



**ALIOR
BANK**

ALIOR BANK S.A.

2013 EOY results presentation

March 6, 2014

AGENDA

- Highlights
- Regulatory Update
- Capital Increase
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

AGENDA

- **Highlights**
- Regulatory Update
- Capital Increase
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

- ✓ **Strong fundamental performance**
 - Loan growth +37.5% (PLN19.7bn)
 - Successful client acquisition + 632k new clients
 - NIM 4,7%

- ✓ **Reported results impacted by extraordinary items**
 - Change in bancassurance accounting methodology – last & final change in Q4'13 (FY'13 net result +PLN18m, FY'12 equity +PLN34m)
 - Provision related to non-current assets held for sale (-PLN 19 m)

- ✓ **December capital increase has secured Alior Bank's long-term growth strategy even under stricter upfront bancassurance accounting**
 - Strong capital position (Tier 1 ratio 12.7%, CAR 14.5%)

- ✓ **Medium-term targets re-affirmed**
 - 2016 ROE >16%
 - Monthly loan growth volume >PLN400m
 - 2016 C/I <45%
 - 2016 market share 4%



KEY FINANCIALS (BANCASSURANCE IMPACT INCLUDED)

M PLN	2013	2012	% (A-B)/B	Q4'13 QTD	Q4'12 QTD	% (D-E)/E
	A	B	C	D	E	F
Net interest income	999	827	21	298	228	31
Net fee and commission	275	201	37	88	43	104
Trading result & other	266	248	7	62	77	-19
Operating income	1 540	1 277	21	448	348	29
General administrative expenses	-847	-908	-7	-233	-347	-33
General administrative expenses excl. one-offs	-847	-749	13			
Impairment losses	-381	-279	37	-118	-89	33
Impairment on non-current asset held for sale	-24	0		-24	0	
Gross profit	288	90	219	73	-88	-183
Net profit	228	61	273	58	-95	-161
Net profit excluding one-offs	247	220	12			

M PLN	2013	2012	% (A-B)/B	Q4'13 QTD	Q4'12 QTD	% (D-E)/E
Loans	19 658	14 300	37	19 658	14 300	37
Deposits	20 842	17 463	19	20 842	17 463	19
Total equity	2 185	1 971	11	2 185	1 971	11
Total assets	25 550	21 181	21	25 550	21 181	21

M PLN	2013	2012	A-B pp	Q4'13 QTD	Q4'12 QTD	D-E pp
ROE (%)	11,0%	4,2%	6,8			
ROA (%)	1,0	0,3	1	1,0	0,3	0,6
C/I (%)	55,0	71,1	-16	52,0	99,6	-47,6
CoR (%)	2,2**	2,2	0			
L/D (%)	94,3	81,9	12,4	94,3	81,9	12,4
NPL ratio (%)	6,9	5,7	1,1	6,9	5,7	1,1
NPL coverage ratio (%)	57,3	58,3	-1	57,3	58,3	-1
CAR (%)	12,1 (14,5*)	15,2	-3,1	12,1	15,2	-3,1
Tier 1 (%)	10,3 (12,7*)	12,8	-2,4	10,3	12,8	-2,4

*including new shares issue

** excluding impairment on non-current asset held for sale

AGENDA

- Highlights
- **Regulatory Update**
- Capital Increase
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

- ✓ **February 25th 2014 – Bank receives confirmation from regulator that below mentioned solution meets KNF guidelines**

Product	Up-front level range	Up-front level in Q4'13
cash loans	12-15%	13%
mortgages	18%-22%	20%

- ✓ **Recommendation U due to be finalized in Nov 2014**

✓ Bank levy – change and impact on Alior

In PLN m	2013	2014
Fee impact on Alior:	1.7	7.1

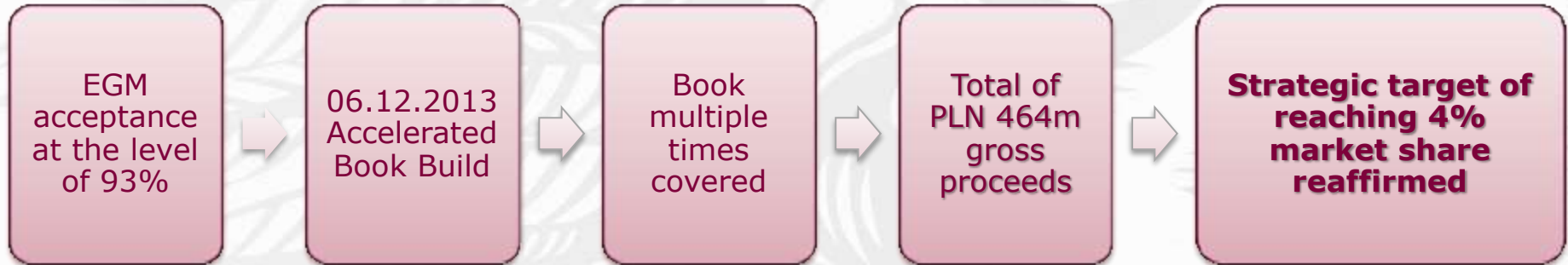
✓ **Interchange decrease starting mid-2014 for Alior the impact is not material and will be offset.**

AGENDA

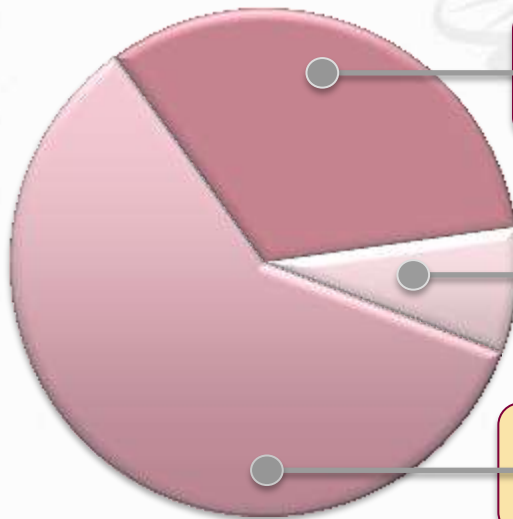
- Highlights
- Regulatory Update
- **Capital Increase**
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

CAPITAL INCREASE

Capital increase highlights



Free float



22.9 m shares - **32,8%** (before 36,1%)

Entities controlled by Carlo Tassara Group

5.6 m shares - **8,0%** (before 8,8%)

European Bank for Reconstruction and Development

41.4 m shares - **59,2%** (before 55,1%)

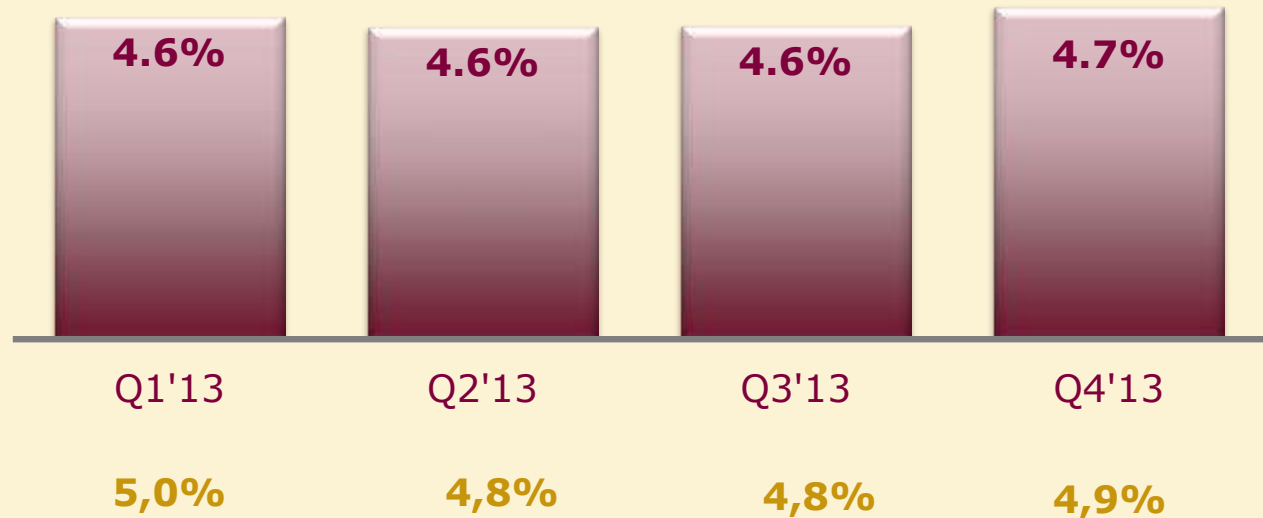
Market **free float**

AGENDA

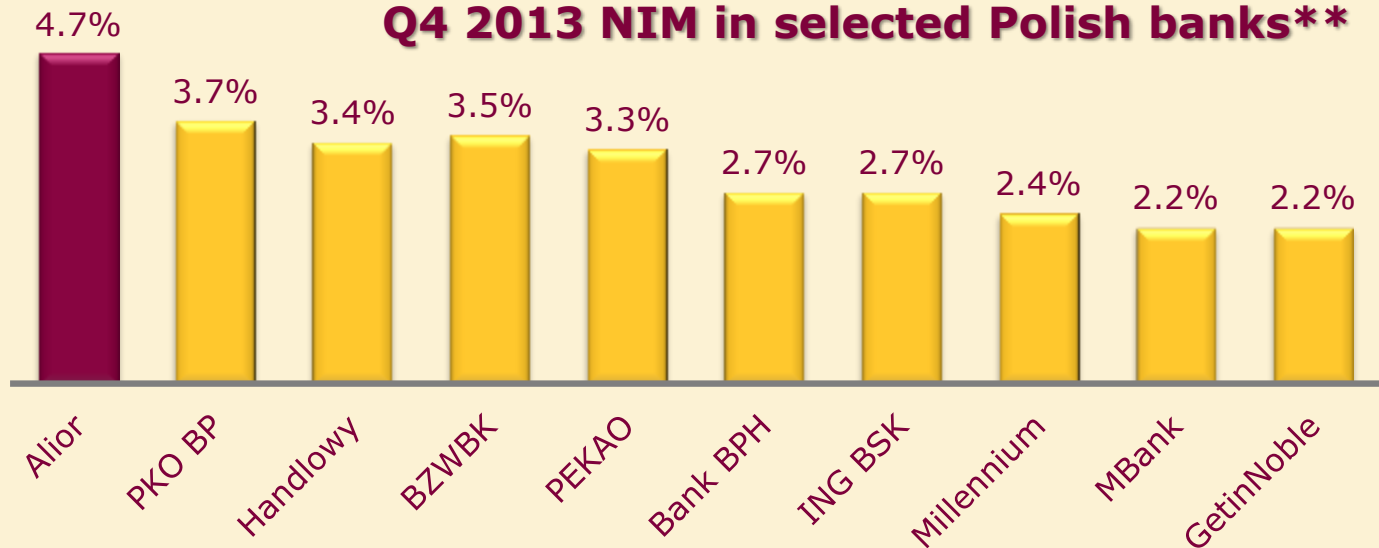
- Highlights
- Regulatory Update
- Capital Increase
- **Operational Performance**
- Strategic Initiatives
- Outlook
- Appendix

NIM – INCREASE WITH POSITIVE OUTLOOK

Alior NIM progression



Q4 2013 NIM in selected Polish banks**



*Basis for Q3 guidance of 5 %

**Q3 2013 data for PKO BP, Handlowy, BPH, PEKAO

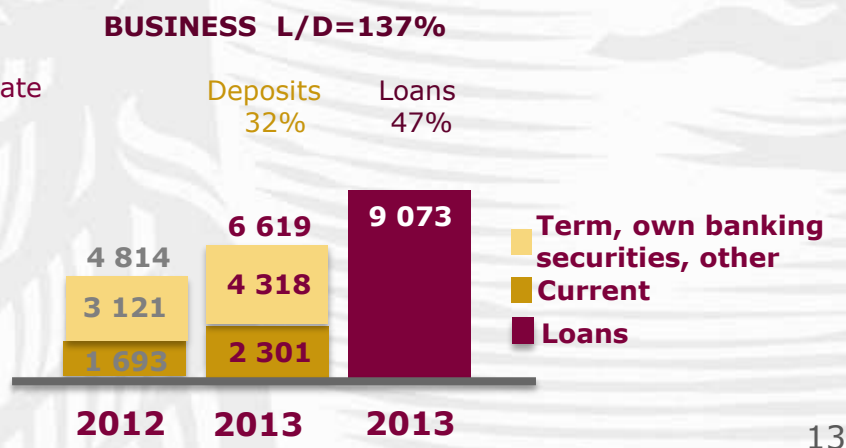
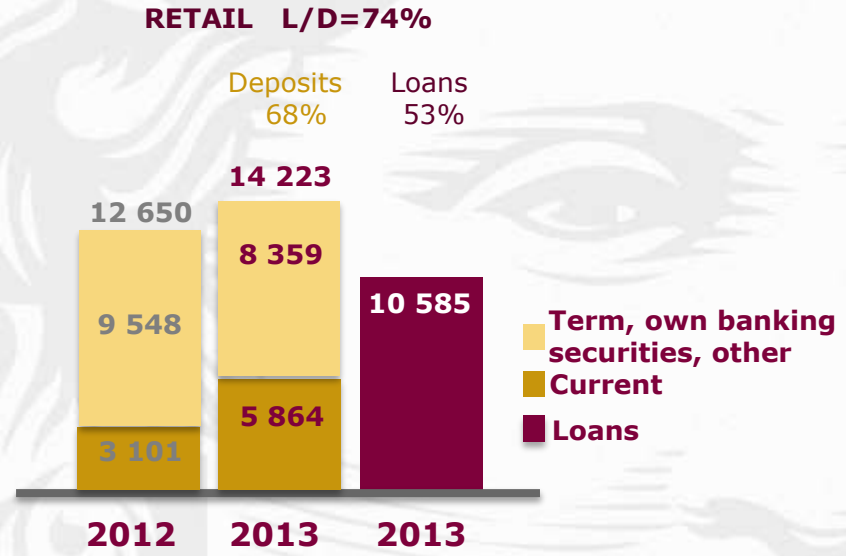
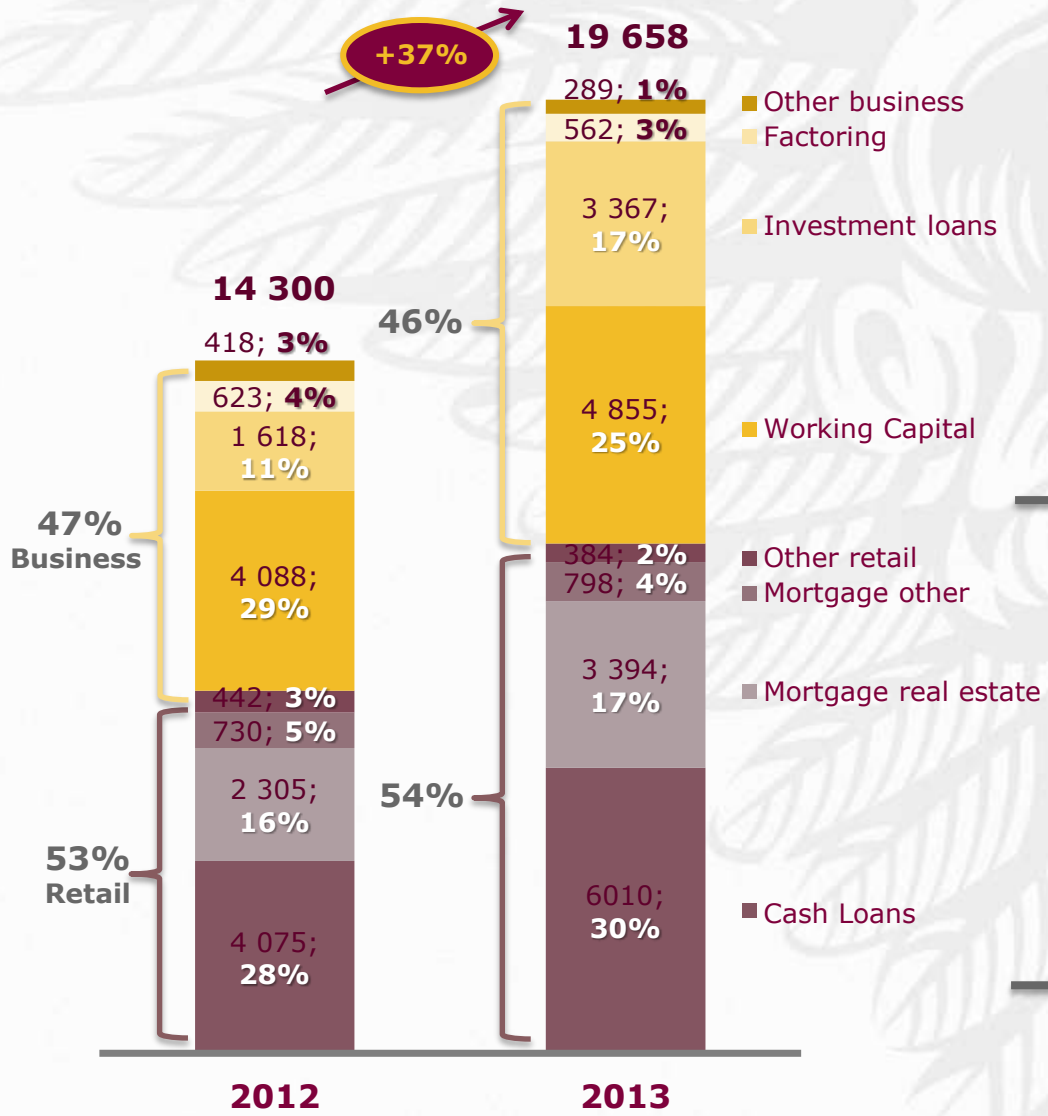


FAVORABLE DEVELOPMENT OF LOAN BOOK AND DEPOSIT GATHERING

Loan book split

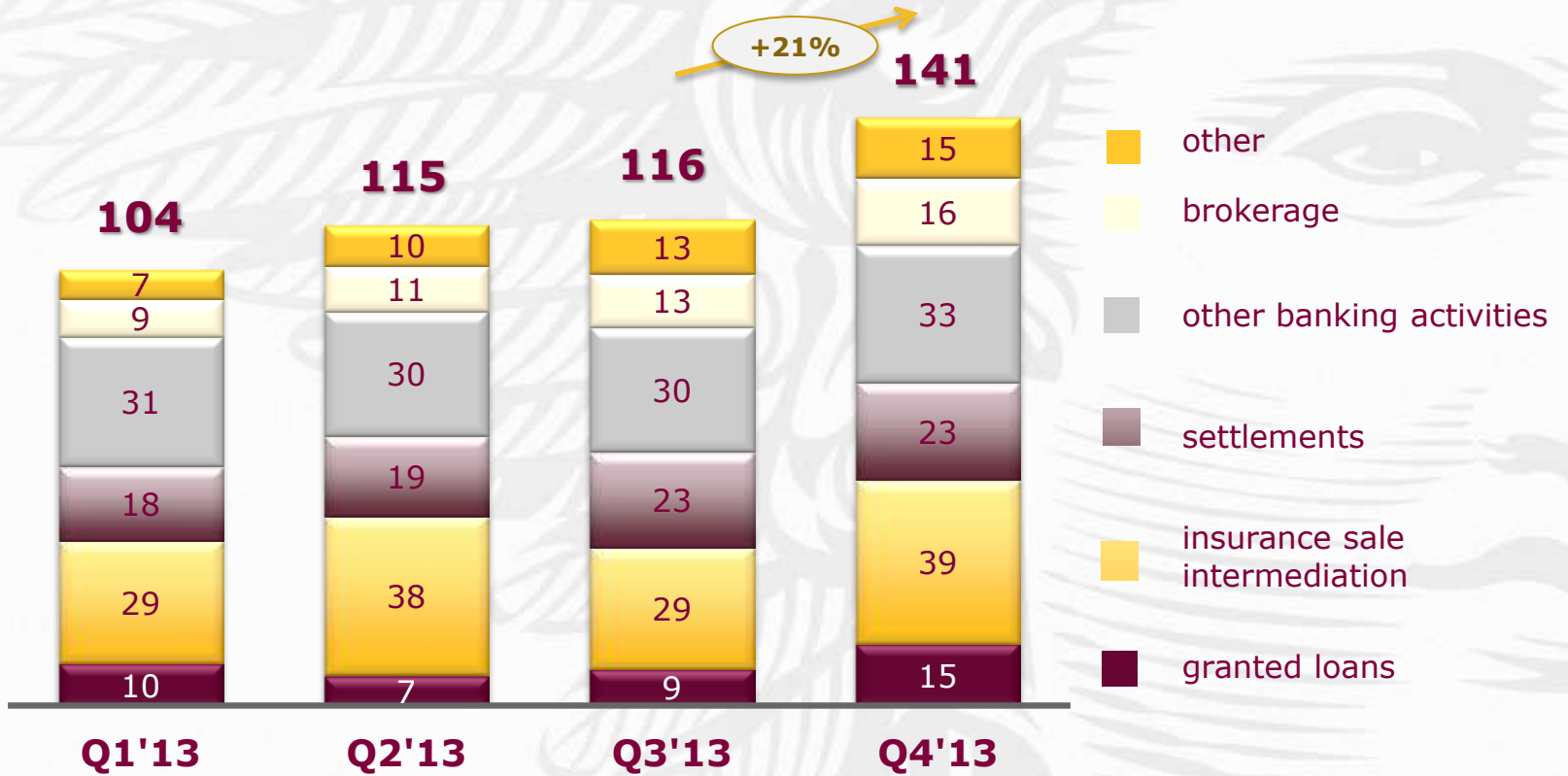
L/D = 94%

in PLN m



FEE INCOME PERFORMANCE

Fee income split (in PLN m, structure)



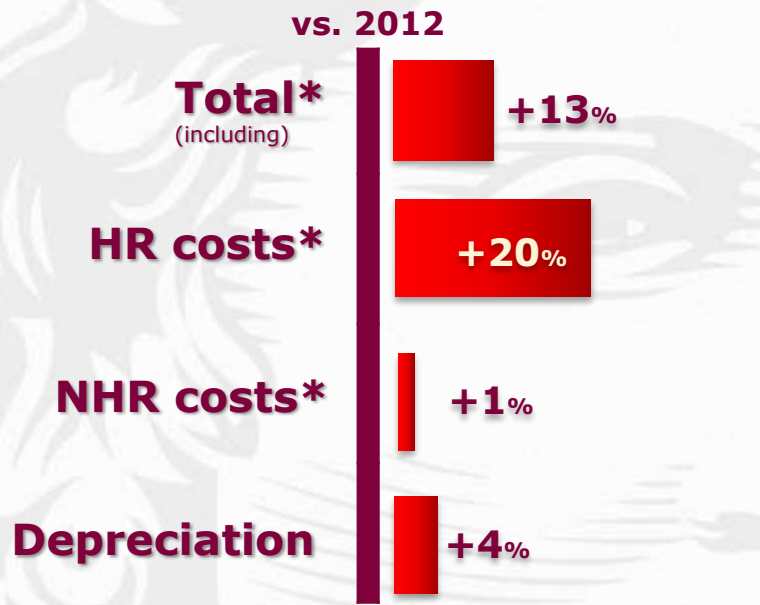
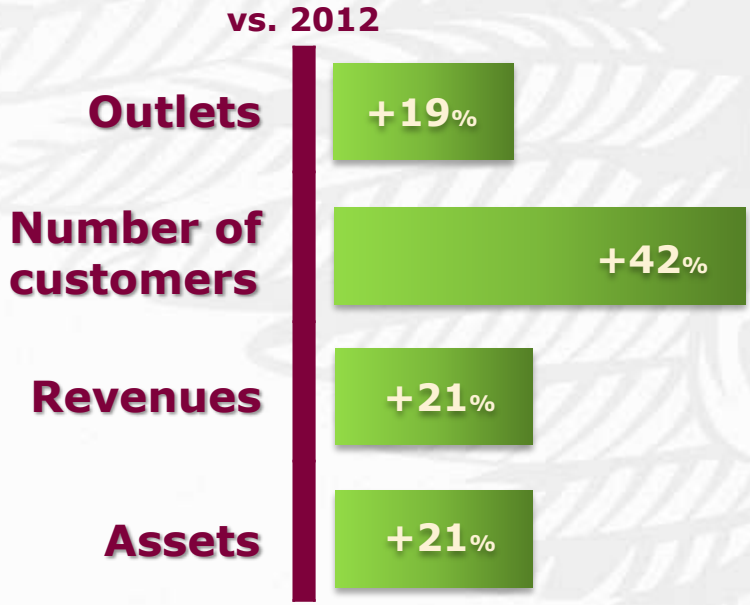


DEVELOPING SCALE OF ACTIVITY WHILE KEEPING COST EFFECTIVENESS

in PLN m

Alior broaden the capacity...

...managing its cost base effectively



C/I 2013 = 55%

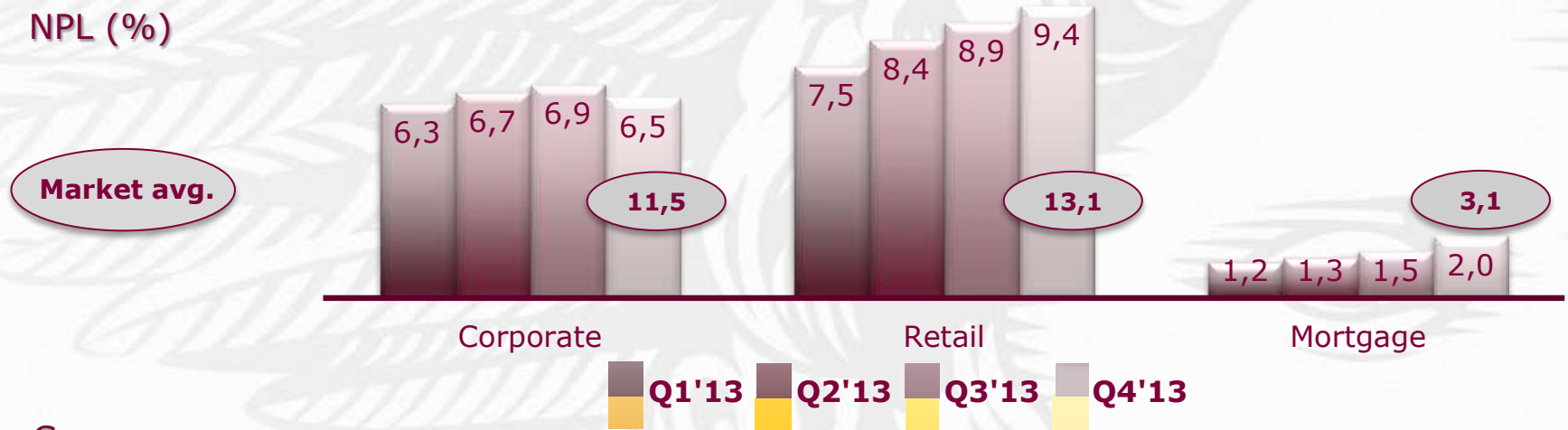
New Cost saving program savings of 25 M in 2014 + 25 M in 2015, structure:

HR	45%
External services	15%
IT & telecommunication	14%
Other	26%

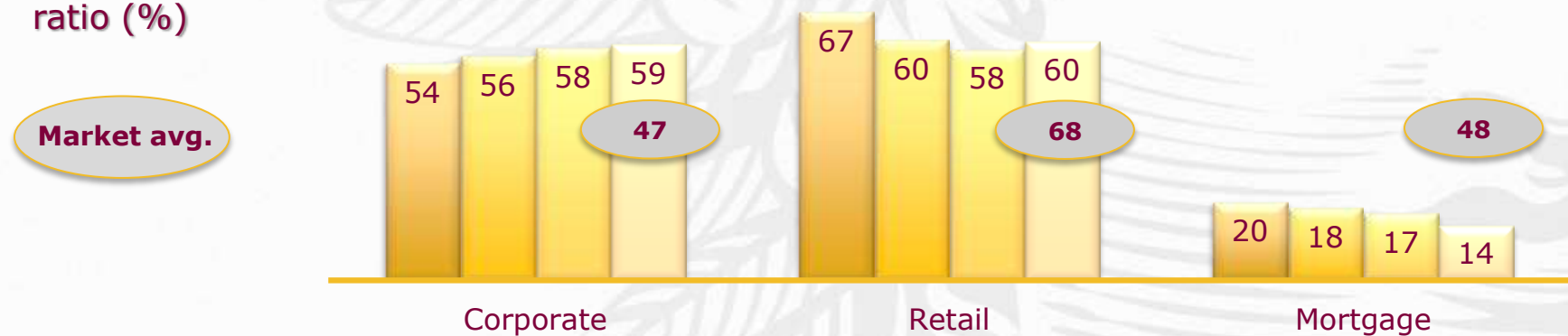
*excluding IPO cost in 2012

CREDIT RISK OVERVIEW

NPL (%)



Coverage ratio (%)



Loan portfolio structure (%)	Corporate	Retail	Mortgage
Alior	47	36	17
Banking sector	34	26	40

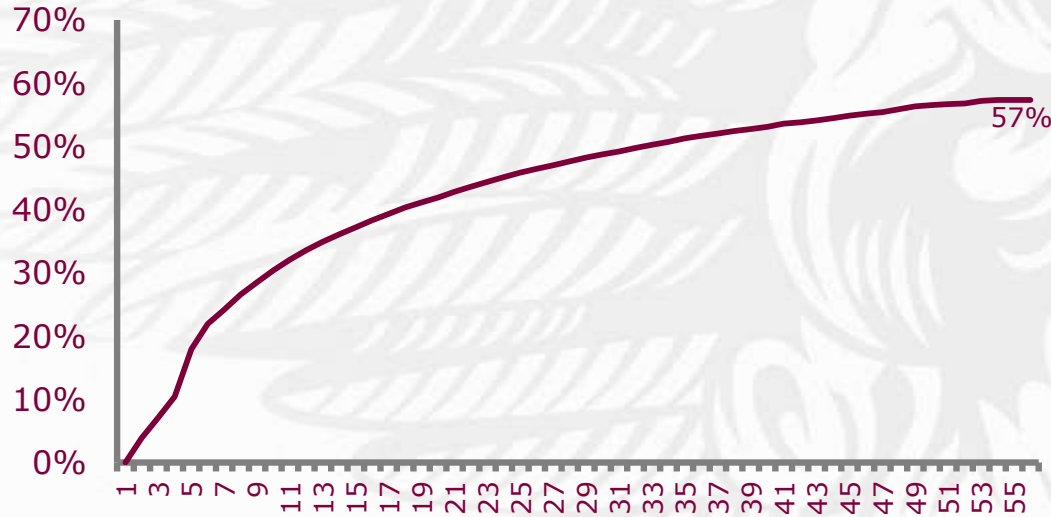
Retail means the total retail portfolio – mortgages for real estates portfolio

Market avg.: ratios calculated on the basis of figures on sector receivables published monthly by National Bank of Poland. Sector Corporate exclude budget entities.



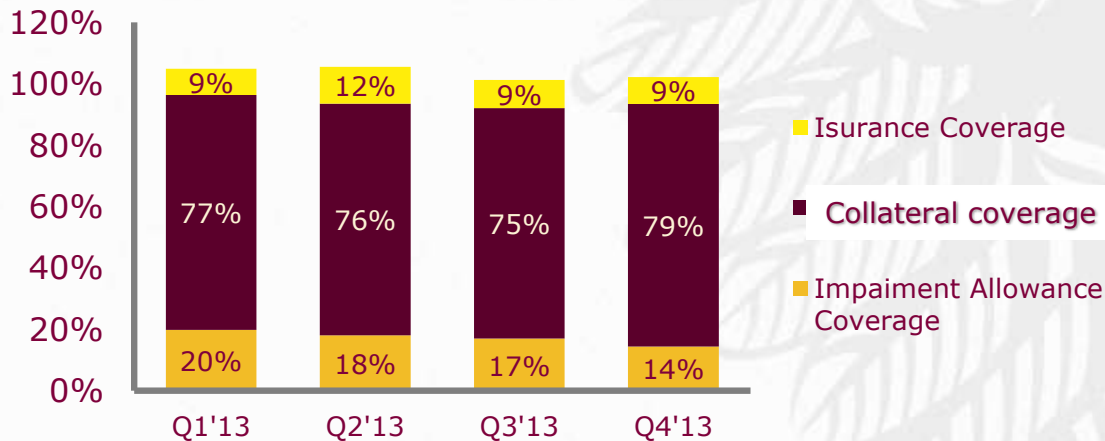
IMPAIRMENT LEVEL CONSISTENT WITH RECOVERIES AND COLLATERAL COVERAGE

Average recoveries on cash loans (2009-2013)



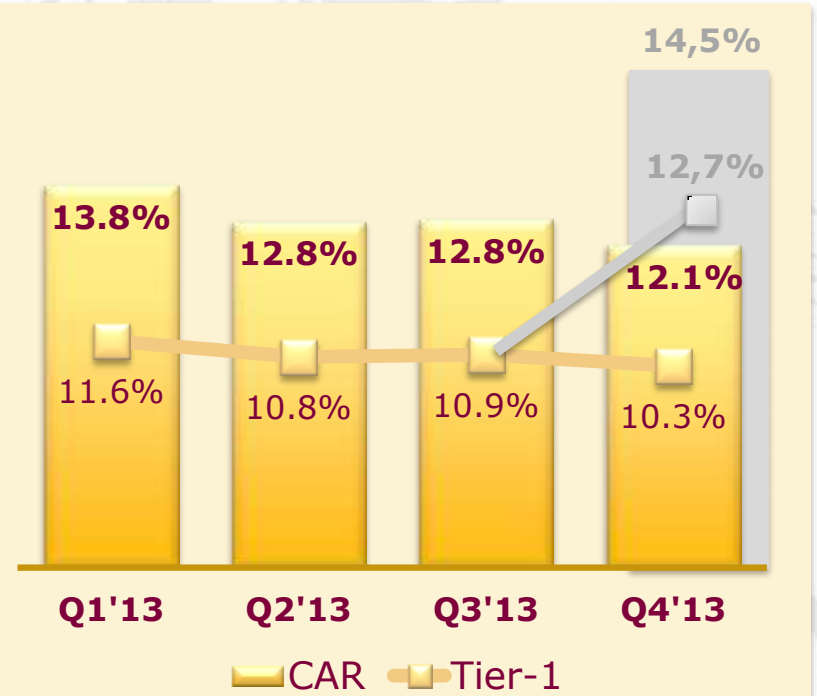
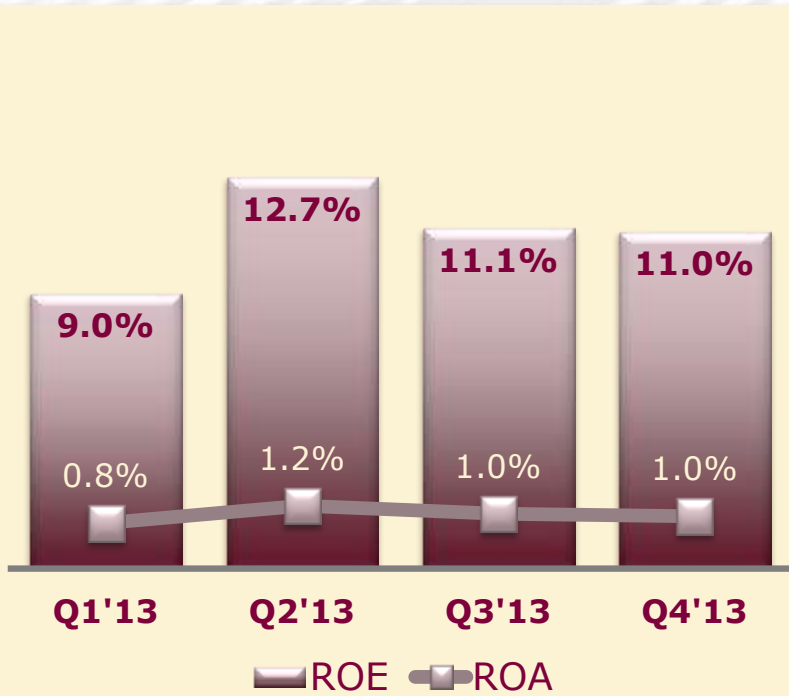
Alior bank has implemented new collective impairment calculation model, which is fully based on Alior historical recoveries.

Mortgage NPL coverage



Total coverage of MTG NPL's above 100%. Change in impairment coverage mainly due to lower LTV of new defaults and proven recoveries from insurance.

CAPITAL POSITION SECURES 2016 STRATEGIC TARGETS



Capital adequacy ratios above regulatory levels.

Grey figures present the ratios with the assumption of including PLN 464 m of new capital as of 4Q'13 (new capital registered on Jan 2, 2014)

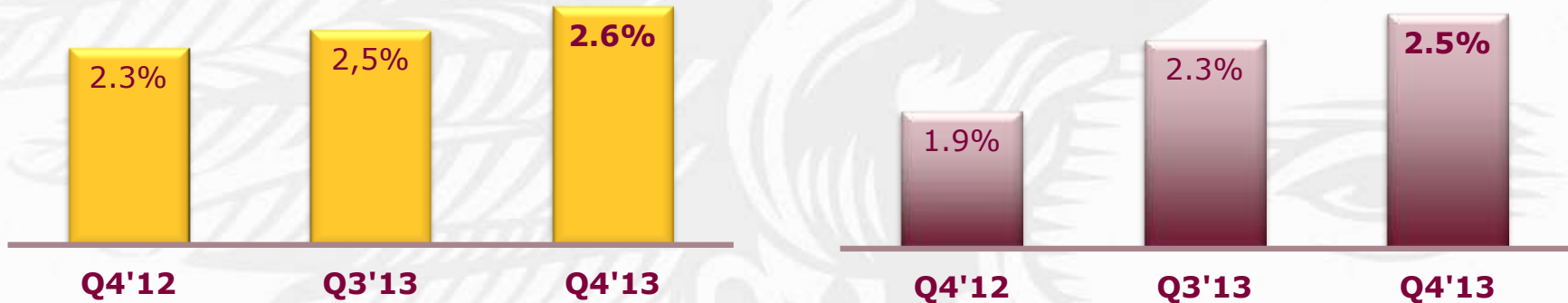


ON TRACK TO CAPTURE 4% MARKET SHARE

Deposits

MARKET SHARE

Loans



Deposits

MONTHLY GROWTH (%)

Loans

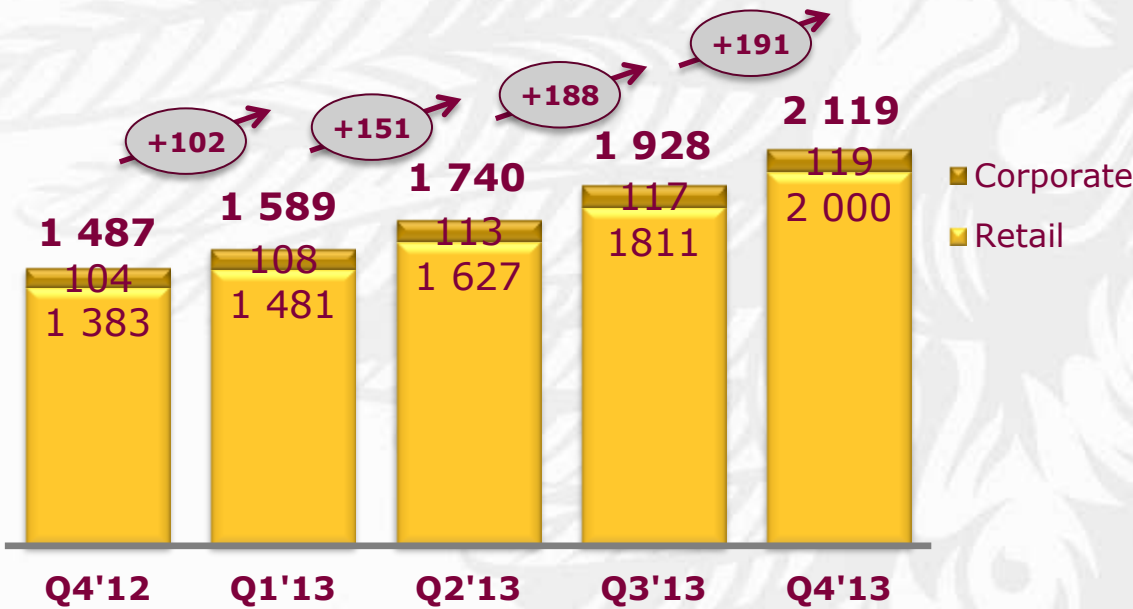
	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
JUL	-2,7	-0,2	-4,9	-0,1	2,9	-0,7	JUL	0,5	-0,5	2,2	-0,2	-1,3	-1,1
AUG	2,1	0,4	-1,5	0,5	10,4	0,0	AUG	2,2	0,8	2,4	0,7	1,9	1,2
SEP	1,0	0,0	3,1	-0,1	-3,4	0,4	SEP	2,8	0,4	2,6	0,7	3,1	-0,2
OCT	5,2	0,6	5,9	0,2	3,6	1,9	OCT	2,9	-0,3	3,3	-0,1	2,5	-0,8
NOV	0,7	0,4	2,6	0,4	-3,5	0,5	NOV	2,2	0,7	2,4	0,6	2,0	1,0
DEC	4,5	3,0	3,5	1,9	6,9	6,6	DEC	1,6	-0,6	2,0	-0,3	1,3	-1,3

Retail deposit re-pricing campaign in Jul and Aug.

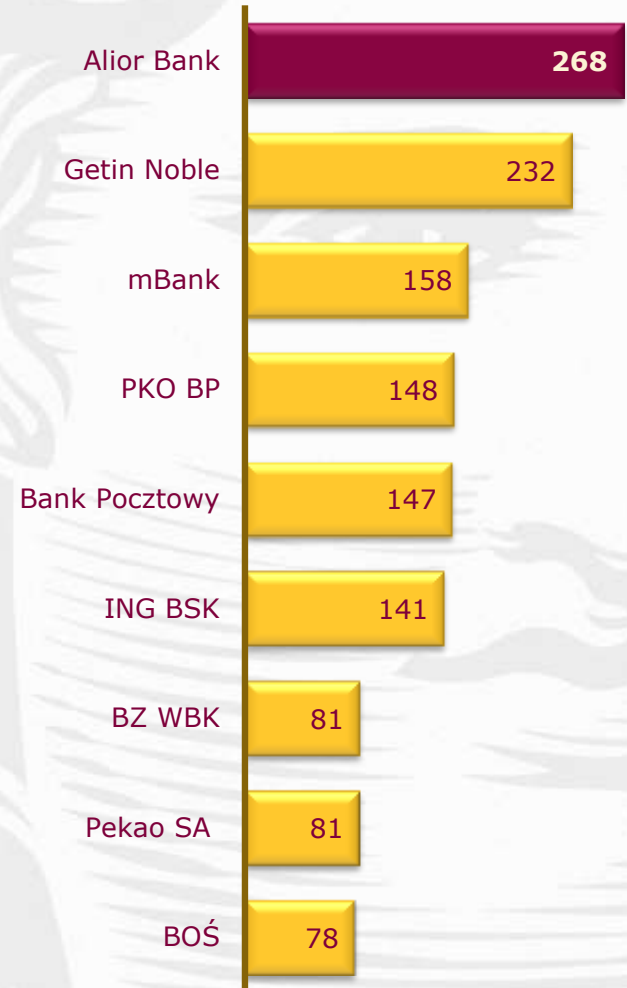


ALIOR RETAINS ITS TOP POSITION IN CLIENT ACQUISITION

Acceleration of customer acquisition



Current accounts growth Q3'13 vs. Q3'12 (thsd)



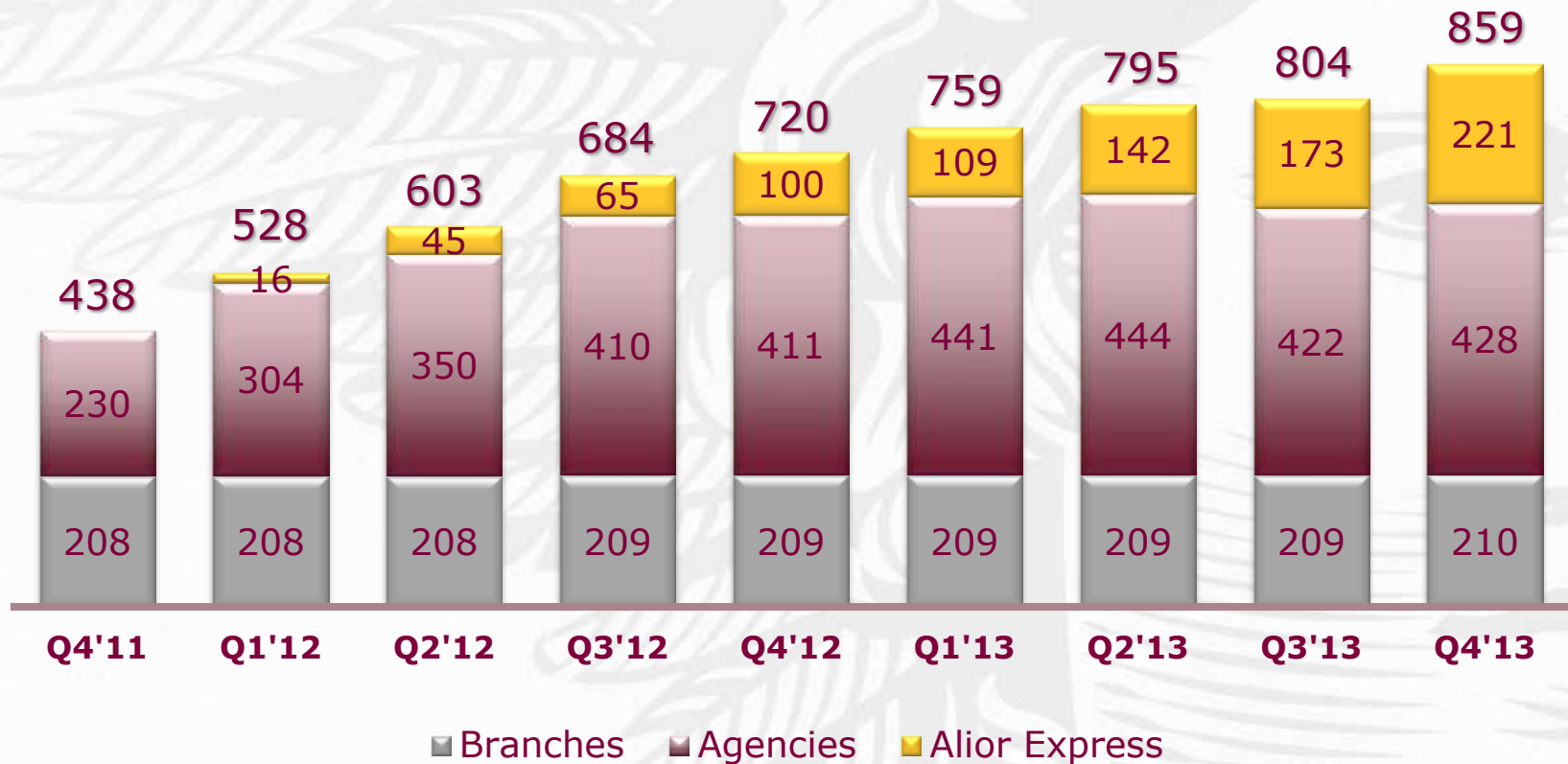
Customers' segmentation acquisition channel for retail

	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13
Branches	1 185	1 204	1 252	1 300	1 415
AEX	29	40	51	63	78
CF	23	70	136	232	249
Alior Sync	146	168	189	216	258

Source: PR news

DISTRIBUTION NETWORK GROWTH

4th largest distribution network in Poland



With T-Mobile co-operation in place, Alior Bank does not plan further development of Alior Expresses.

AGENDA

- Highlights
- Regulatory Update
- Capital Increase
- Operational Performance
- **Strategic Initiatives**
- Outlook
- Appendix

COOPERATION WITH T-MOBILE: INNOVATIVE CUSTOMER PROPOSITION

Significant opportunity for Alior:

- Large client base of ~16M telco contracts
- ~1000 T-Mobile outlets
- Strongest brand in Poland
- Innovative



How that will contribute to our financials:

- Acquisition of ~2 M clients within 5 years with 20% cross sell of loans
- Income driver: retail loans sold to 7M postpaid T-Mobile customers with very good risk profiling
- Planned ROE in 3rd year of 16% growing to ~40% in year 5

AGENDA

- Highlights
- Regulatory Update
- Capital Increase
- Operational Performance
- Strategic Initiatives
- **Outlook**
- Appendix



2014 OUTLOOK

Growth

Loan growth > PLN 400 m net monthly

NIM

~4,7%

Margin stabilization with upside potential due to gradual shift of loan book structure towards high margin loans and improvement of deposit margins due to stable interest rate environment

Costs

C/I 2014 ~50% EOY

Initiation of cost-cutting plan should further improve Alior efficiency (on top of strong revenues growth)

Risk

CoR 2014 – 2,2%

Higher proportion of non-collateralized lending (including Consumer Finance installment loans) in the credit portfolio.

ROE 2016

- >16%

Loan volumes

- > PLN 400 m net monthly

C/I 2016

- < 45%

Market share 2016

- 4%

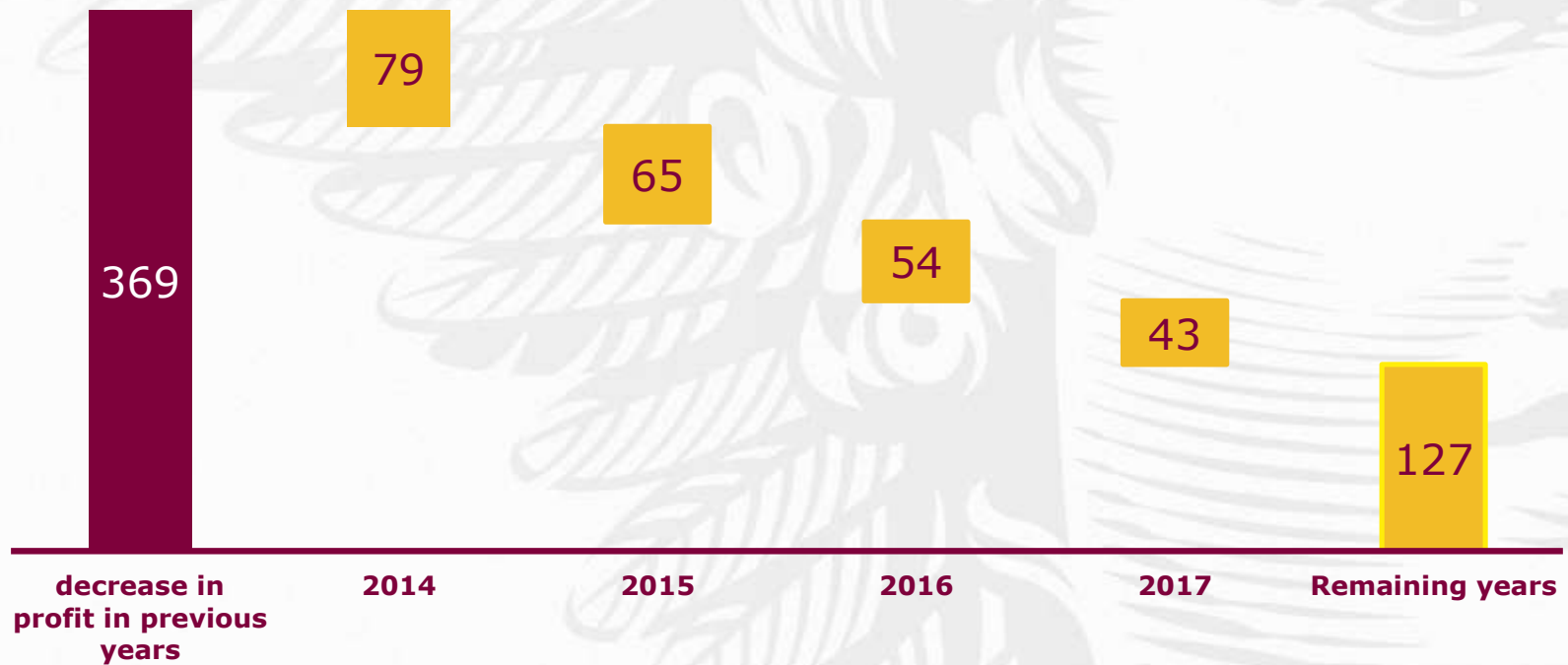
AGENDA

- Highlights
- Regulatory Update
- Capital Increase
- Operational Performance
- Strategic Initiatives
- Outlook
- **Appendix**

BANCASSURANCE ACCOUNTING IMPACT POST 2013 EOY RESTATEMENT

Deferred income under the final and regulator-approved bancassurance revenue recognition model.

Distribution of deferred income incl. early repayment provisions (PLN m)



Deferred income face value = PLN 456 M; due to upfront booking of early repayment provisions created under conservative assumptions (29%).



SIGNIFICANT EVENTS IMPACTING 2013 PERFORMANCE

✓ Bancassurance issue closed



✓ Non-current assets held for sale prudently provisioned

Dec 2012 64 M asset value

Dec 2013 24 m provision created → bottom line impact – 19 M

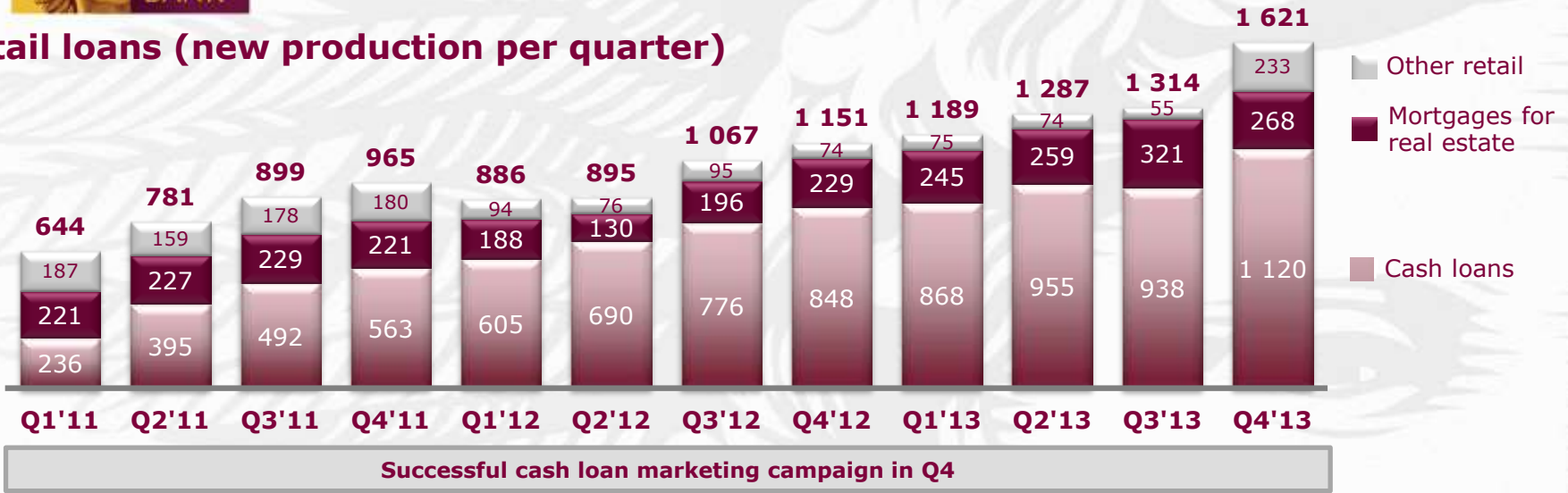
✓ Successful ABB secures Bank's capital position

(under stricter, KNF compliant & approved, accounting for bancassurance)

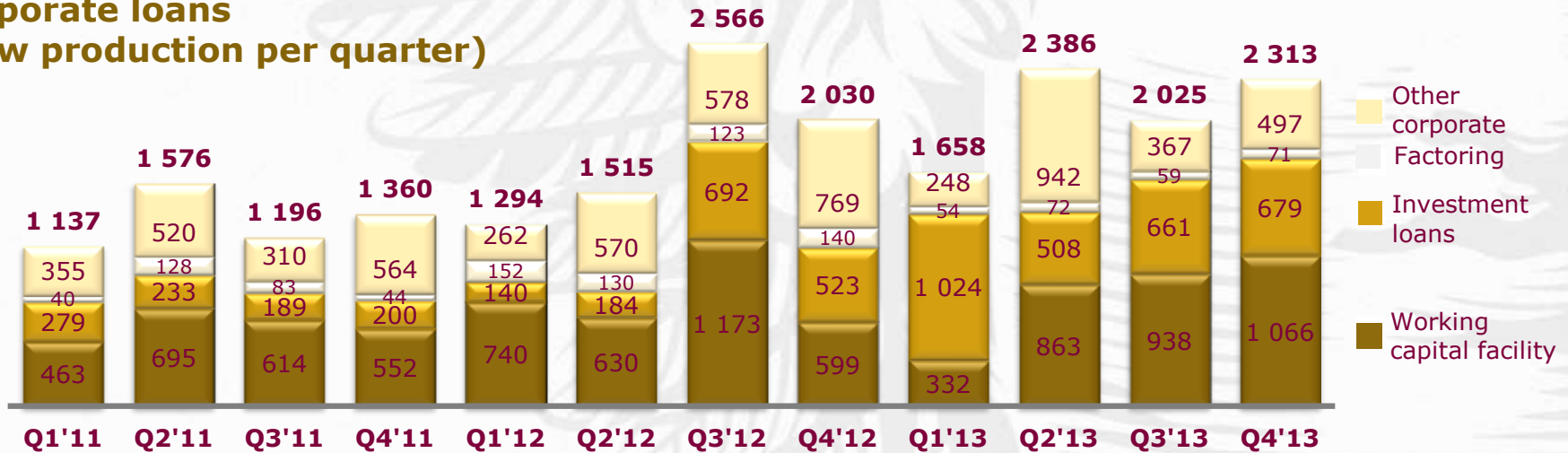


CONTINUED STRONG LOAN GROWTH ACROSS EACH SEGMENT

Retail loans (new production per quarter)



Corporate loans (new production per quarter)



Bancassurance cross-sell strategy unchanged

New production defined as any opening of a new credit account / credit line. Renewals are excluded.

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.



CARLO TASSARA STAKE – THE SEARCH FOR ELIGIBLE INVESTOR CONTINUES

Following Alior listing in December 2012 Carlo Tassara initiated the sales of its stake to regulated entity.

2013 developments:

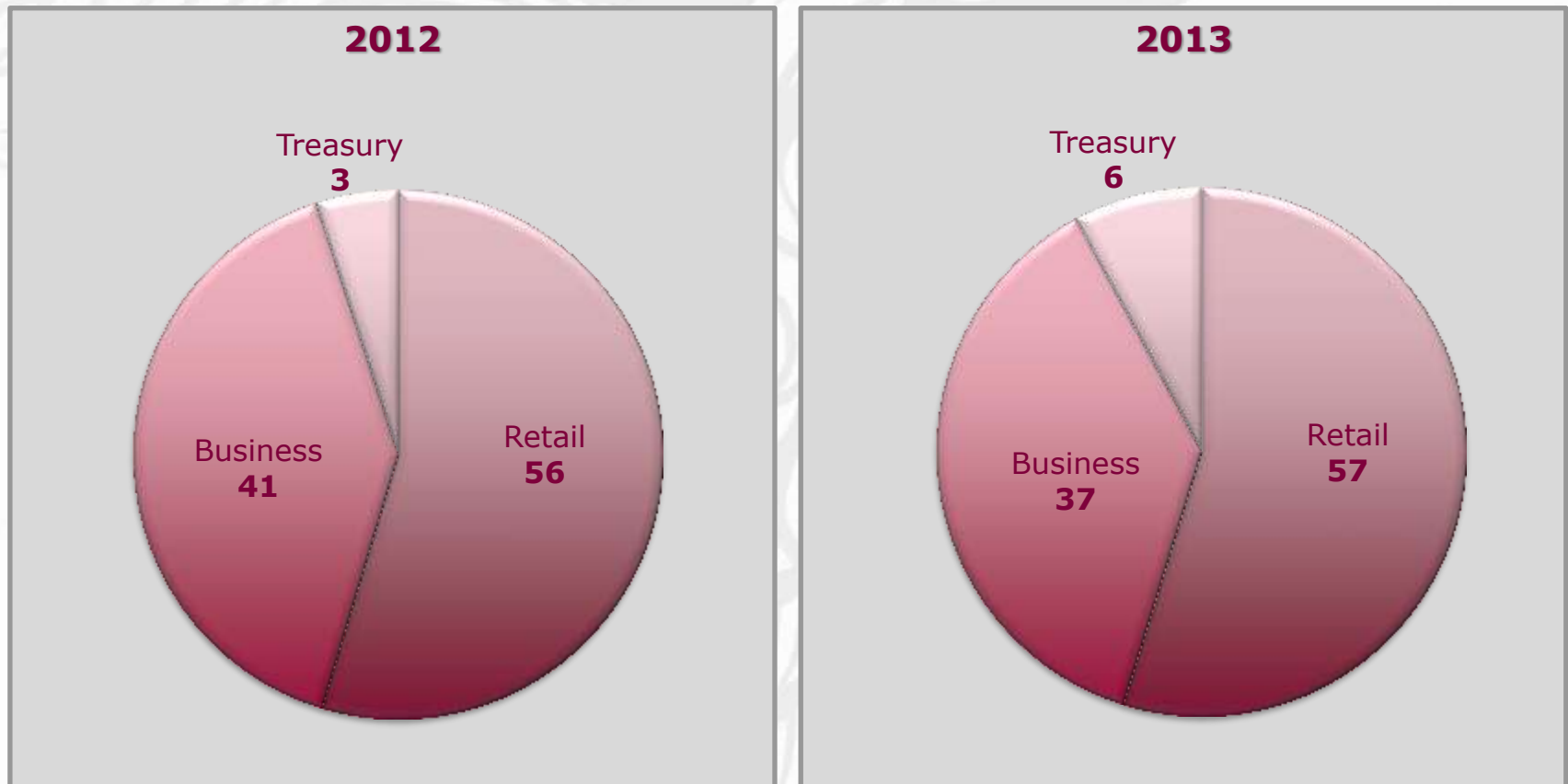
Transaction was not executed. However advanced negotiations were conducted with PZU.

January 8 2014:

KNF prolongs the deadline for sale of Carlo Tassara stake till 31 December 2014.

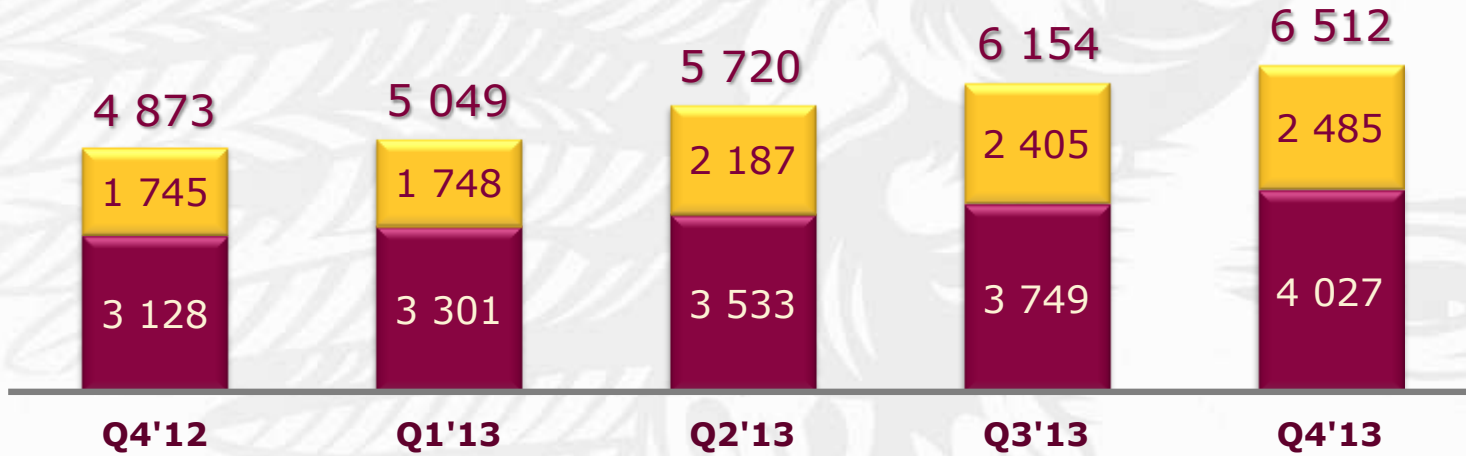
Lock up periods	
30.01. – 05.2013	529k shares (405k sold)
15.09.2013	584k + 124k (not sold)= 708k shares (678k sold)
15.03.2014	1 265k shares Non-management Manco members
15.12.2014	1 365k shares Management Board

Net revenue split before impairment charges (%)



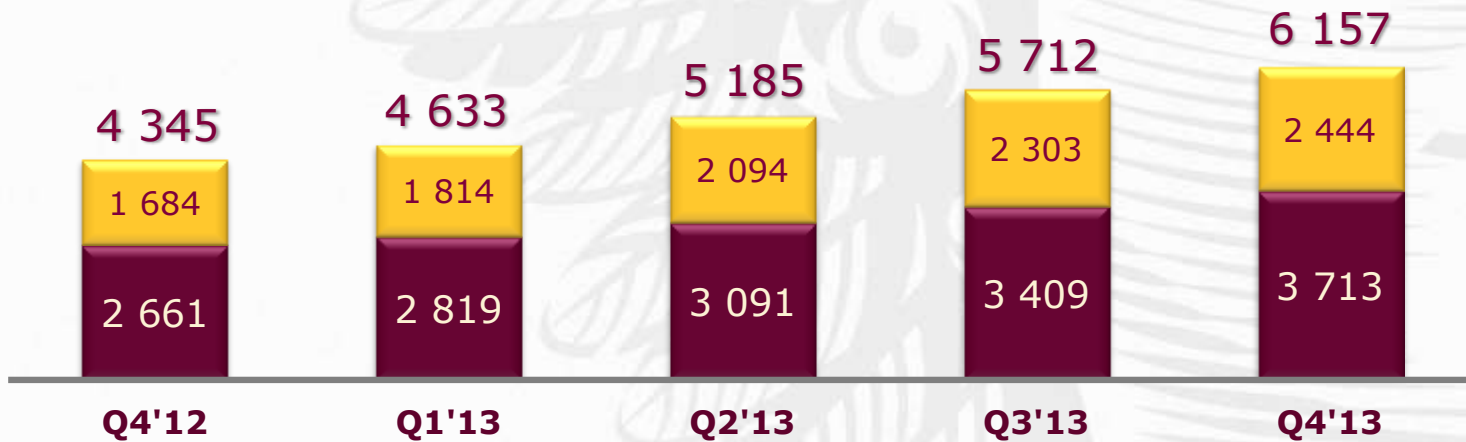
EMPLOYEES

Persons



■ Outlets ■ Headquarters

FTEs





INCOME STATEMENT SNAPSHOT

	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13
Interest income	298	341	363	399	376	370	357	415
Interest expense	-118	-139	-146	-171	-155	-130	-118	-117
Net interest income	180	203	217	228	222	240	239	298
Dividend	0	0	0	0	0	0	0	0
Fee and commission income	87	83	98	103	104	115	116	141
Fee and commission expense	-31	-39	-40	-60	-49	-55	-45	-52
Net fee and commission income	56	44	58	43	55	60	71	88
Trading result	33	48	50	51	49	78	53	46
Net gain (realized) on other financial instruments	0	3	14	6	1	6	0	5
Other operating income	5	17	13	26	9	15	8	17
Other operating costs	-4	-4	-4	-5	-9	-5	-3	-6
Net other operating income	1	12	10	20	1	11	5	11
General administrative expenses	-178	-186	-197	-347	-198	-204	-213	-233
Impairment losses	-48	-68	-73	-89	-74	-87	-102	-142
Gross profit (loss)	44	55	79	-88	57	104	54	73
Income tax	-9	2	-15	-7	-13	-21	-12	-15
Net profit (loss)	35	57	64	-95	45	84	41	58



BALANCE SHEET SNAPSHOT

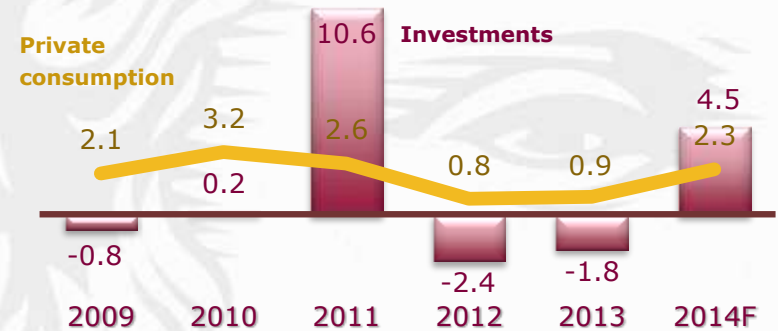
	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13
Cash and balances with Central Bank	579	590	702	1 030	729	722	755	1 067
Financial assets held for trading	187	205	174	174	215	265	234	243
Financial assets available for sale	2 113	2 345	2 328	4 321	3 259	3 447	2 929	3 389
Hedging derivatives	0	0	0	0	0	0	3	12
Receivables from banks	247	433	380	414	138	170	182	254
Receivables from customers	11 109	12 129	13 351	14 300	15 619	17 370	18 310	19 658
Tangible fixed assets	214	217	233	215	208	207	206	215
Intangible assets	139	137	123	158	158	167	169	188
Investments in subsidiaries	0	0	0	0	0	0	0	0
Non-current asset held for sale	0	0	0	62	62	62	62	38
Current income tax receivables	97	111	112	143	138	129	118	144
Current	0	3	0	0	4	4	0	0
Deferred	97	108	112	143	134	125	118	144
Other assets	208	220	270	365	350	282	299	341
TOTAL ASSETS	14 892	16 387	17 674	21 181	20 875	22 823	23 269	25 550
Financial liabilities held for trading	141	167	128	129	146	157	154	184
Financial liabilities measured at amortised cost	12 858	14 182	15 427	18 092	17 643	19 591	20 084	21 660
Hedging derivatives	0	0	0	0	0	11	5	0
Provisions	39	11	13	13	9	5	4	11
Other liabilities	508	514	533	594	723	640	560	1 129
Income tax liabilities	0	0	8	31	0	3	0	32
- Current	0	0	8	31	0	3	0	32
Subordinated loans	344	353	344	351	344	352	344	349
Liabilities, total	13 890	15 227	16 453	19 210	18 865	20 759	21 151	23 365
Equity	1 002	1 160	1 221	1 971	2 010	2 064	2 118	2 185
Share capital	500	513	513	636	636	636	636	636
Supplementary capital	627	715	715	1 277	1 277	1 435	1 435	1 435
Revaluation reserve	3	3	-1	11	2	-32	-23	-17
Other capital	14	15	16	163	167	170	174	177
Undistributed result from prev. years	-177	-177	-177	-177	-116	-274	-274	-274
Current year's profit/loss	35	92	156	61	45	128	170	228
TOTAL LIABILITIES	14 892	16 387	17 674	21 181	20 875	22 823	23 269	25 550

POLISH MACRO OUTLOOK

GDP growth (% yoy)



Investments and private consumption (% yoy)



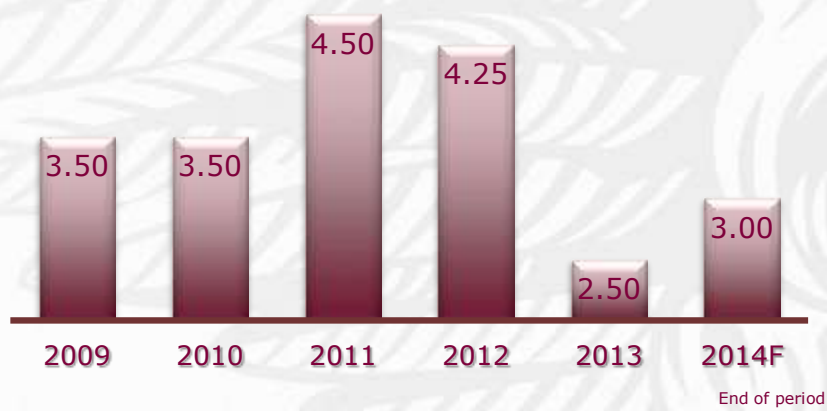
Inflation (CPI % yoy)



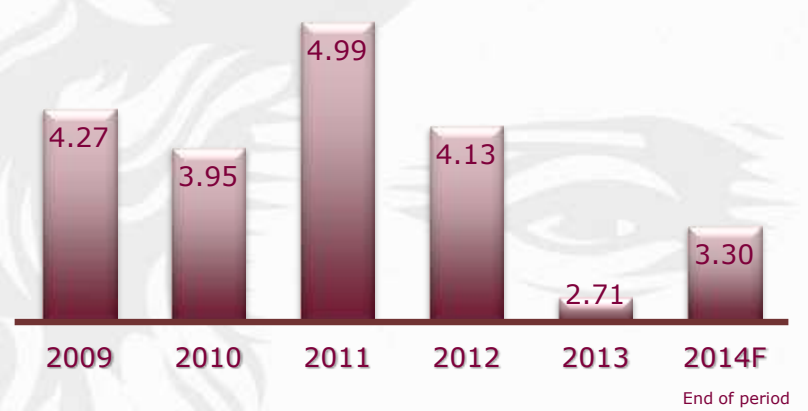
Unemployment rate (%)



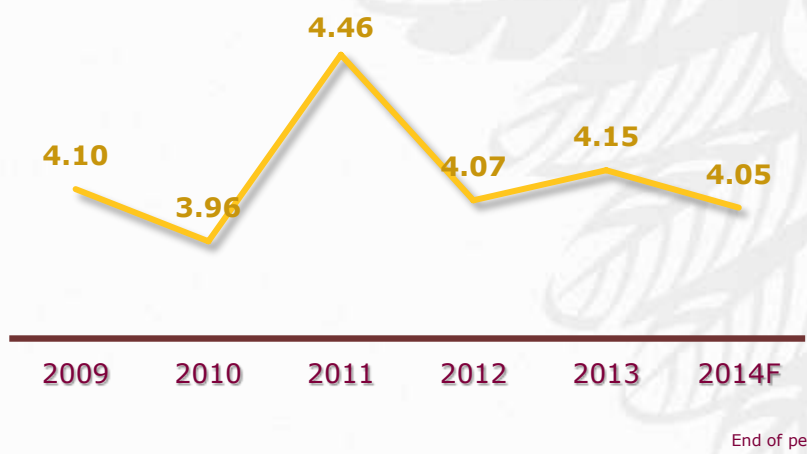
NBP referance rate (%)



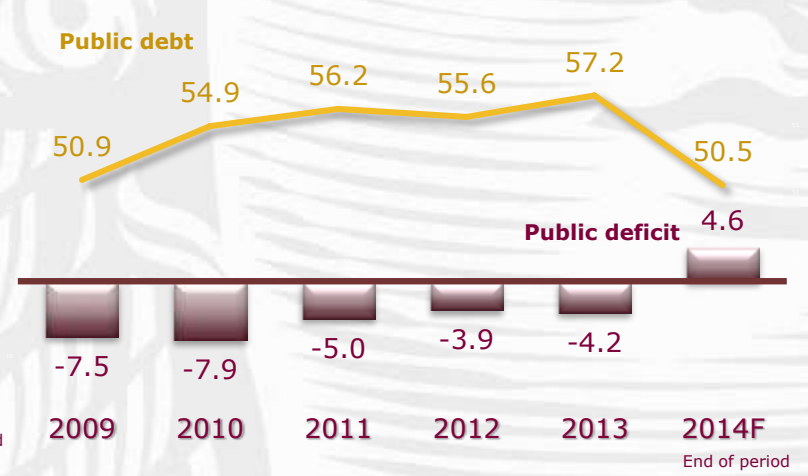
WIBOR 3M (%)



FX rate (EUR/PLN)



Fiscal policy (% of GDP)





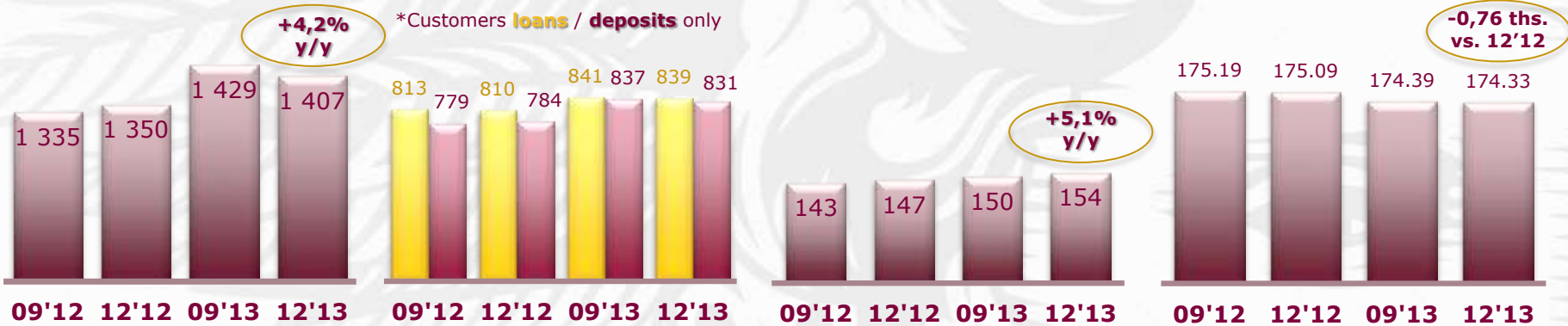
POLISH BANKING SECTOR - FINANCIAL HIGHLIGHTS & MAIN STRUCTURAL FIGURES

Assets (PLN BLN)

Loans/Deposits* (PLN BLN)

Equity (PLN BLN)

Employment (ths.)



ROA (%)

L/D (%)*

CAR (%)

ROE (%)

1,25 1,20 1,14

111,3 106,5 107,2

14,0 14,7 15,6

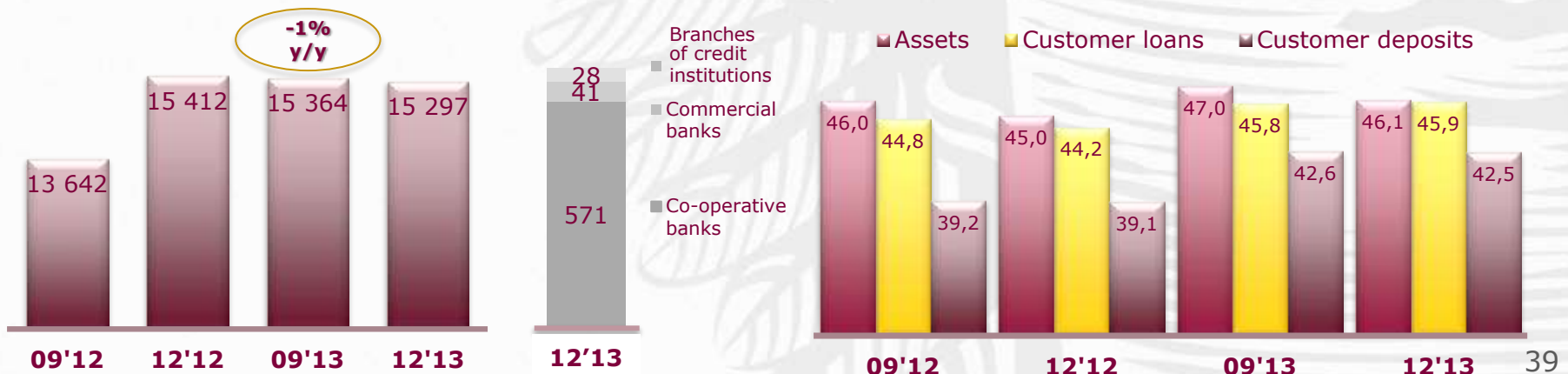
11,5 11,2 10,4

*Total loans to total deposits

No. of outlets

No. of banks

Market share of 5 biggest banks (%)



10 BIGGEST PLAYERS VS. ALIOR BANK

in PLN mln as of Q3'13

No.	Name	Strategic investor	Equity	Assets	Loans	Net result
1	PKO BP	Polish Government	21 757,2	201 618,1	150 041,0	2 288,3
2	Bank Pekao	Unicredit	20 134,2	151 202,3	101 322,0	2 062,7
3	BZ WBK	Santander	12 010,1	105 965,3	69 687,6	1 352,9
4	mbank	Commerzbank	11 582,0	104 088,1	69 312,0	877,5
5	ING Bank	ING Group	7 279,3	84 430,5	53 855,7	711,0
6	BGK	Polish Government	7 177,7	73 081,9	11 552,1	709,7
7	Getin Noble Bank	Leszek Czarnecki	5 903,0	64 910,4	47 807,1	263,0
8	Raiffeisen Polbank	RCB	5 701,3	53 960,0	34 460,0	127,0
9	Bank Millennium	BCP	5 459,6	58 101,5	41 920,9	392,8
10	Bank Handlowy	Citigroup	4 884,4	47 248,4	16 849,9	821,0

16	AliorBank	Carlo Tassara	2 244,7	23 120,1	18 149,5	154,6
-----------	------------------	----------------------	----------------	-----------------	-----------------	--------------

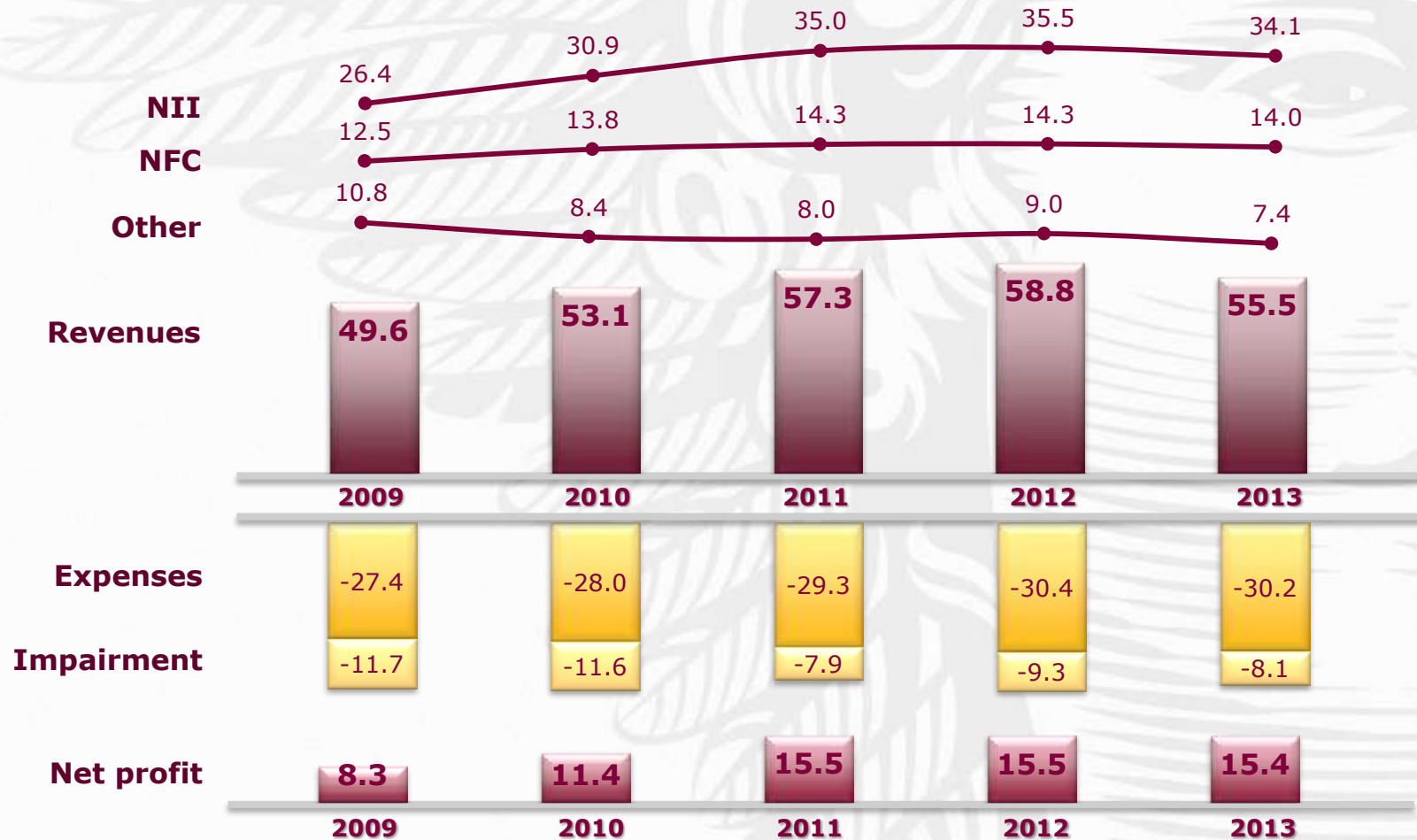
Source: Rzeczpospolita newspaper, financial statements of banks.

SECTOR'S P&L EVOLUTION

in PLN bln

Stable revenue growth between 2009 – 2011. Since 2012 revenue generation under pressure of interest rates decreases and limited scale of activity growth.

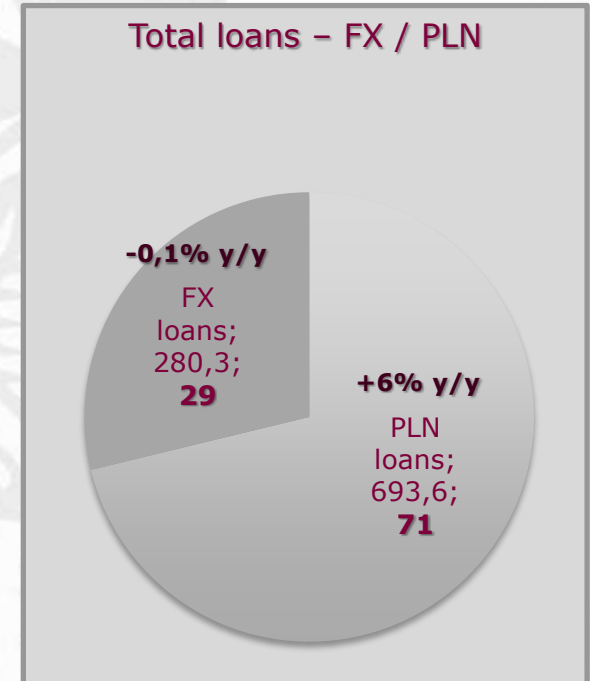
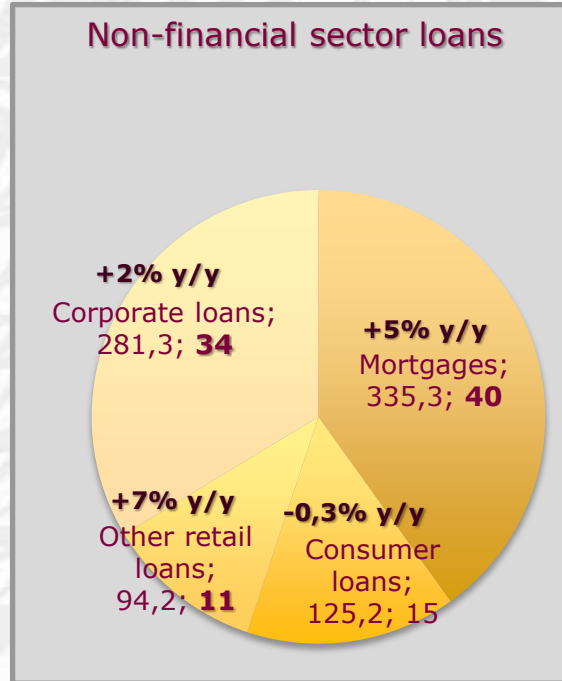
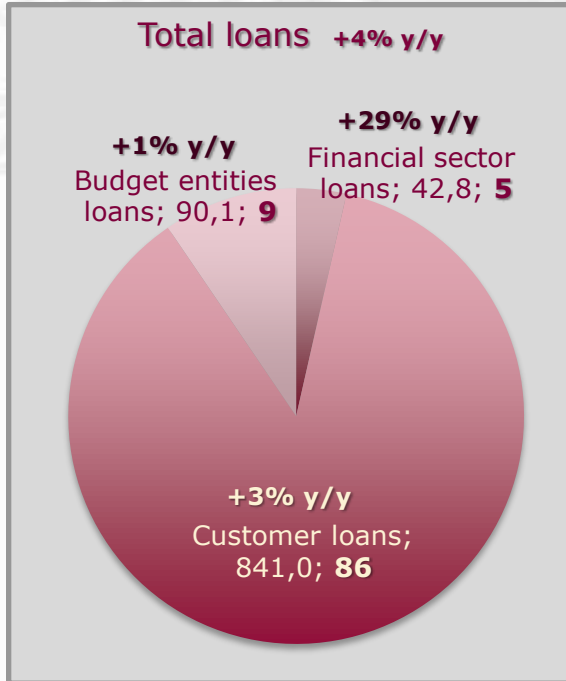
NII under pressure due to low interest rates and slow scale of economy growth.
Stable NFC supported by the fees increases aimed at compensation of dropping NII.
Decrease of other income affected by the decrease of dividend income and FX gains.



POLISH BANKING SECTOR - LOAN PORTFOLIO INSIGHT AS OF Q3'13

in PLN bln ; %

Gradual revival of lending activity



Loan portfolio quality remains stable (slight deterioration in some areas).

Mortgages NPLs
 PLN +1,4 bln y/y
 (from 2,7% to 2,9% of the portfolio)
 Deterioration with symptoms of stabilisation

Consumer loans NPLs
 PLN -3,1 bln
 (from 17,9% to 15,5% of the portfolio)
 Improvement due to the sale of bad loans portfolios

Corporate loans NPLs
 PLN +1,1 bln
 (from 11,3% to 11,5% of the portfolio)
 Deterioration in SME segment vs. slight improvement in Large Corporates

POLISH BANKING SECTOR - EQUITY AND CAPITAL ADEQUACY

Strong capital base.

Improvement of capital adequacy due to the changes in the calculating method of capital requirements in selected big banks.

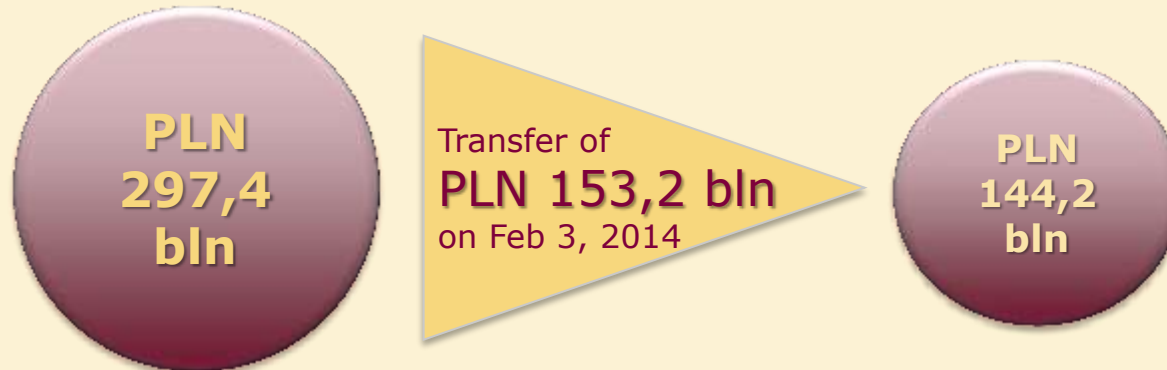
In PLN bln/%	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	ch. y/y
Regulatory equity	129,0	135,8	136,0	139,4	139,4	+8,0%
Total capital requirement	70,0	70,5	71,5	71,3	70,8	+1,1%
CAR	14,7	15,4	15,2	15,6	15,8	+1,1 pp
TIER 1	13,1	14,0	13,8	14,2	14,2	+1,1 pp

PENSION FUND REFORM

On December 27, 2013 the President signed the act introducing changes into the OFE system.

OFE passed the treasury bonds and BGK bonds. The said bonds were redeemed.

Decrease scale of assets on February 3, 2014



People can decide until June 2014 whether they want to transfer their assets to the Social Security Office or to leave them under OFE management.

Simultaneously the President decided to refer it to the Constitutional Court.

If the Court decide that these changes aren't in line with the Constitution, the public debt would increase by PLN 146 bln (8,5% of GDP).



CONTACT DETAILS

Please direct all inquiries to:

relacje.inwestorskie@alior.pl

+48 22 417 3860

IR unit head: Piotr Bystrzanowski

piotr.bystrzanowski@alior.pl



DISCLAIMER

This document has been prepared by Alior Bank S.A. (the "Bank") solely for use at the Presentation. Any forward looking statements concerning future economic and financial performance of the Company contained in this Presentation are based on Financial Statement of the Bank for 2013.

Bank does not accept any responsibility for using any such information.

The distribution of this document in certain jurisdictions may be restricted by law. This document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities or other financial instruments of the Bank in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Information given in this presentation should not be considered as an explicit or implicit statement or the provision of any type submitted by the Bank or persons acting on behalf of the Bank.

Furthermore, neither the Bank nor persons acting on behalf of the Bank are under any terms of liability for any damage, which may arise, as a result of negligence or other reasons, in connection with the use of this Presentation or any information contained therein, nor for injury, which may arise in another way in connection with the information forming part of this Presentation.