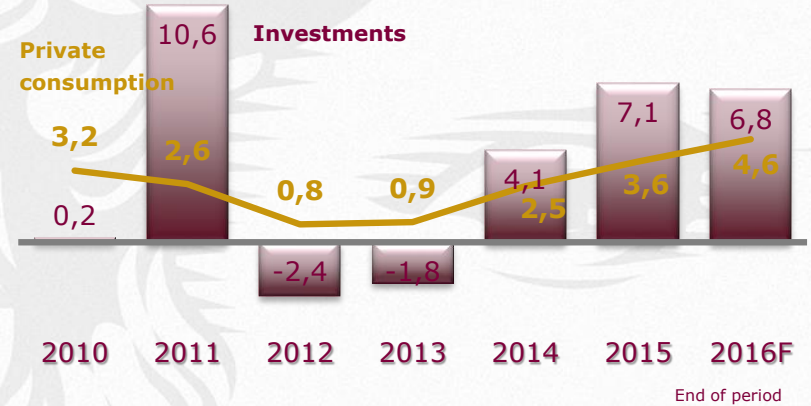
	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
MAR'15	13,8	0,6	25,3	2,4	-4,0	-4,3	MAR'15	17,3	2,8	19,8	3,0	14,1	2,4
JUN'15	7,1	1,7	1,9	0,9	17,6	3,7	JUN'15	2,4	2,4	0,2	2,2	5,3	2,7
SEP'15	5,6	2,5	7,2	2,0	2,8	3,9	SEP'15	4,0	1,5	5,0	0,3	2,8	3,7
DEC'15	7,1	4,9	5,4	4,3	10,2	7,0	DEC'15	5,4	0,4	5,4	1,0	5,6	-0,7
MAR'16	6,4	-0,1	8,8	2,6	2,1	-7,5	MAR'16	6,1	1,3	5,7	0,6	6,6	2,7
JUN'16	6,1	3,2	5,4	2,3	7,4	5,5	JUN'16	4,5	2,2	4,9	2,6	4,1	1,5

POLISH MACRO OUTLOOK

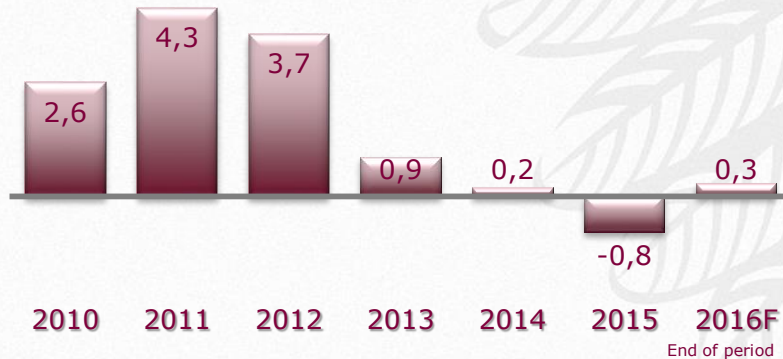
GDP growth (% yoy)



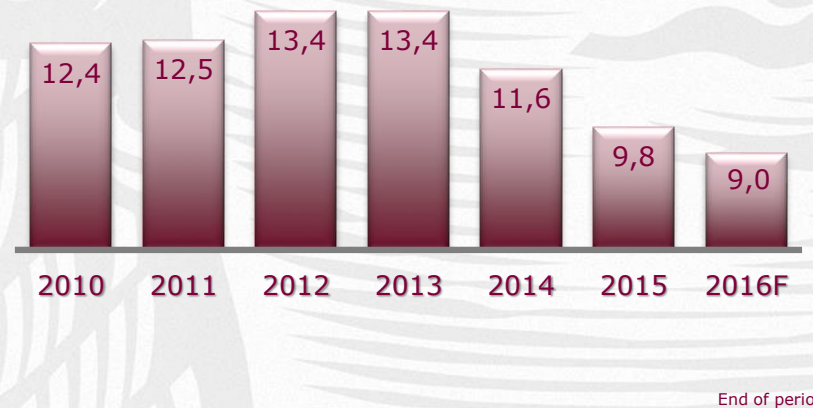
Investments and private consumption (% yoy)



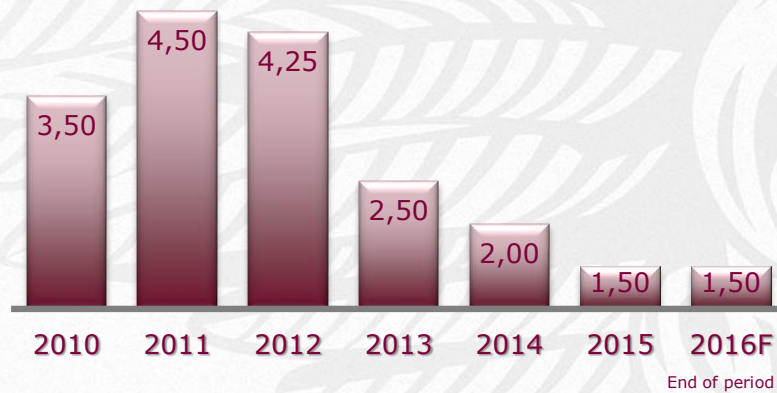
Inflation (CPI % yoy)



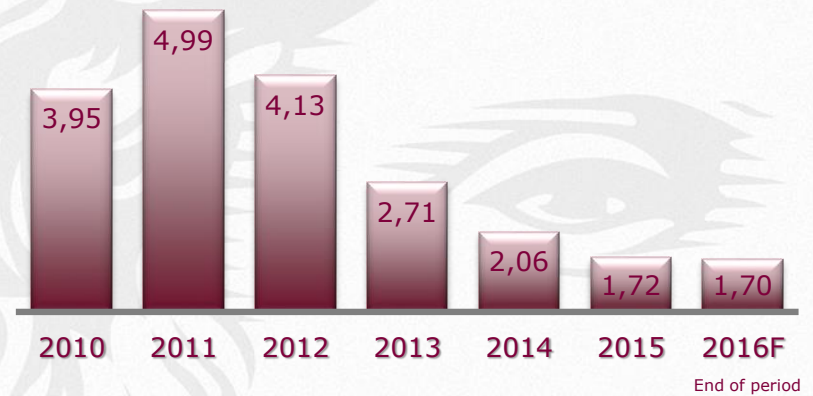
Unemployment rate (%)



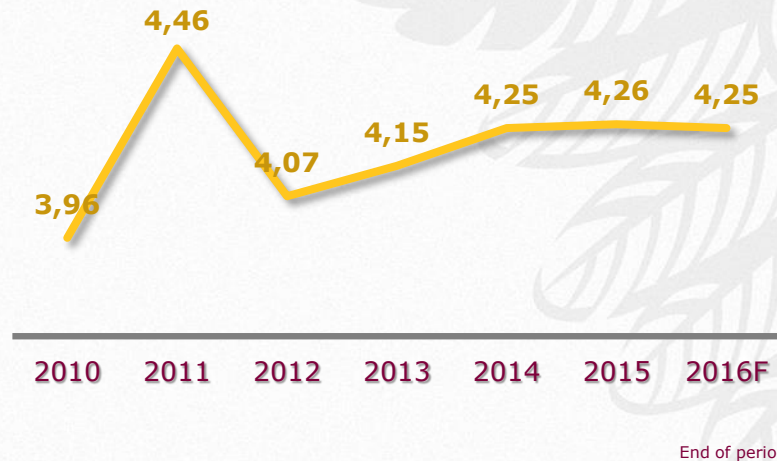
NBP reference rate (%)



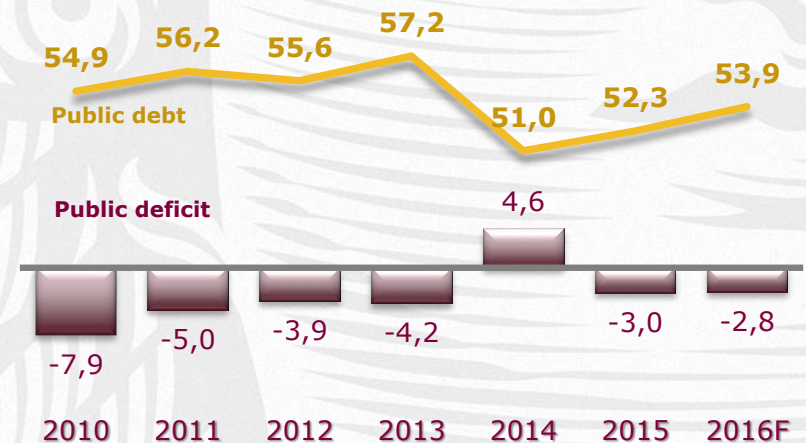
WIBOR 3M (%)



FX rate (EUR/PLN)

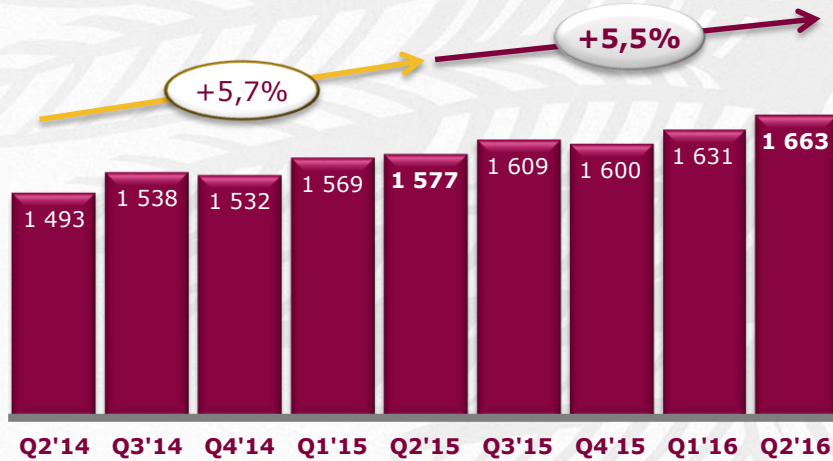


Fiscal policy (% of GDP)

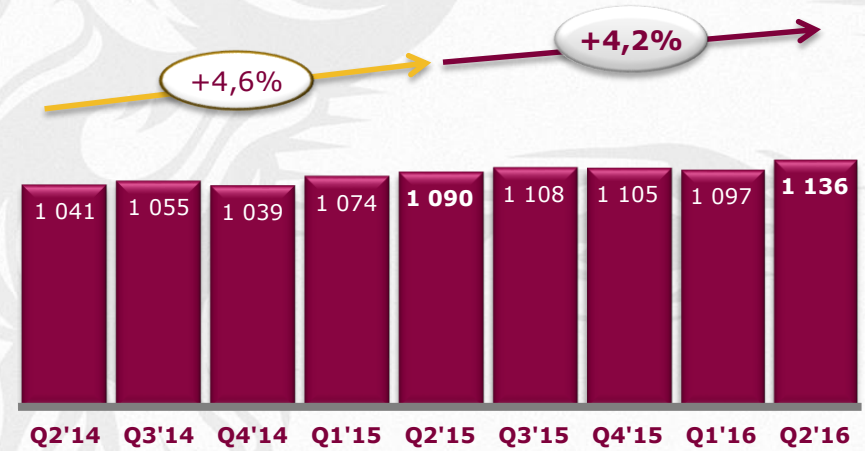


POLISH BANKING SECTOR – GROWTH OF THE MAIN BALANCE SHEET FIGURES

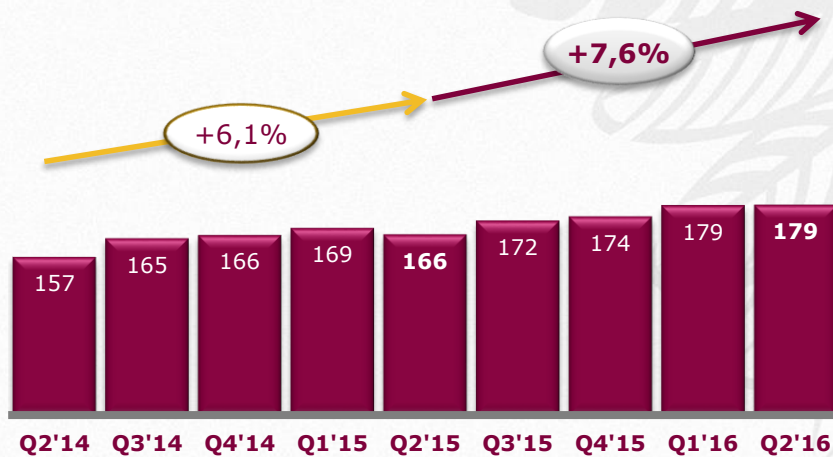
Assets



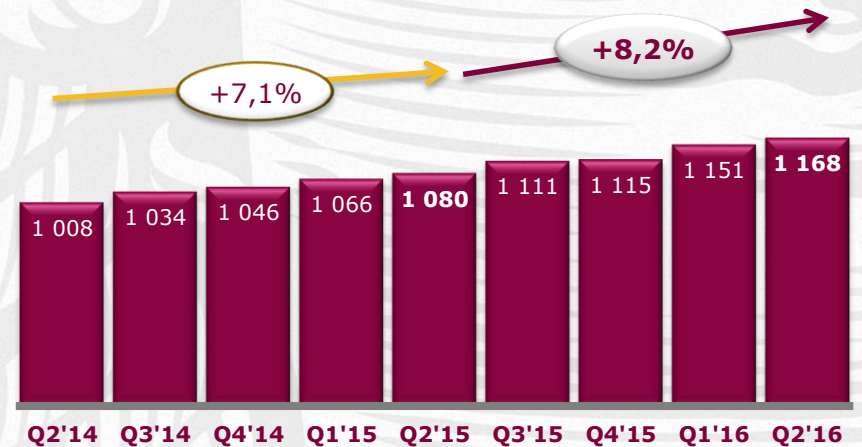
Loans



Equity

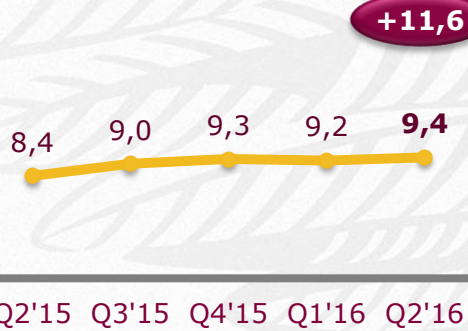


Deposits

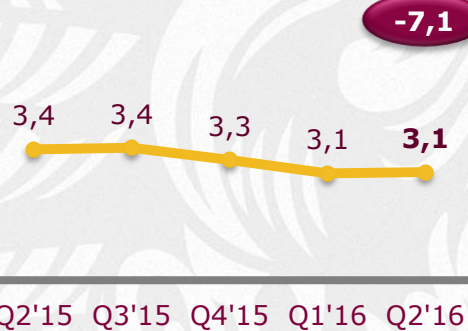


POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

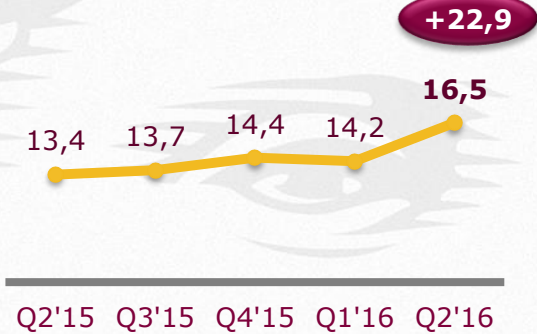
NII



NFC

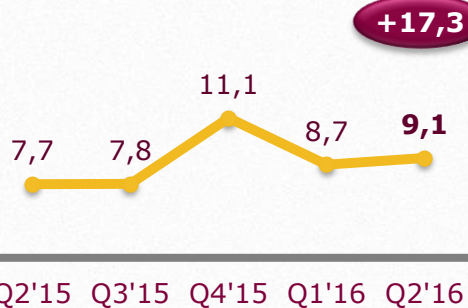


Result on banking activity

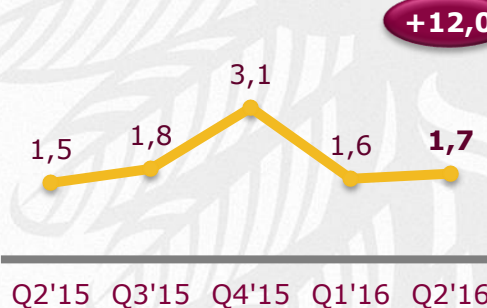


X - CHANGE VS. Q2'15 (%)

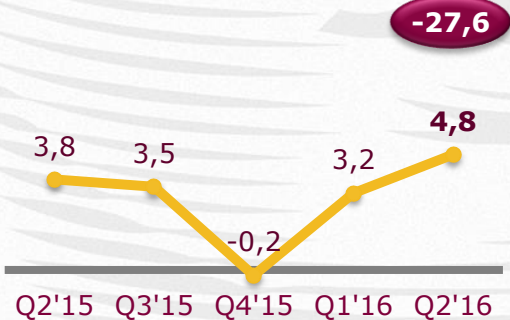
Expenses*



Net impairment**



Net profit



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