



**ALIOR
BANK**

ALIOR BANK S.A.

Q1 2016 results presentation

May 12, 2016

AGENDA

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

Strong volume growth provides solid base for profitable growth.

- For the first time in Alior history organic loan volume growth in Q1 was stronger than in preceding quarter (up 20%)
- Capital position strengthened as planned by loan portfolio guarantee, further improvement by end of Q2'16 – rights issue,
- Defining step in consolidation process: SPA concerning the purchase of BPH Core Bank signed,
- Consistent cost focus allows to maintain high operational efficiency (C/I below 48%),
- CoR comfortably below guided levels: 2,1%,
- Positive development of NFC up 9,8% vs Q4'15.

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KEY FINANCIALS

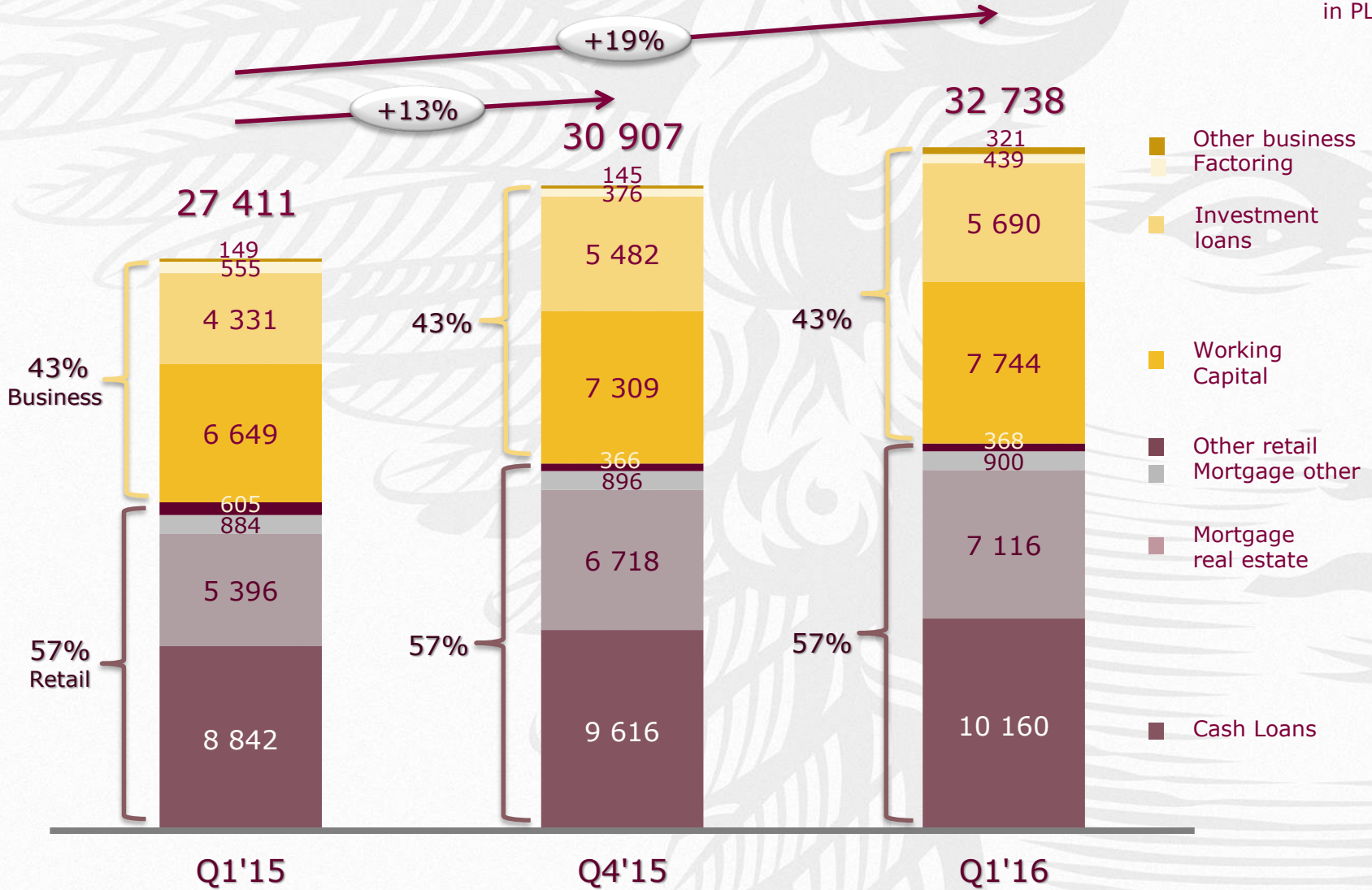
M PLN	Q1'16	Q1'15	(A/B)-1 (%)	Q4'15	Q3'15	Q2'15	(A/D)-1 (%)
	A	B	C	D	E	F	G
Net interest income	412	344	20	395	388	373	4
Net fee and commissions	87	93	-6	79	89	70	10
Trading result & other	80	83	-4	96	73	81	-17
Operating income	579	520	11	571	550	525	1
General Administrative Expenses	-277	-258	7	-325	-262	-263	-15
Net impairment	-176	-145	21	-195	-173	-159	-10
Banking tax	-21						
Gross profit	106	117	-9	51	115	103	109
Net profit	80	91	-12	40	91	87	102
Net profit excl. banking tax	101	91	10	40	91	87	154

M PLN	Q1'16	Q1'15	(A/B)-1 (%)	Q4'15	Q3'15	Q2'15	(A/D)-1 (%)
Loans	32 738	27 411	19	30 907	29 389	28 345	6
Deposits	35 802	27 800	29	33 664	31 431	29 775	6
Total equity	3 602	3 322	8	3 514	3 470	3 345	2
Total assets	42 026	34 886	20	40 003	37 304	36 467	5

	Q1'16	Q1'15	A-B	Q4'15	Q3'15	Q2'15	A-D
ROE (%)	9,0	11,5	-2,5	4,5	10,7	10,6	4,5
ROA (%)	0,8	1,1	-0,3	0,4	1,0	1,0	0,4
C/I (%)	47,8	49,6	-1,9	56,9	47,7	50,0	-9,2
CoR (%)	2,1	2,1	-0,1	2,4	2,3	2,2	-0,4
L/D (%)	91,4	98,6	-7,2	91,8	93,5	95,2	-0,4
NPL ratio (%)	9,3	9,8	-0,5	9,3	8,6	8,3	0,05
NPL coverage ratio (%)	59,8	58,5	1,4	58,1	59,5	58,3	1,7
CAR (%)	13,5	13,0	0,5	12,5	12,7	12,8	1,0
Tier 1 (%)	10,6	10,4	0,1	9,7	10,3	10,2	0,9

Loan book split

in PLN m

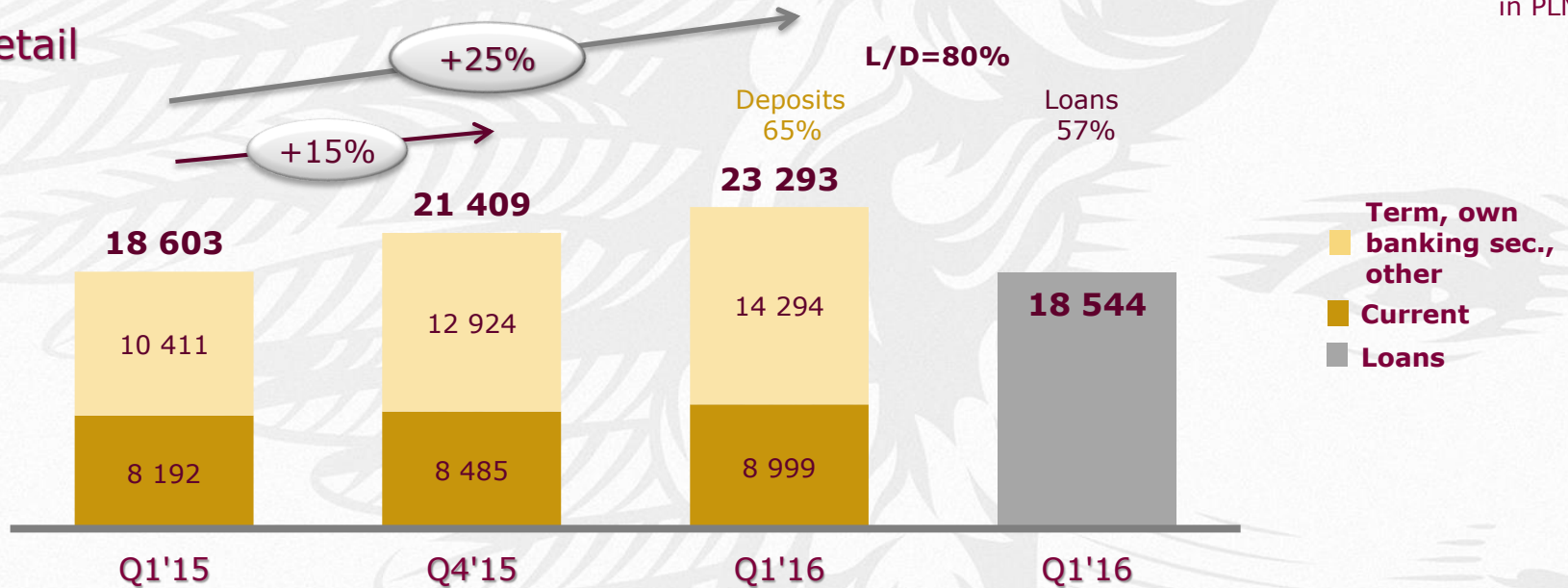


DEPOSIT BASE

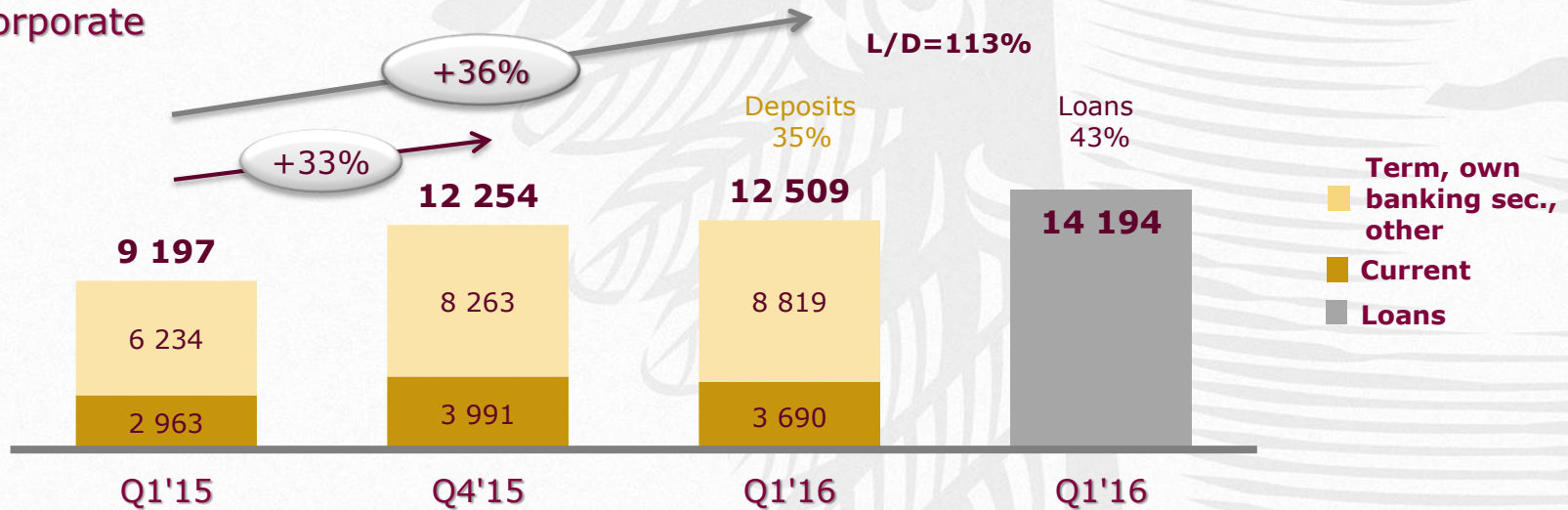
L/D = 91%

in PLN m

Retail

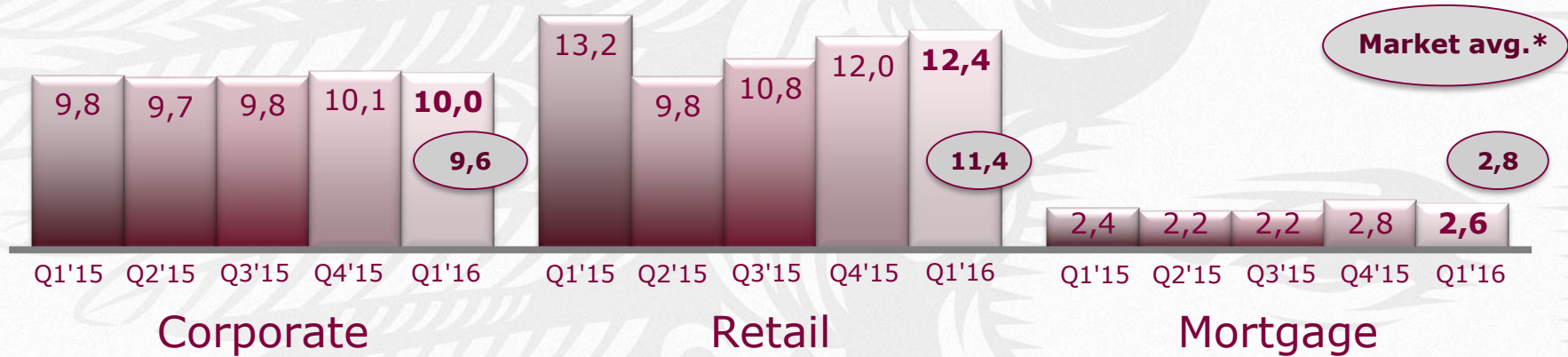


Corporate



CREDIT RISK OVERVIEW

NPL total (%)



Coverage ratio (%)

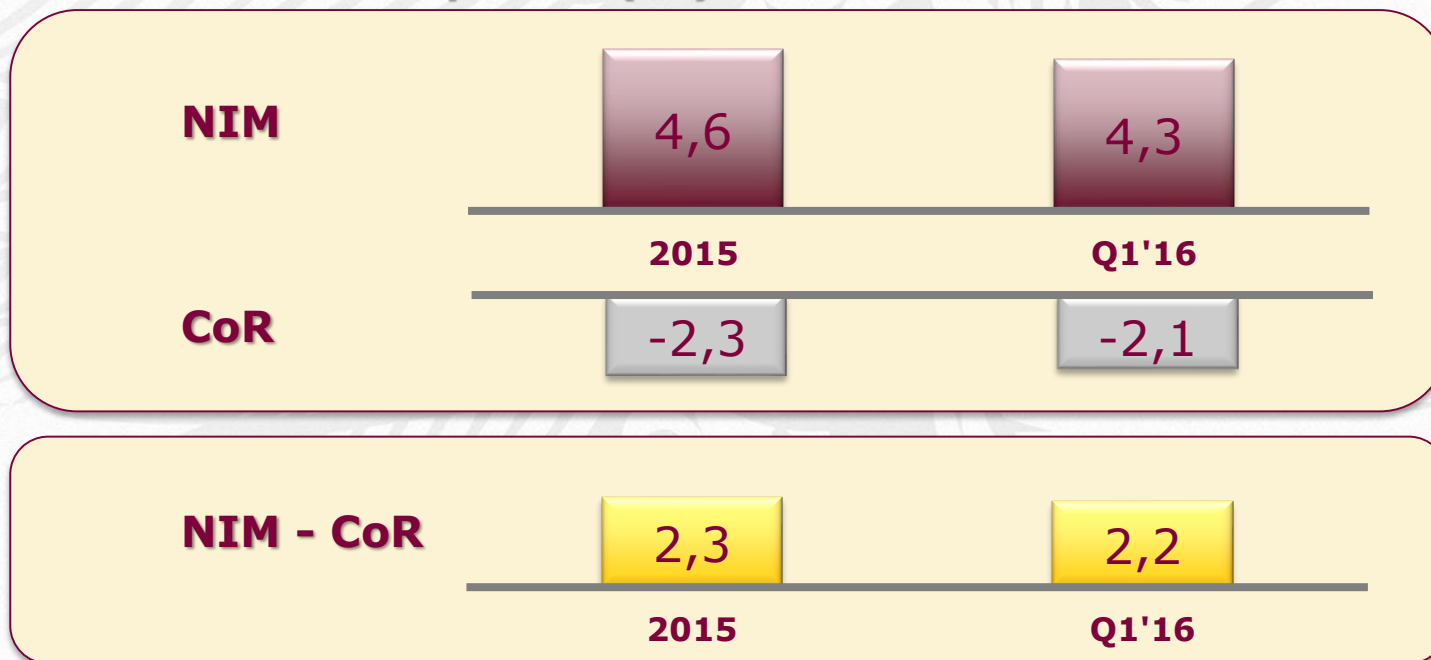


Loan portfolio structure (%)	Corporate	Retail	Mortgage
Alior	43	35	22
Banking sector*	34	26	40

*Ratios (as of the end of March 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 .

NET INTEREST MARGIN

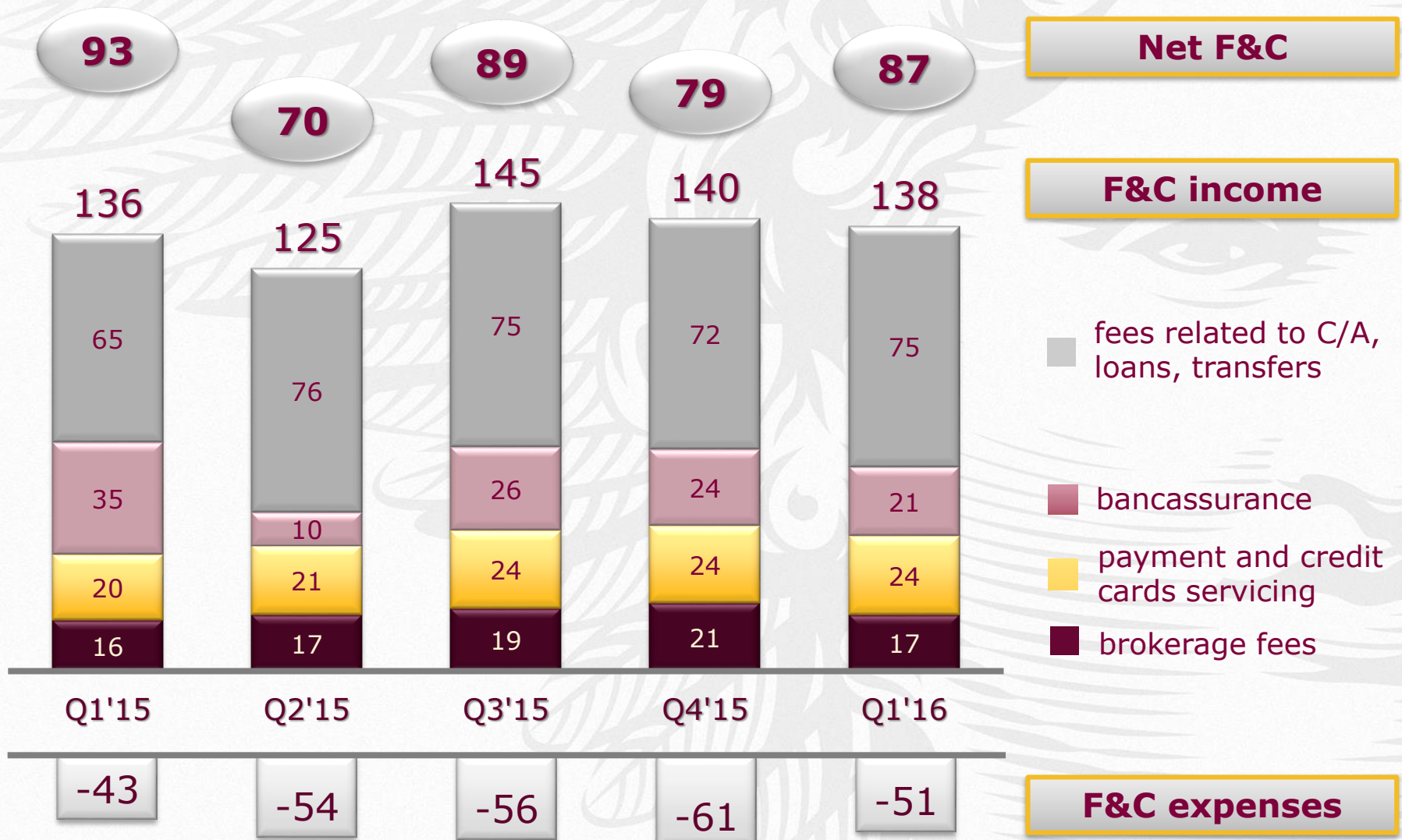
Alior NIM development (%)



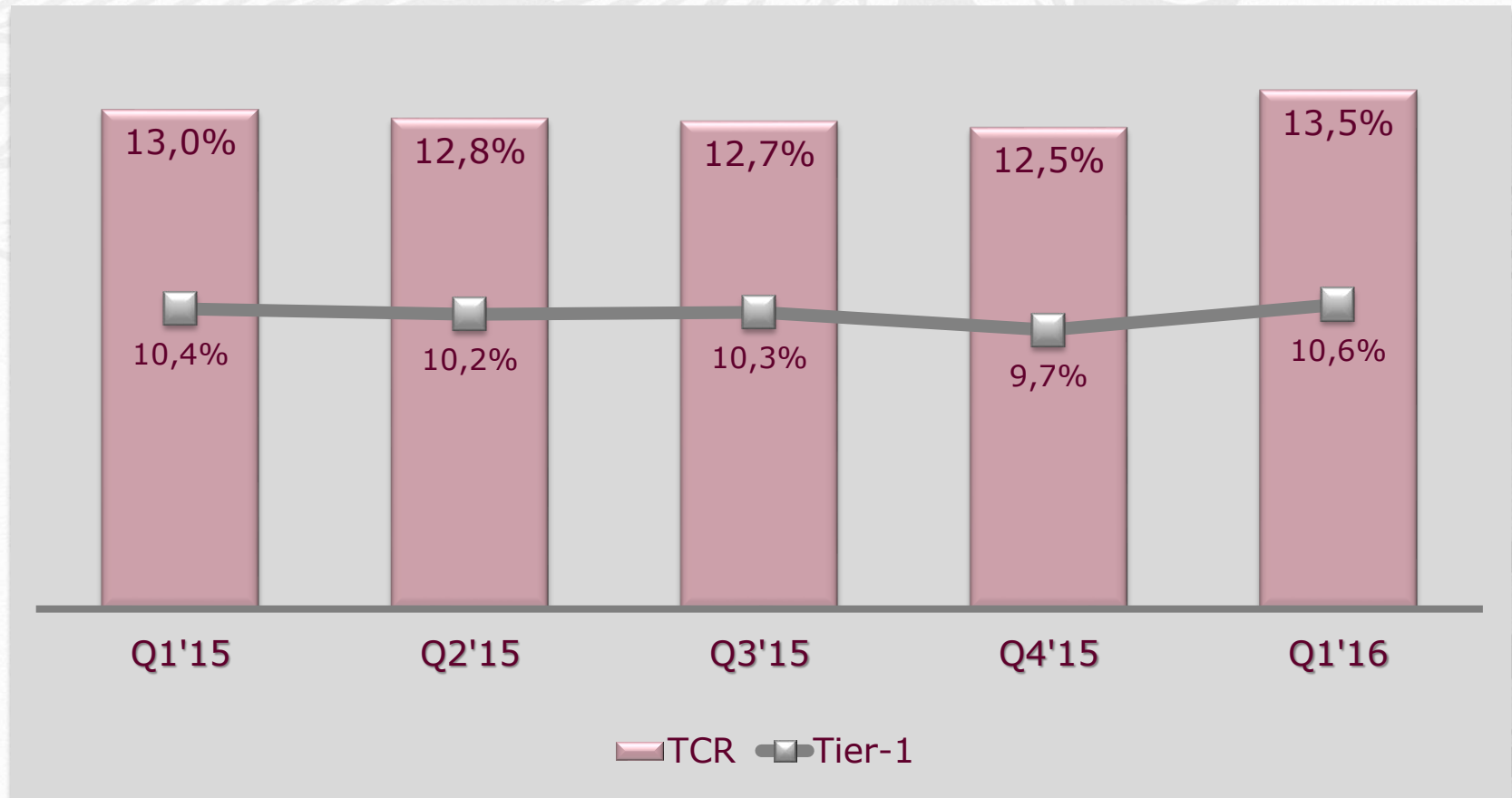
Slight decrease of NIM – CoR due to increased volume of AFS portfolio (+41% vs. Q4'15 and 141% vs Q1'15)

in PLN m	Q1'15	Q4'15	Q1'16	ch. Q1'16/Q4'15	ch. Q1'16/Q1'15
AFS portfolio	2 494	4 253	6 008	41%	141%
IEA	32 449	36 964	40 017	8%	23%
AFS portfolio share in IEA	7,7%	11,5%	15,0%		

FEES AND COMMISSIONS



CAPITAL POSITION

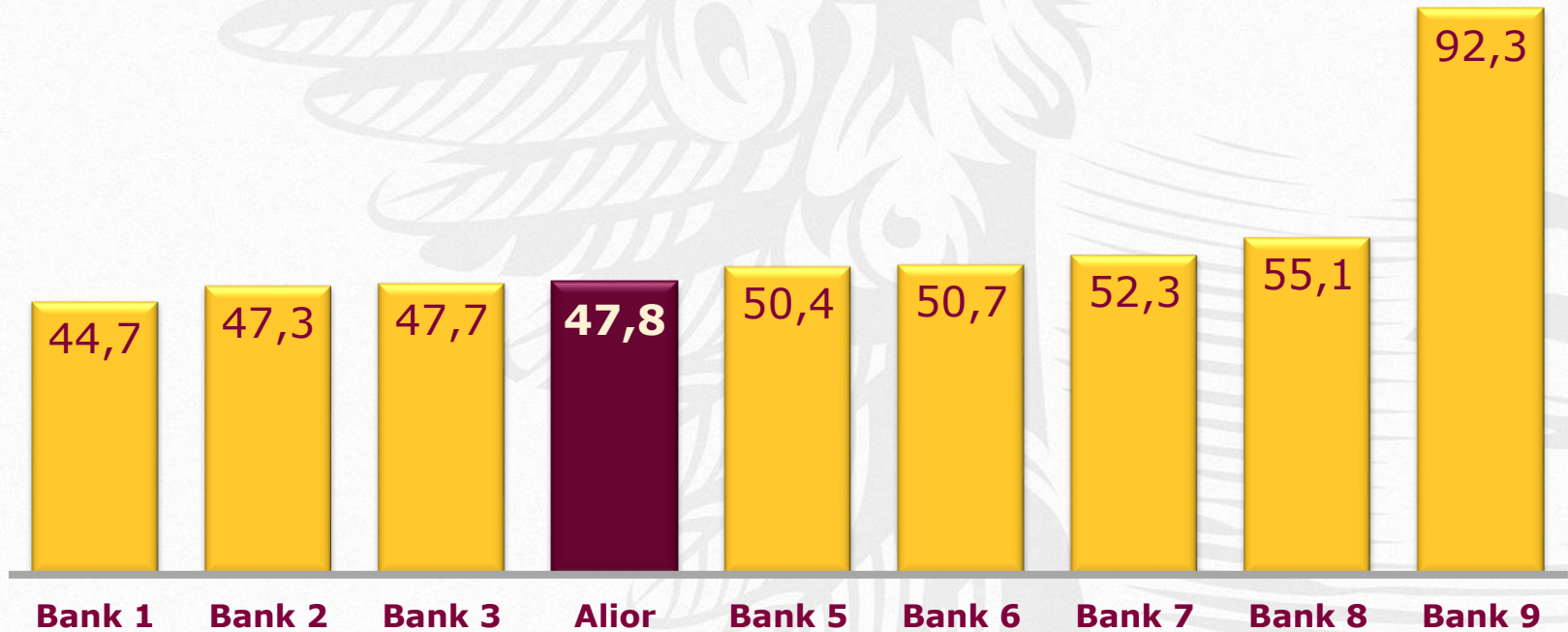


CAR calculation includes the effect of guarantee and counter guarantee agreements concluded on March 31, 2016



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

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

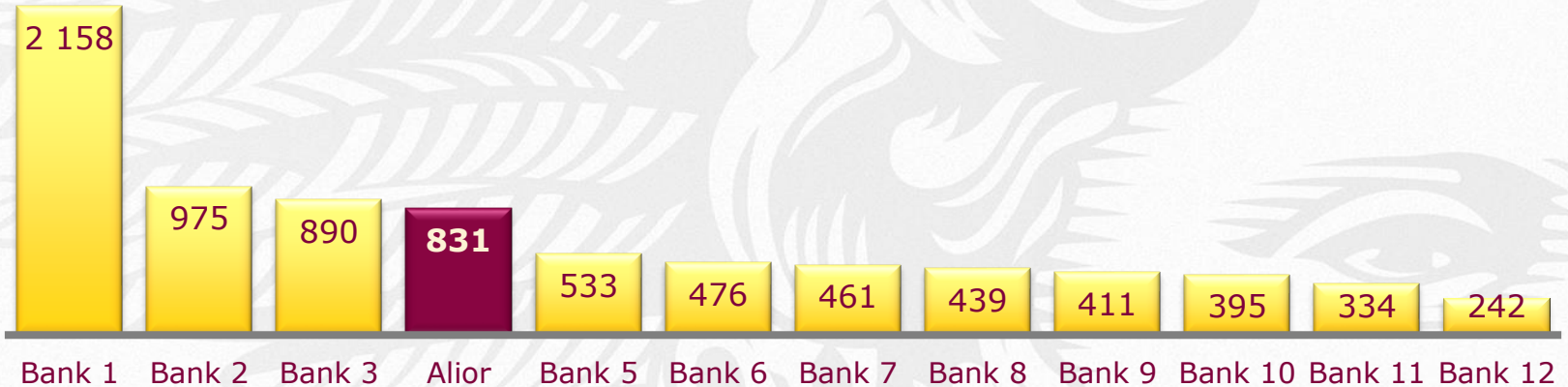


SIZABLE CUSTOMER BASE

Over 3 million clients provides for high cross sell potential

	Q1'16
Branches	1 874
Consumer Finance	520
T-Mobile	558
Total retail clients	2 952
Business clients	132
Total number of clients	3 084

4th largest distribution network among Polish banks



Alior as at the end of Q1'16, other banks as at the end of 2015

and number two if our partner network is accounted for.

	Alior		Tesco	T-Mobile	Total
	Branches	Agencies			
Sales outlets	324	507	71	583	1 485

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STRONG T-MOBILE PARTNERSHIP IN POLAND EFFECTIVELY CAPTURING PROFITABLE GROWTH

Maintaining strong customer acquisition and increasing their activity

- **283 ths. customers acquired** since launch in May'14
- **Phone financing volume growth** – total number of **acquired customers is 50 ths.** by end of Q1'16
 - extension of the offer **to new T-Mobile customers**
- Increasing client activity through executing the strategy on **acquisition based on new current account with cash back** (only for active customers) – start in Q4'15, supported by intensive ATL and Internet campaign
- New release of the **banking-telecommunications** offer planned for Q2'16 and implementation of the **new Internet and mobile platform** for Q3'16

Increased profitability through dynamic credit activity increase

- **New credit sales volume increase to PLN 171 mio** in Q1'16 vs. PLN 144 mio in Q4'15 and PLN 66 mio in Q3'15 (**increase by +20% and +120% QoQ** respectively)
- **Tripled number of credit cards sales** in Q1'16 vs. Q4'15



ALIOR BANK GOES INTERNATIONAL – OPENING FIRST FOREIGN BRANCH IN ROMANIA

Alior Bank Romania

- **First foreign branch of Alior Bank registered**
- **Entering one of largest economies in CEE**, high growth potential for banking services, dynamic growth of smartphones
- Extension of strategic partnership with **Deutsche Telekom Group**
- Innovative product offering including **device financing** for Telekom Romania's phones

Corporate Governance

- Registered with National Bank of Romania as of January 2016. **Registration procedure completed in less than 3 months as of submission**
- **Fully registered Romanian company** (commercial & fiscal registration)
- **Contracted with Romanian banking market participants** (NBR, Ministry of Finance, Credit Bureau, Transfond)

Operational Set-up

- Romanian **head office and core team deployed** and connected to Alior's IT infrastructure
- Product and application **development and testing underway**
- **IT integration** with market participants in progress (Credit Bureau, Transfond, ANAF)
- **Operational launch in mid 2016**

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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

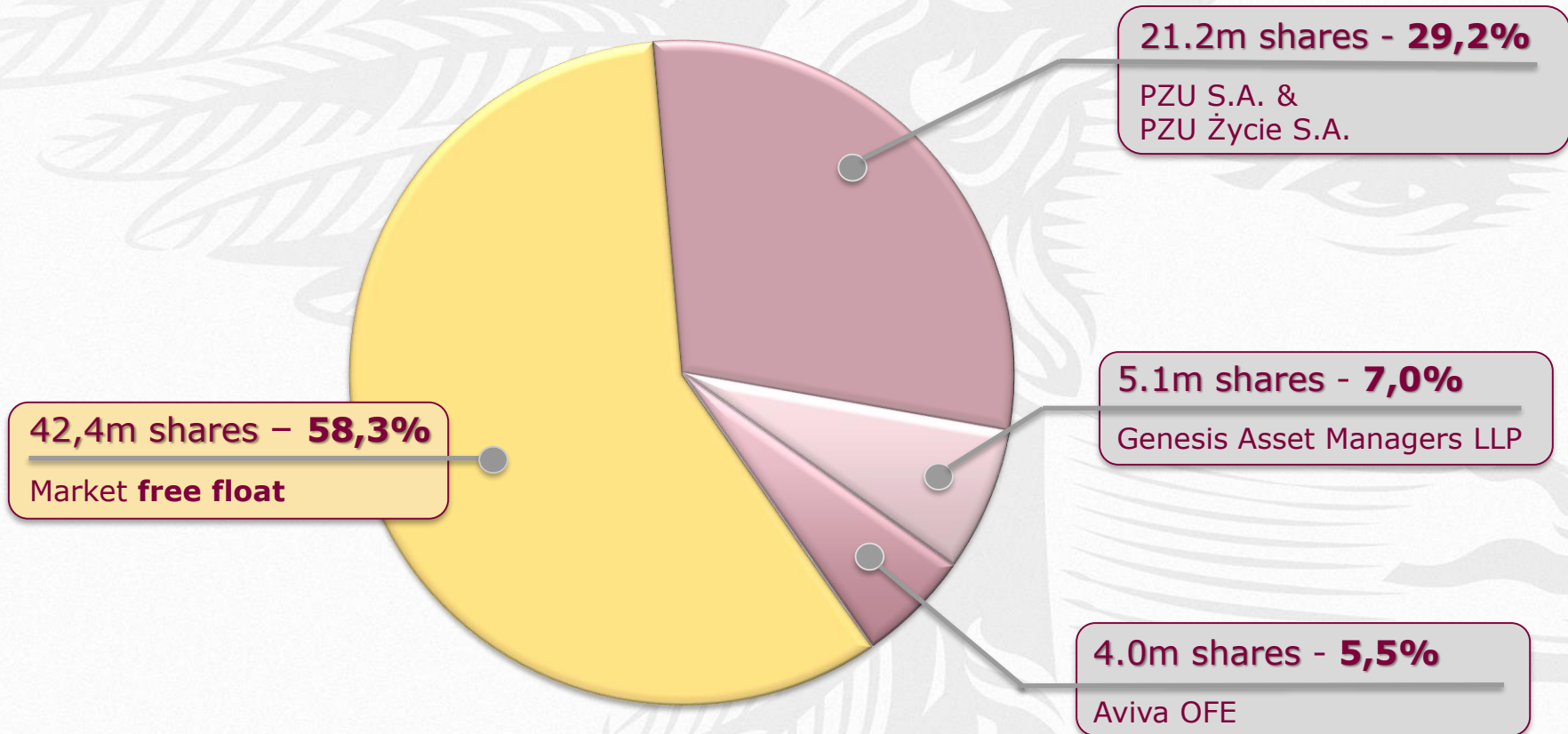
in PLN m	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Interest income	556	596	617	630	663
Interest expense	-212	-223	-228	-235	-251
Net interest income	344	373	388	395	412
Dividend	0	0	0	0	0
Fee and commission income	136	125	145	140	138
Fee and commission expense	-43	-54	-56	-61	-51
Net fee and commission income	93	70	89	79	87
Trading result	64	71	54	79	58
Net gain (realized) on other financial instruments	5	-1	3	5	11
Other operating income	19	32	17	14	15
Other operating costs	-6	-22	-1	-2	-5
Net other operating income	13	10	16	12	11
General administrative expenses	-258	-263	-262	-325	-277
Impairment losses	-145	-159	-173	-195	-176
Banking tax					-21
Gross profit (loss)	117	103	115	51	106
Income tax	-26	-16	-24	-12	-26
Net profit from continuing operations	91	87	91	39	80
- attributable to equity holders of the parent	91	88	91	40	80
- attributable to non-controlling interests	0	-1	0	0	0
Net profit	91	87	91	40	80



BALANCE SHEET SNAPSHOT

	31 Mar'15	30 Jun'15	30 Sep'15	31 Dec'15	31 Mar'16
Cash and balances with Central Bank	1 378	1 815	1 348	1 750	666
Financial assets held for trading	525	427	365	391	360
Financial assets available for sale	2 494	2 714	4 016	4 253	6 008
Hedging derivatives	120	49	123	140	161
Receivables from banks	320	503	372	645	524
Loans and advances to customers	27 411	28 345	29 389	30 907	32 738
Assets pledged as collateral	1 579	1 495	466	628	226
Property, plant and equipment	188	184	214	229	224
Intangible assets	354	358	368	387	390
Non-current asset held for sale	2	2	1	1	1
Current income tax receivables	205	228	253	275	313
Current	0	0	0	0	0
Deferred	205	228	253	275	313
Other assets	311	347	388	397	414
TOTAL ASSETS	34 886	36 467	37 304	40 003	42 026
Financial liabilities held for trading	390	324	293	310	339
Financial liabilities measured at amortized cost due to banks	1 854	1 601	663	1 051	404
Financial liabilities measured at amortized cost due to customers	27 800	29 775	31 431	33 664	35 802
Hedging derivatives	0	11	0	0	1
Provisions	10	14	10	11	15
Other liabilities	786	671	717	535	895
Income tax liabilities	19	16	13	22	31
- Current	19	16	13	22	31
Subordinated loans	706	711	708	896	938
Liabilities, total	31 564	33 122	33 834	36 489	38 424
Equity	3 322	3 345	3 470	3 514	3 602
Equity attributable to equity holders of the parent	3 307	3 344	3 469	3 513	3 600
Share capital	725	727	727	727	727
Supplementary capital	1 934	2 278	2 280	2 280	2 591
Revaluation reserve	34	-23	9	15	23
Other capital	185	186	187	185	185
Undistributed result from previous years	338	-4	-4	-4	-5
Current year profit/loss	91	179	270	310	80
Non-controlling interests	15	2	1	1	1
TOTAL LIABILITIES AND EQUITY	34 886	36 467	37 304	40 003	42 026

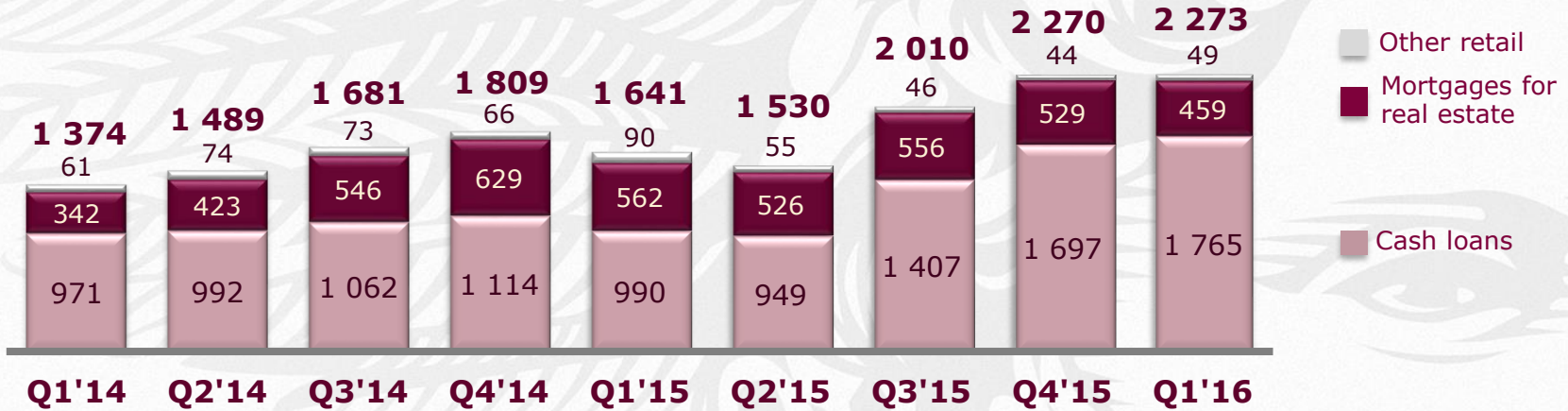
Largest free float among Polish financials institutions



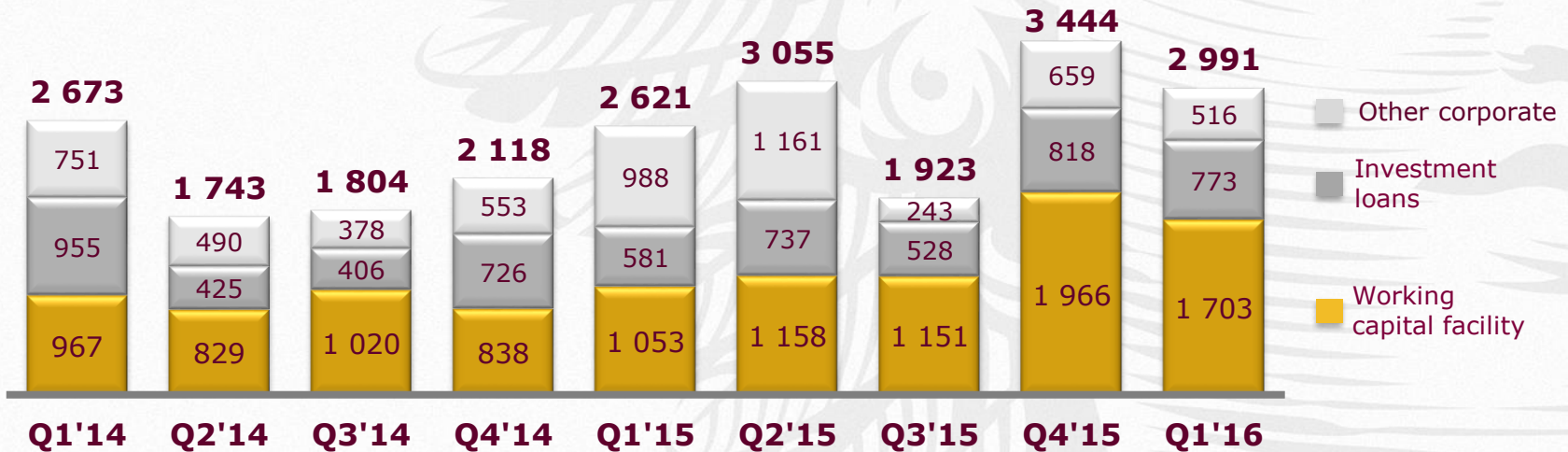
On October 12, 2015 PZU bought **the first tranche** of shares from Carlo Tassara. **The second tranche** was bought on December 18, 2015. **The third (the last) tranche** was bought on March 11, 2016.

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.

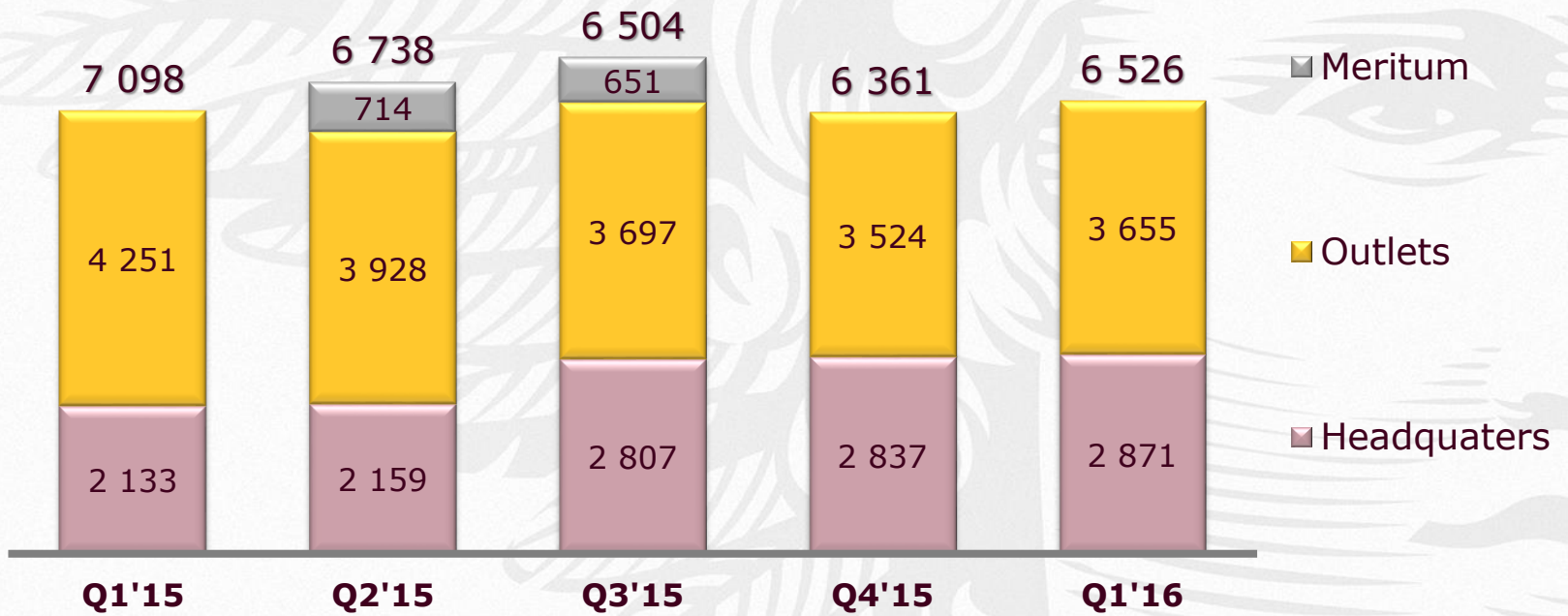
Other retail includes: loans for purchase of securities, credit card borrowings loans, other mortgage loans.

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

Meritum Bank loans sales included as from Q3'15

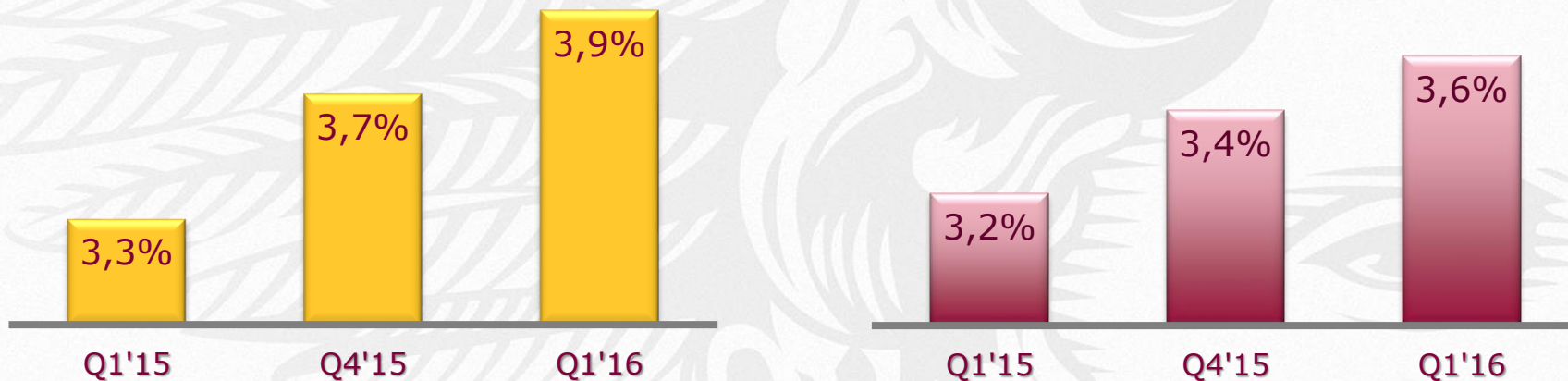
EMPLOYEES

FTEs



CONTINUED GROWTH OF MARKET SHARE

Deposits MARKET SHARE Loans



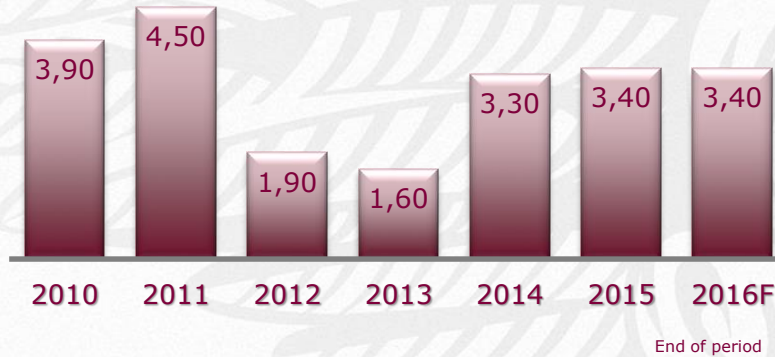
Alior's deposits as well as gross loans according to published financial statements.

Deposits Quarterly growth (%) Loans

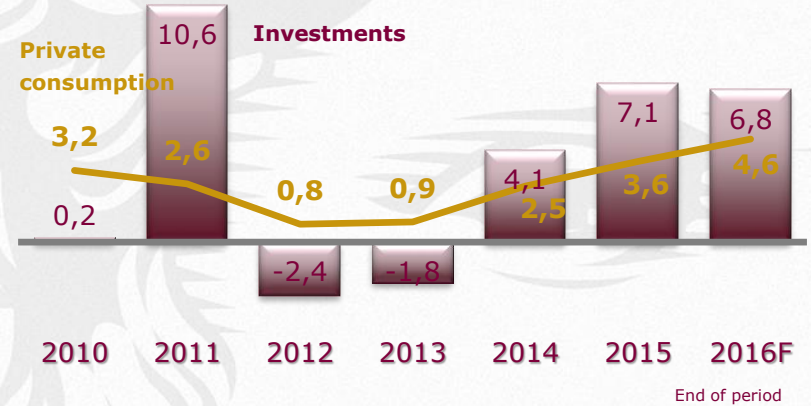
	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
DEC'14	8,1	5,5	7,0	4,9	9,7	8,1	DEC'14	3,8	0,5	5,2	1,0	2,1	-0,5
MAR'15	13,8	0,6	25,3	2,4	-4,0	-4,3	MAR'15	17,3	2,8	19,8	3,0	14,1	2,4
JUN'15	7,1	1,7	1,9	0,9	17,6	3,7	JUN'15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

POLISH MACRO OUTLOOK

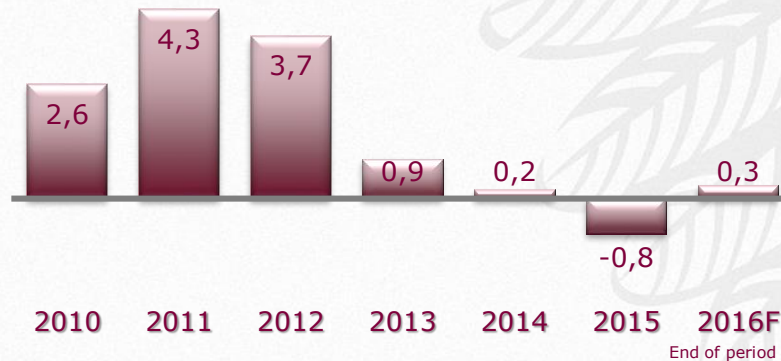
GDP growth (% yoy)



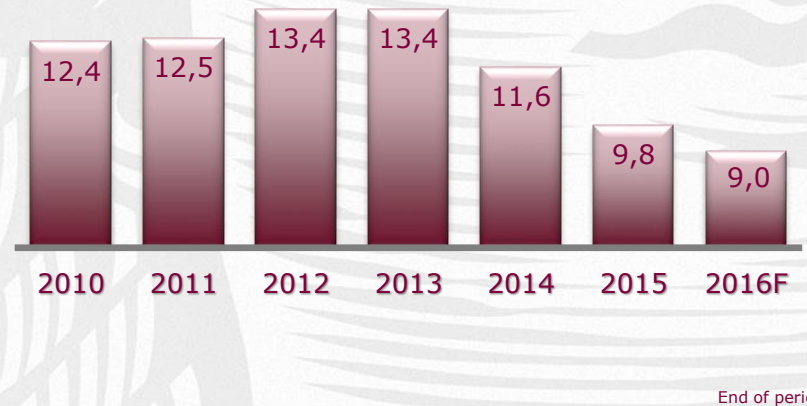
Investments and private consumption (% yoy)



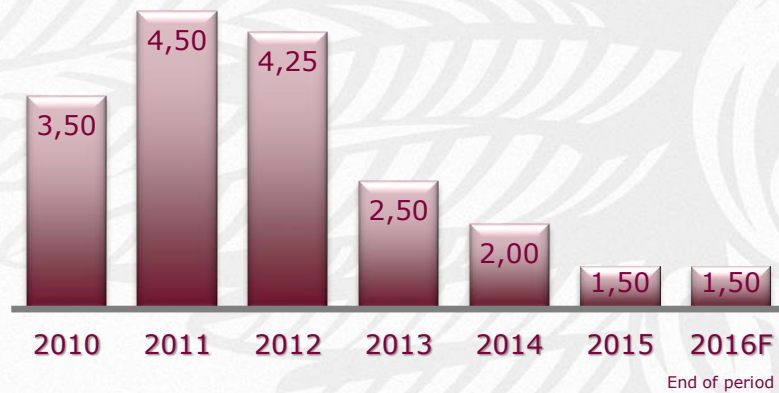
Inflation (CPI % yoy)



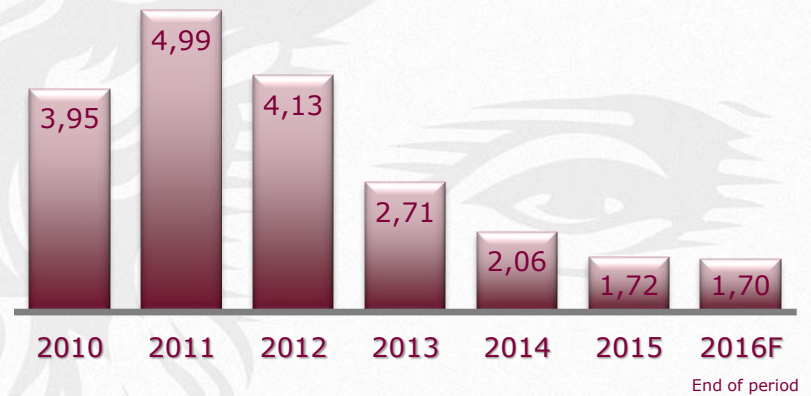
Unemployment rate (%)



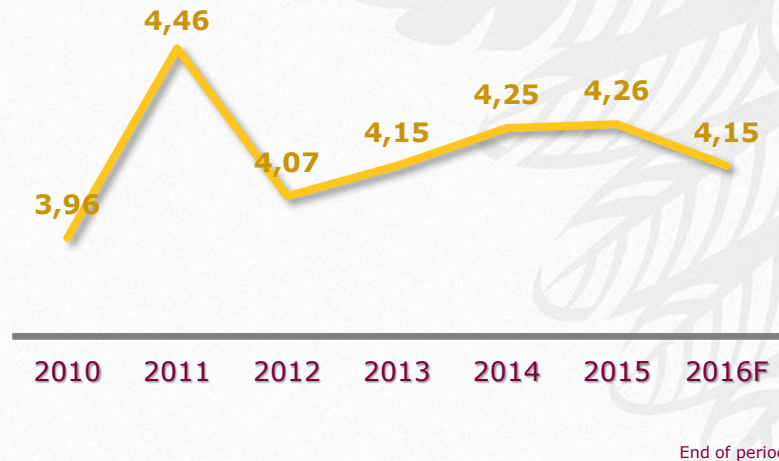
NBP reference rate (%)



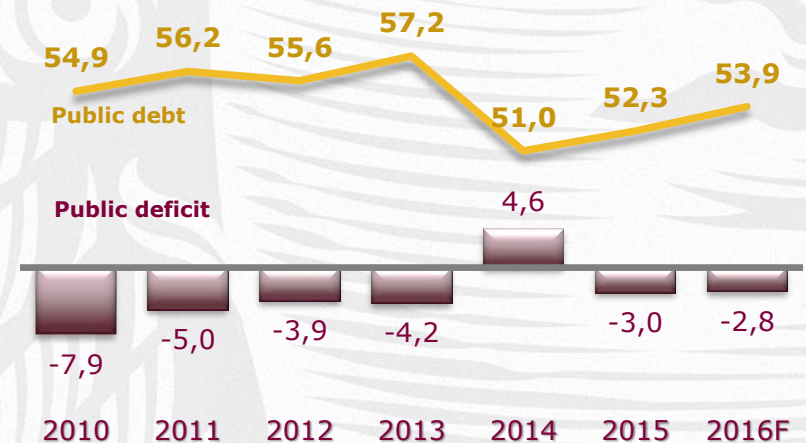
WIBOR 3M (%)



FX rate (EUR/PLN)

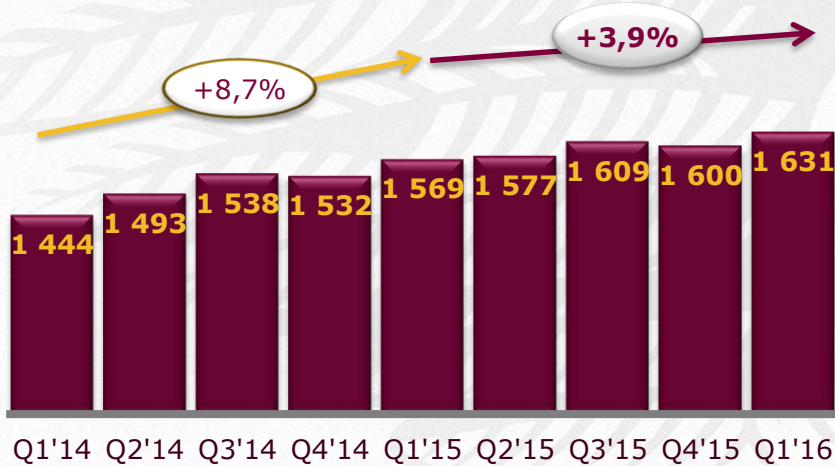


Fiscal policy (% of GDP)

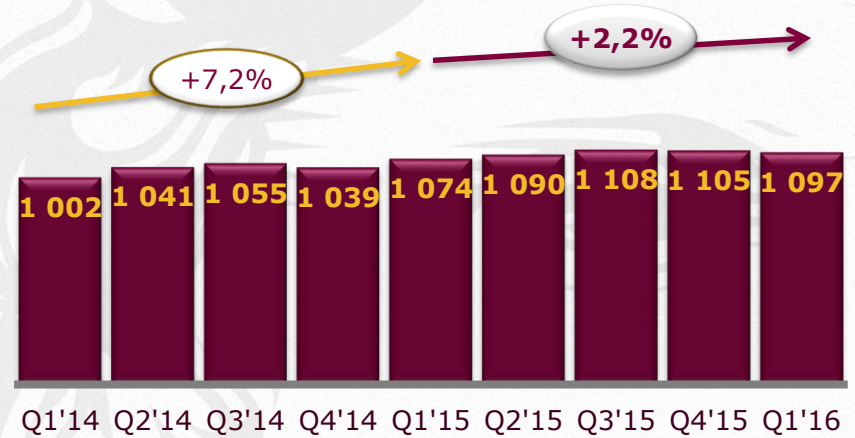


POLISH BANKING SECTOR – GROWTH OF THE MAIN BALANCE SHEET FIGURES

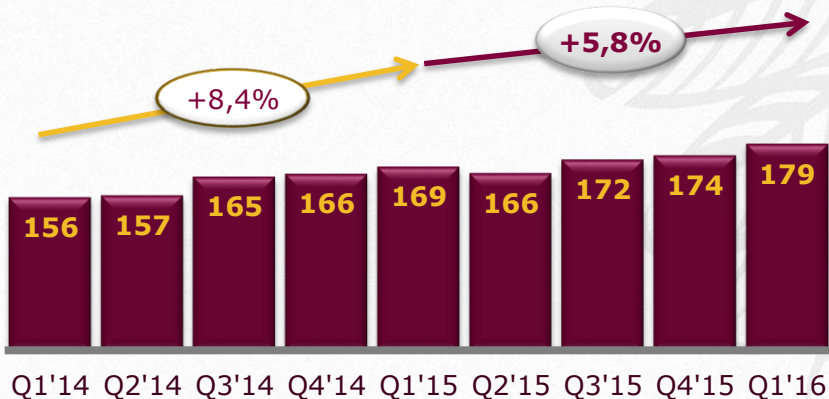
Assets



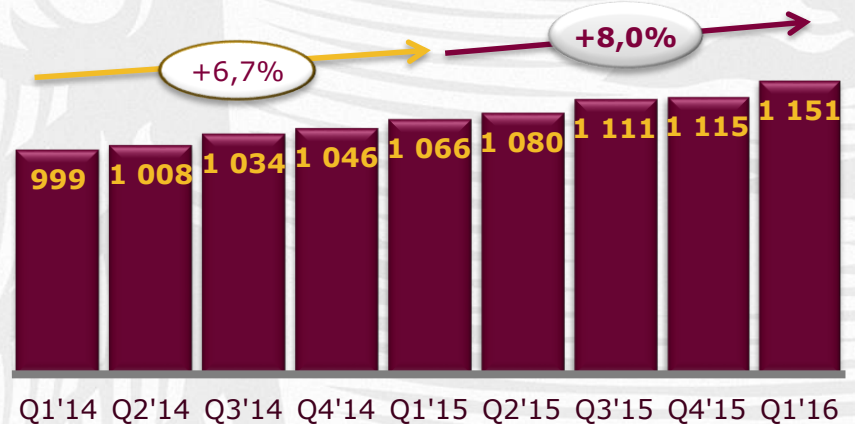
Loans



Equity

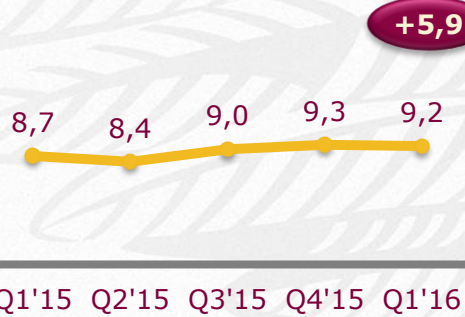


Deposits

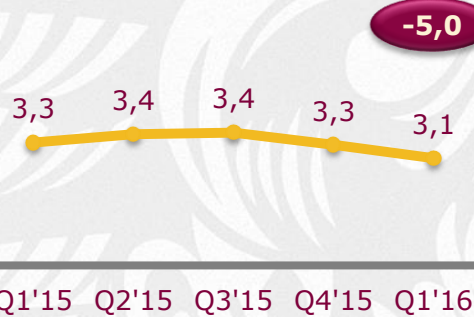


POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

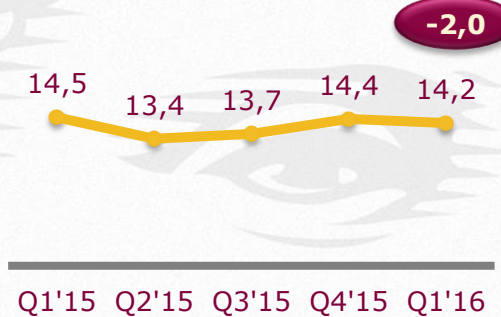
NII



NFC

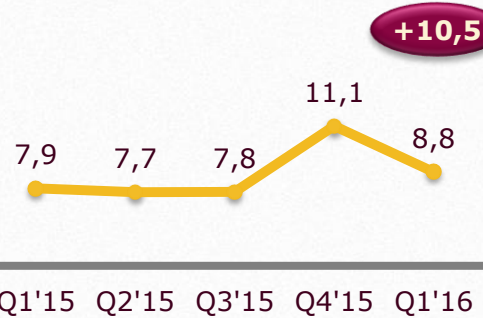


Result on banking activity

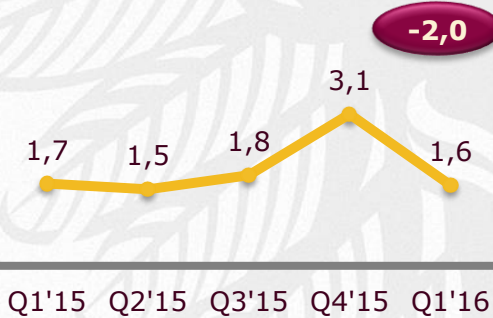


X - CHANGE VS. Q1'15 (%)

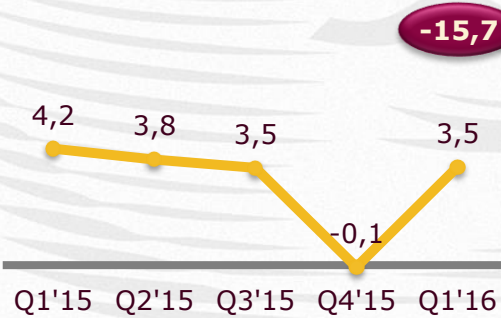
Expenses*



Net impairment**



Net profit



* Includes: costs of activity, depreciation and reserves

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

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