



**ALIOR
BANK**

ALIOR BANK S.A.

2016 results presentation

March 9, 2017

1 Highlights

2 Operational Performance

3 Outlook

4 Appendix

Alior performance and merger progress on track, both provide solid base for 2017

- Very strong and healthy business growth - 2016 Alior stand alone bottom line up by 57% yoy on like to like basis (excluding banking tax and BPH Core related one-offs),
- Alior / BPH Core legal merger closed, operational merger by March 27th 2017,
- Dynamic and good quality loan development in all segments (6.9 bn PLN net),
- High profitability maintained, lower CoR and capital position enhancement.



MERGER WITH BPH CORE STATUS

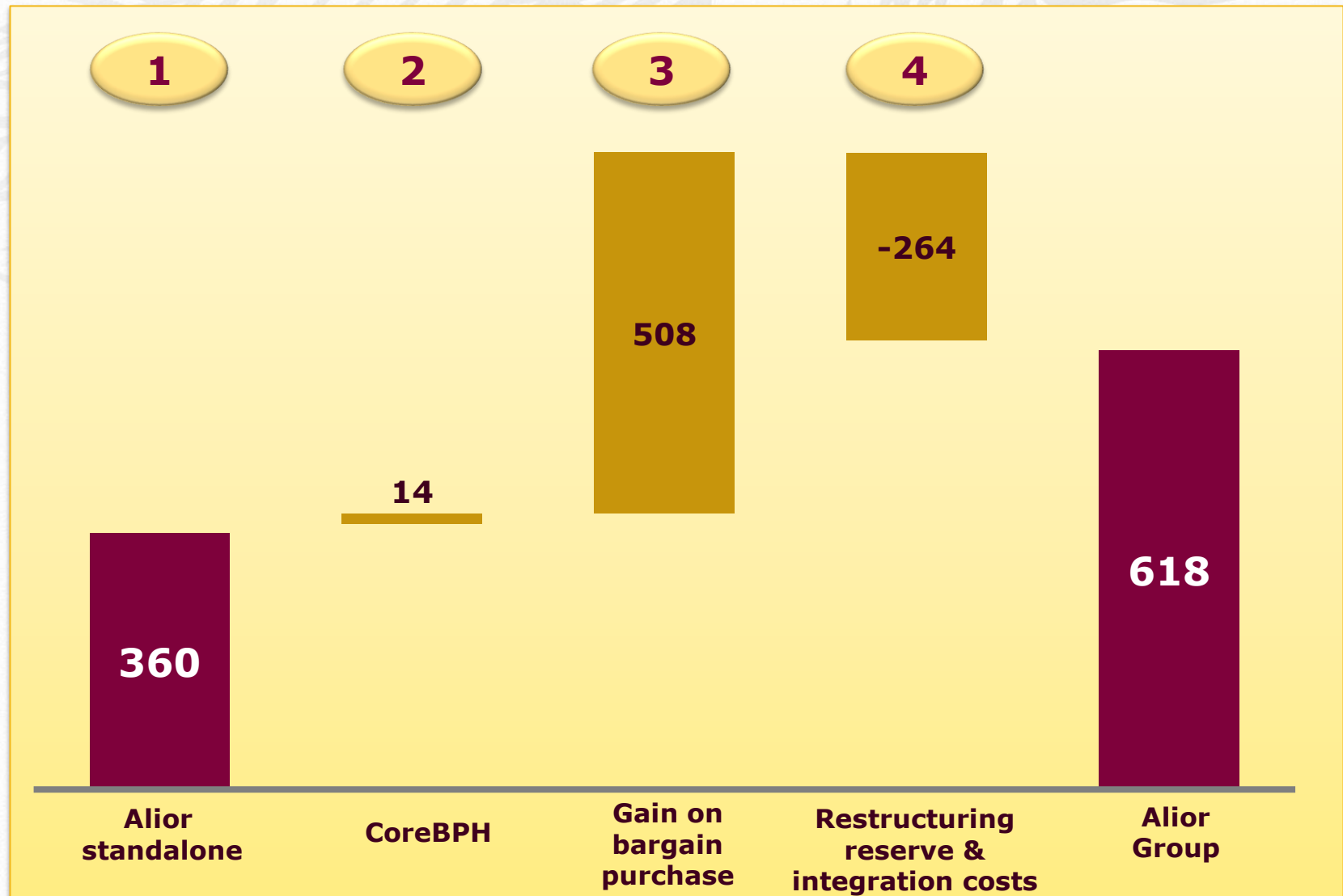
- Gain on bargain purchase generated on the transaction to strengthen Alior's capital position: PLN 508 m,
- Crucial component of synergies secured - HR optimization agreed with trade unions and announced (2400 employees of which 674 layoffs in Jan-Feb 2017),
- Branch based distribution optimization to be concluded by end of 2017 → ultimate distribution network to amount to ~880 outlets,
- Alior IT capacity enhanced by BPH Core team builds long term competitive advantage (IT Alior division is now 700 engineers strong),
- Top of the line mobile and internet banking to be rolled out this May.

RECORD BOTTOM LINE GROWTH – DOUBLED COMPARED TO 2015

M PLN	2016	2015	ch. yoy (%)
Total revenues	3 189	2 166	47
General administrative expenses including:	-1 567	-1 108	41
Net impairment	-800	-672	19
Banking tax	-131		
Gross profit	691	386	79
Income tax	-73	-77	-5
Net profit	618	309	100

BOTTOM LINE DECOMPOSITION

in PLN m



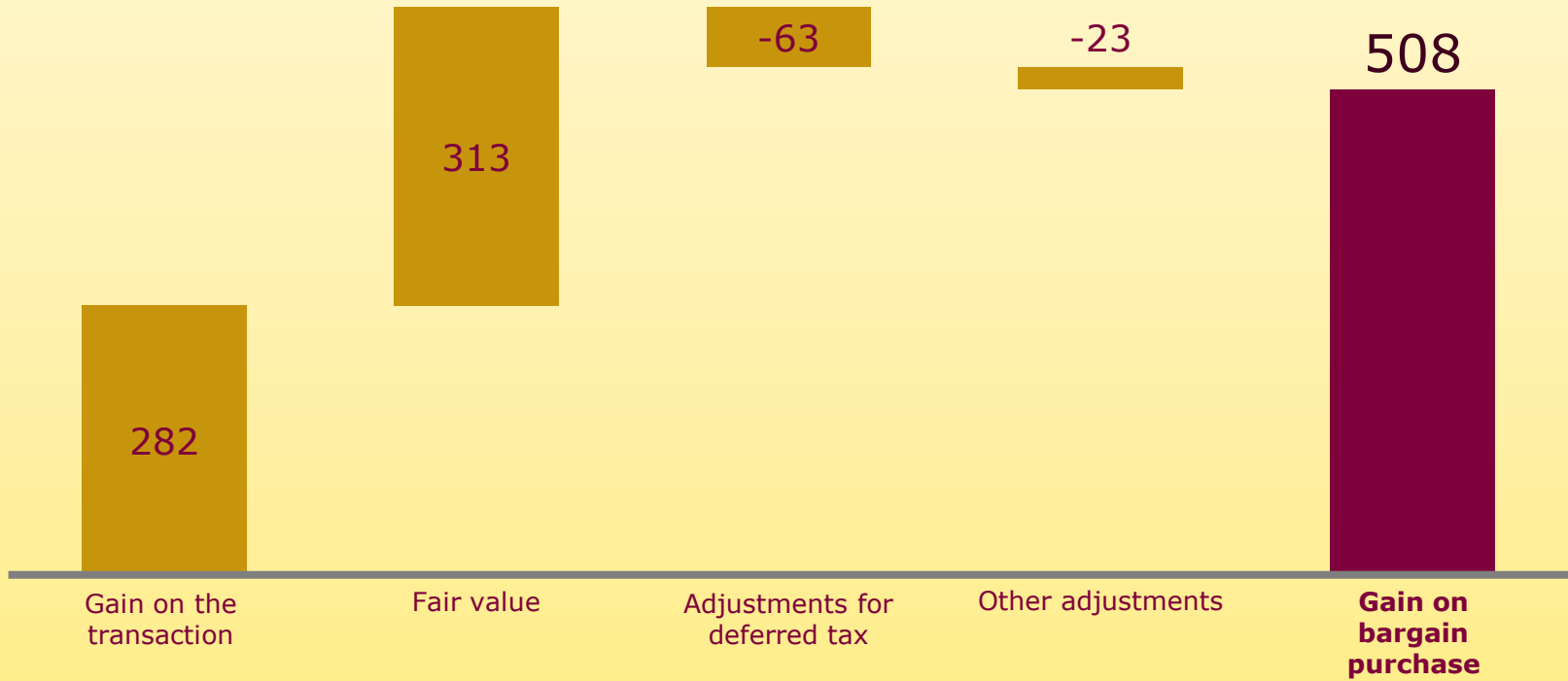
in PLN m	2016	2015	ch. yoy (%)
Total revenues	2 549	2 166	18
General administrative expenses	-1 150	-1 108	4
Net impairment	-788	-672	17
Banking tax	-125		
Gross profit	610	386	58
Income tax	-126	-77	64
Net profit	360	309	17
Net profit excluding banking tax	485	309	57

in PLN m	CoreBPH
Total revenues	146
General administrative expenses	-109
Net impairment	-12
Banking tax	-6
Gross profit	19
Income tax	-5
Net profit	14
Net profit excluding banking tax	20

GAIN ON BPH CORE TRANSACTION

in PLN m

Gain on bargain purchase price breakdown (m PLN)



in PLN m	Restructuring reserve and Integration costs
Total revenues	-14
Costs	-307
Net impairment	0
Gross	-321
Income tax	57
Net	-264

- Difference between the acquisition price and the acquired net assets at book value in the amount of **PLN 282 m** allowed to create restructuring reserve for 2017 HR optimization,
- Hence integration cost will decrease in 2017 (**195 m PLN** currently vs. 447 m PLN previously),

Previous version

in PLN m	2016	2017	2018	2019
Integration costs	-53	-447	0	0

Current version

in PLN m	2016	2017	2018	2019
Integration costs*	-305	-195	0	0

*Current integration costs for 2016 include PLN 37 m of integration costs and PLN 268 m of restructuring reserve.



NEW SYNERGIES TARGET OF PLN 374 M VS PLN 304 M PREVIOUSLY

Previous version

in PLN m	2017	2018	2019
Synergies	76	265	304

Current version

in PLN m	2017	2018	2019
Synergies	167	351	374

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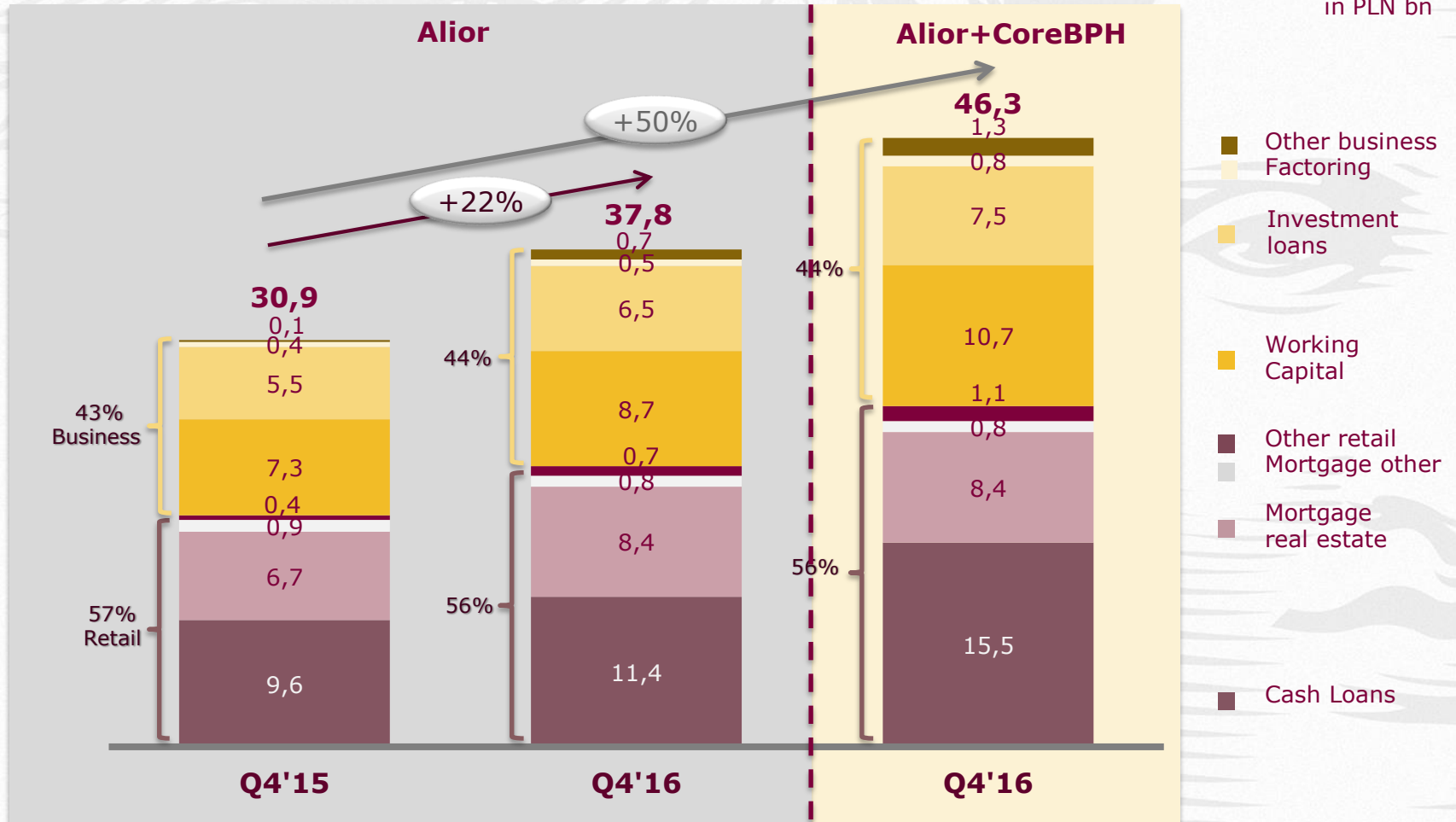
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HISTORICALLY HIGH ORGANIC LOAN BOOK DEVELOPMENT – YOY + PLN 6,9 BN

Loan book split

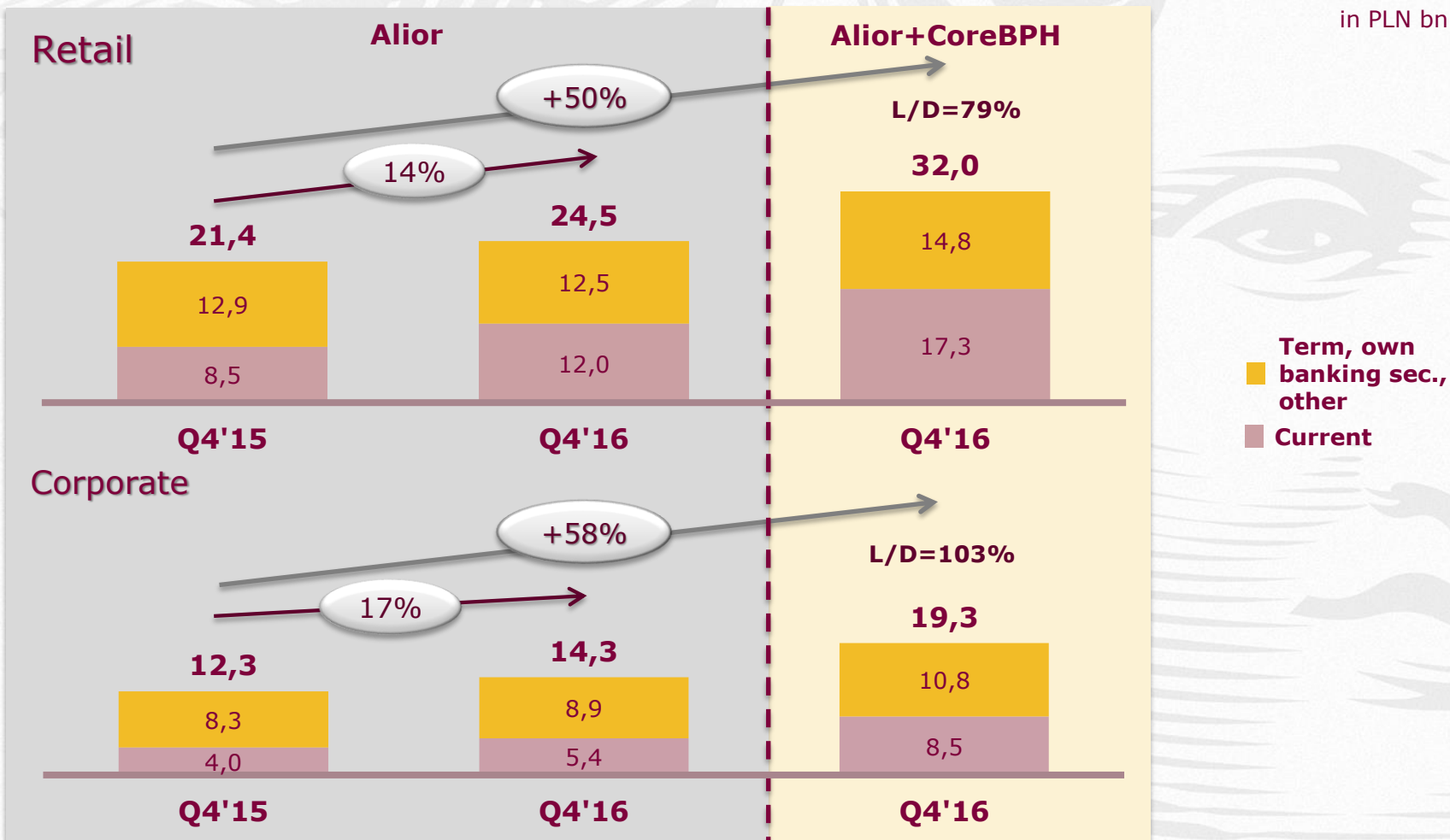
in PLN bn



Loan book remains balanced with same risk profile

COMFORTABLE LEVEL OF DEPOSITS REACHES DESIRED MIX OF CURRENT AND TERM ACCOUNTS

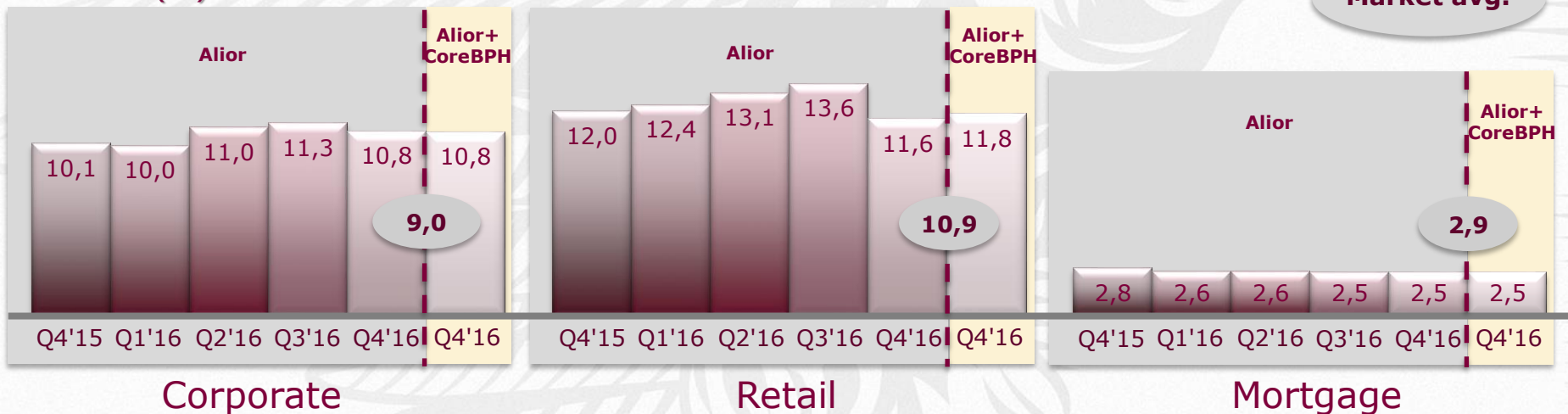
As result of the merger Alior increased its deposit base by PLN 12,7 bn and loan book by PLN 8,5 bn (L/D = 90%)



%	2015	2016
Current accounts/total deposits	37	50

KEY CREDIT RISK RATIOS: NPL RATIO DECLARATION

NPL total (%)



Coverage ratio (%)



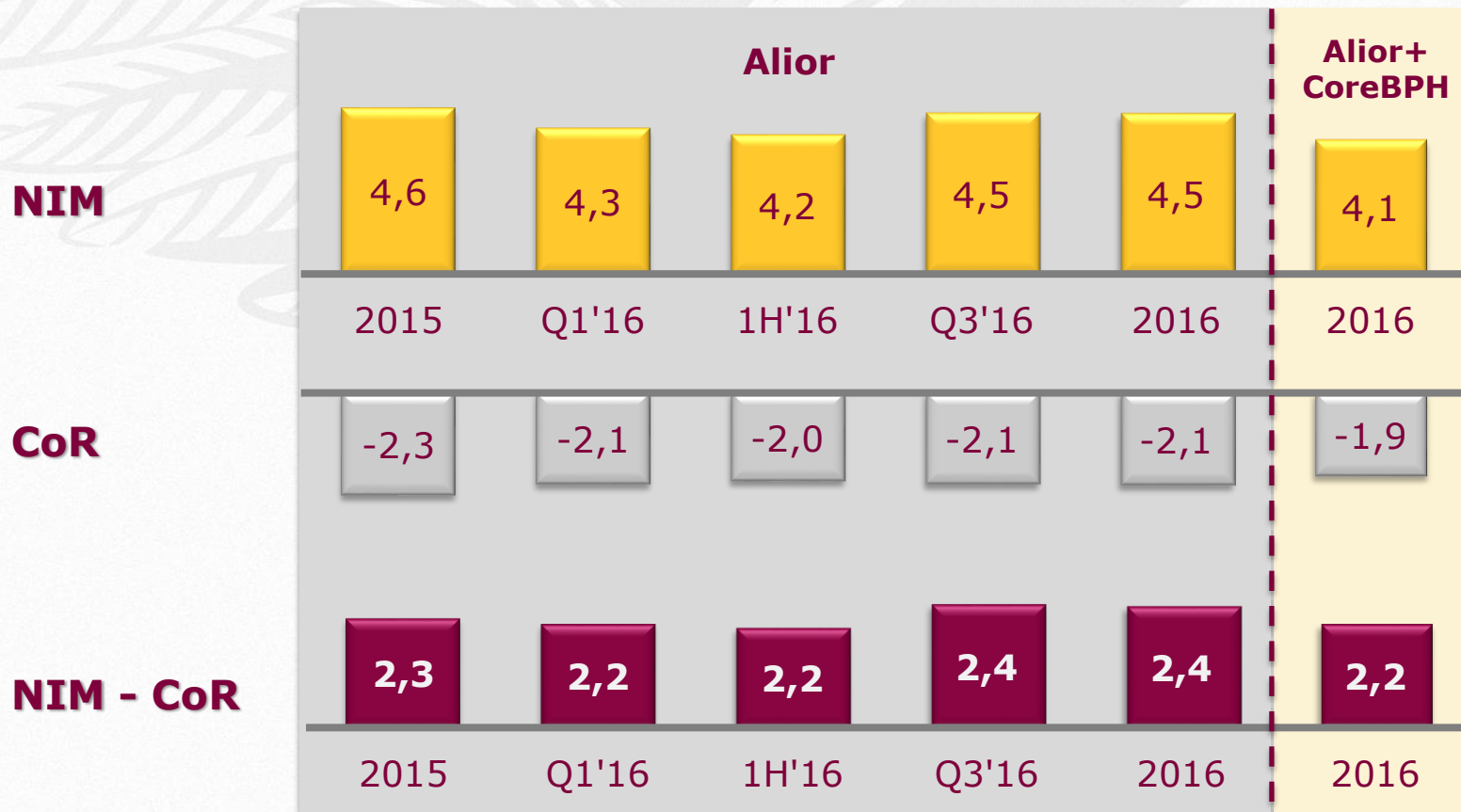
Loan portfolio structure (%)

	Corporate	Retail	Mortgage
Alior	44	38	18
Banking sector*	34	26	40

*Ratios (as of the end of Dec 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.

SATISFACTORY ALIOR STANDALONE NIM LEVEL DELIVERED

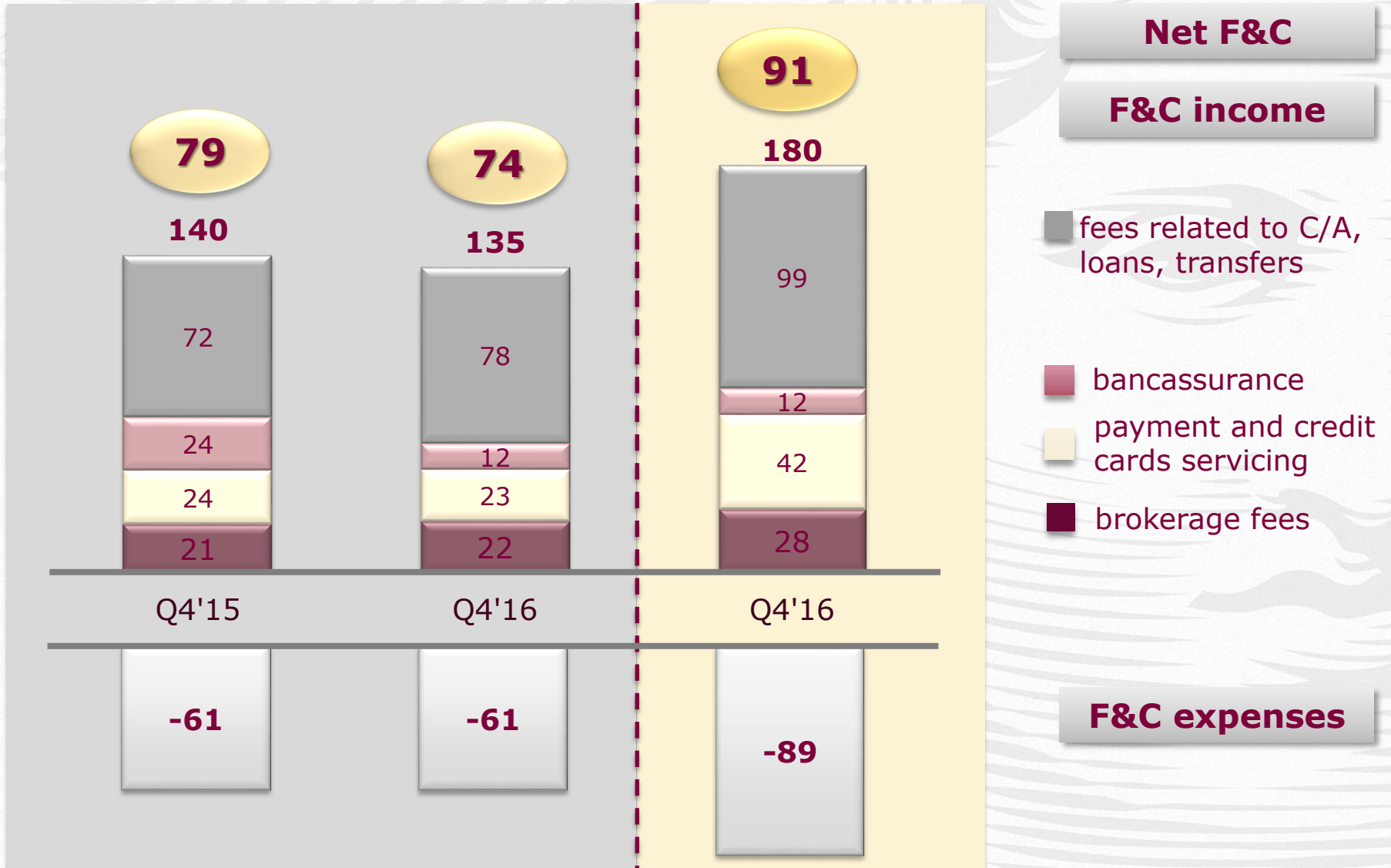
Alior NIM development (%)



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; NII for Q3'16 annualised, divided by average of IEA from 2015 and Q3'16, NIM formula for 2016: NII for 2016 divided by average IEA from 2015 and 2016.

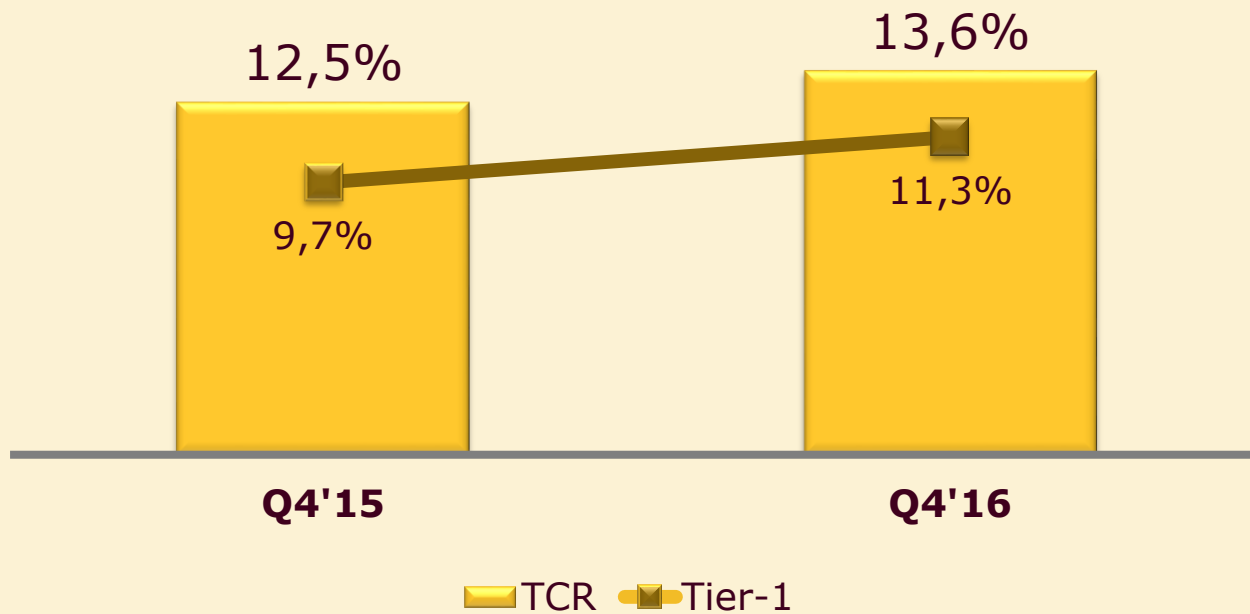
FEEs AND COMMISSIONS ON PATH TO REBOUND POST Q1'17

in PLN m



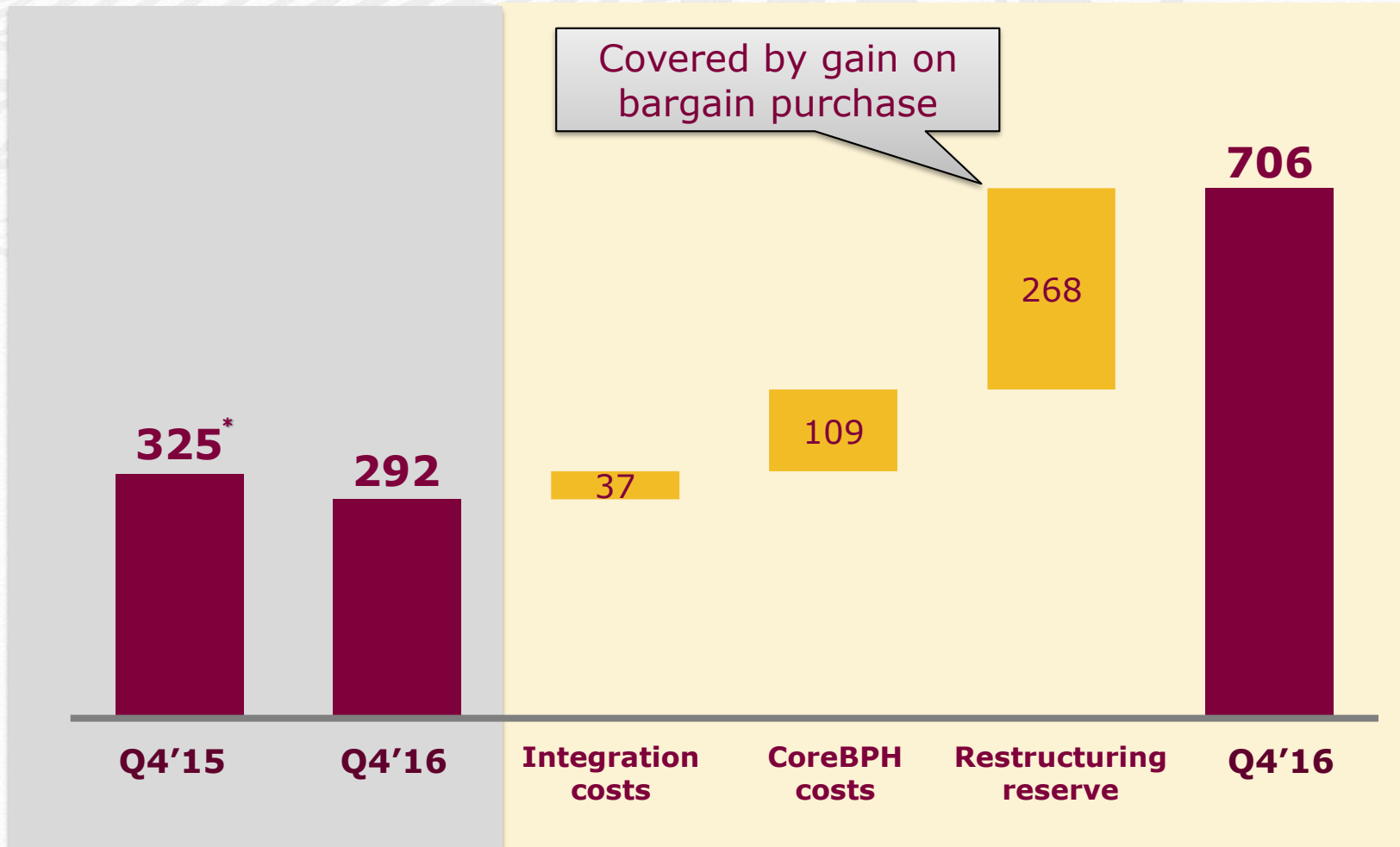
New pricing effective March 2017

CAPITAL POSITION SUPPORTS DYNAMIC AND PROFITABLE ORGANIC LOAN ORIGINATION



COST DEVELOPMENT – ALIOR STAND ALONE COSTS LOWER THAN IN 2015 (Q4'16 VS. Q4'15)

QTD in PLN m

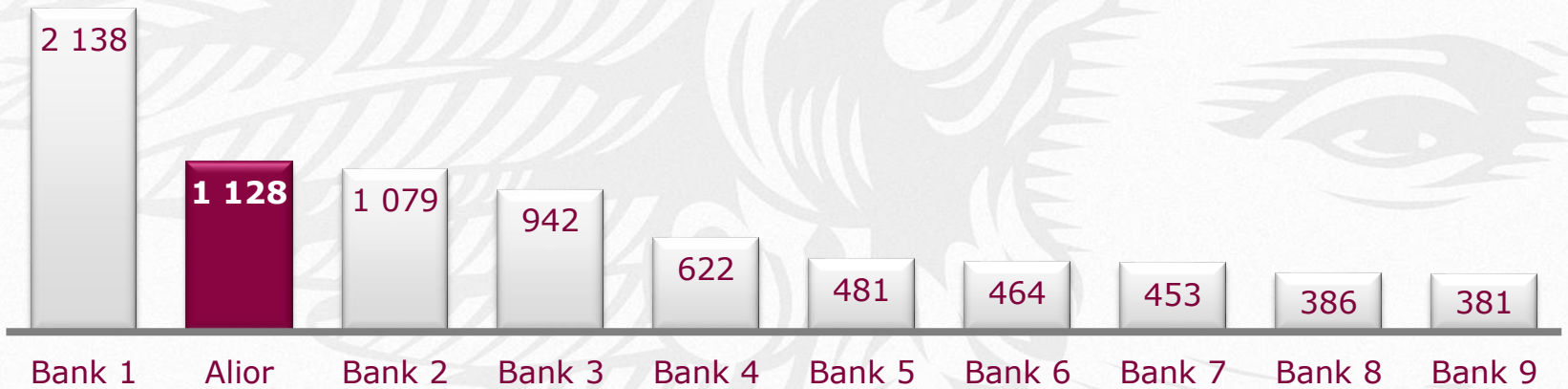


* Q4'15 costs include contribution to Mortgage Relief Fund equal to PLN 9 m and PLN 57 m of BFG charge (SK Bank).



EXTENSIVE FOOTPRINT PROVIDES HIGH POTENTIAL FOR NON-HR SYNERGIES

2th largest distribution network among Polish banks



Data for Banks as at the end of Q3'16, Alior Q4'16. Source: Prnews.

	Alior		CoreBPH		Tesco	T-Mobile	Total
	Branches	Agencies	Branches	Agencies			
Sales outlets	286	495	56	291	71	573	1 772

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2017 Outlook

2017 consensus of PLN ~360 m

NIM ~4,5%

C/I ~45% ALR standalone
C/I ~60% total

CoR ~1,9%

Loan growth 2017 PLN 6,5 billion net

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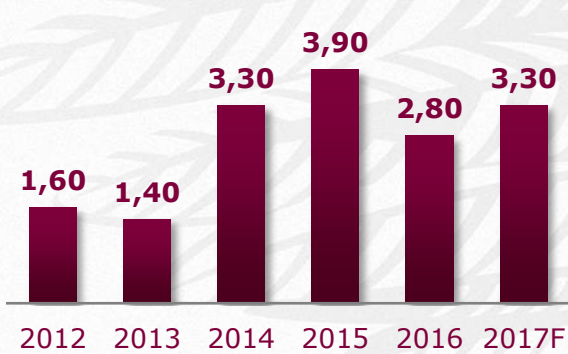
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KEY RATIOS

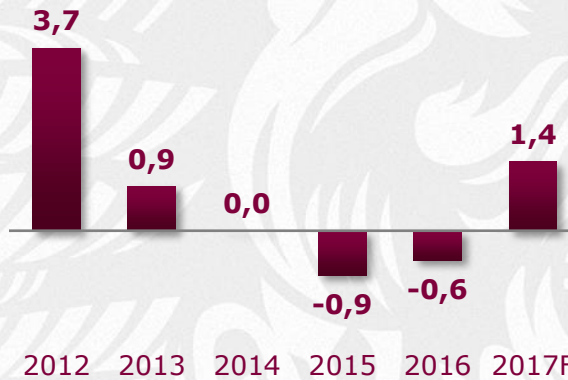
(%)	2016	2015	ch. yoy
ROE	12,7	9,5	3,2
ROA	1,2	0,9	0,3
C/I	49,1	51,1	-2,0
CoR	1,9	2,3	-0,4
L/D	90,1	91,8	-1,7
NPL ratio	9,8	9,3	0,5
NPL coverage ratio	56,6	58,1	-1,5
CAR	13,6	12,5	1,1
Tier 1	11,3	9,7	1,6

GDP growth (% yoy)

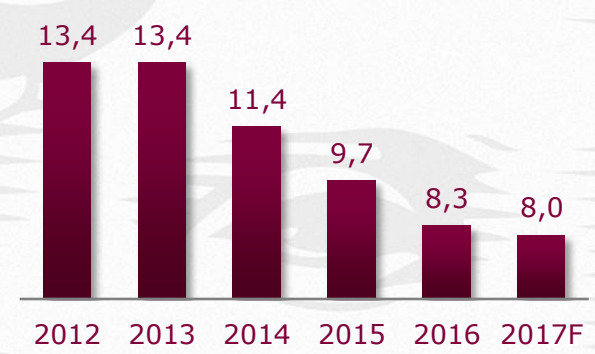


End of period

Inflation (CPI % yoy)

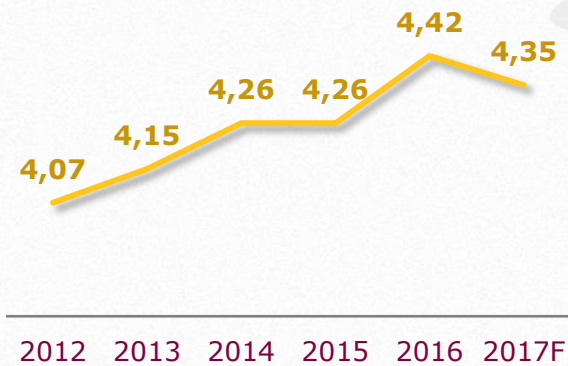


Unemployment rate (%)



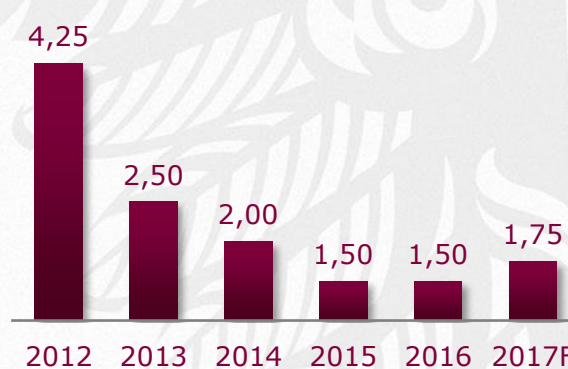
End of period

FX rate (EUR/PLN)



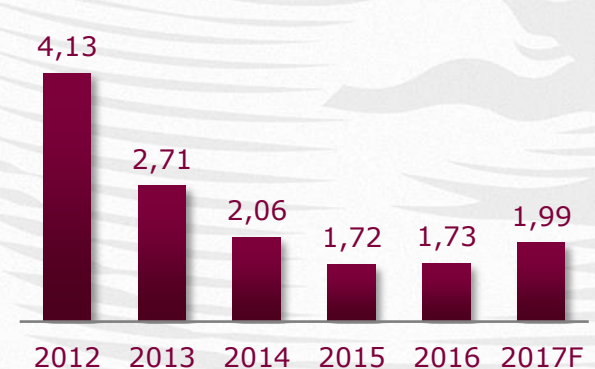
End of period

NBP reference rate (%)



End of period

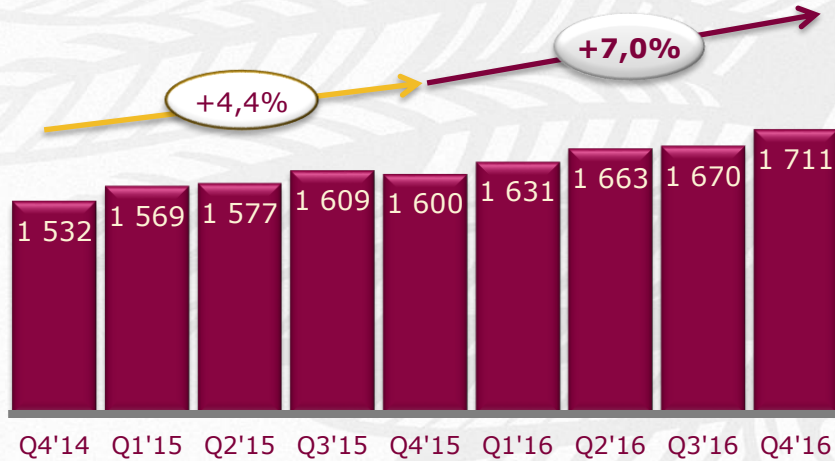
WIBOR 3M (%)



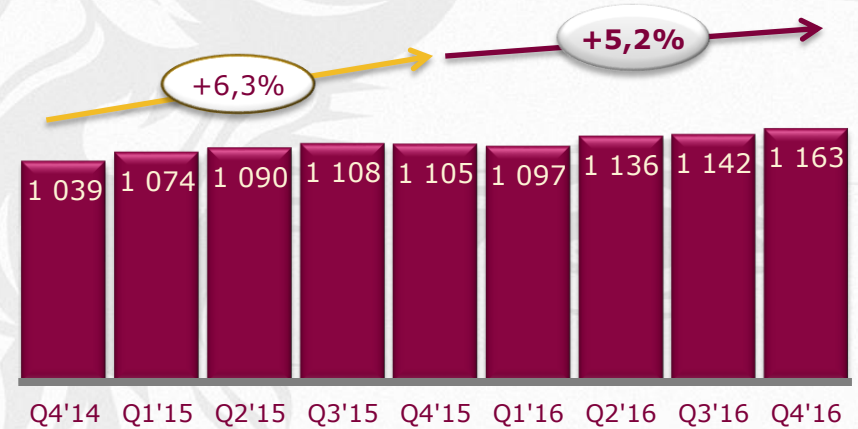
End of period

POLISH BANKING SECTOR – GROWTH OF THE MAIN BALANCE SHEET FIGURES

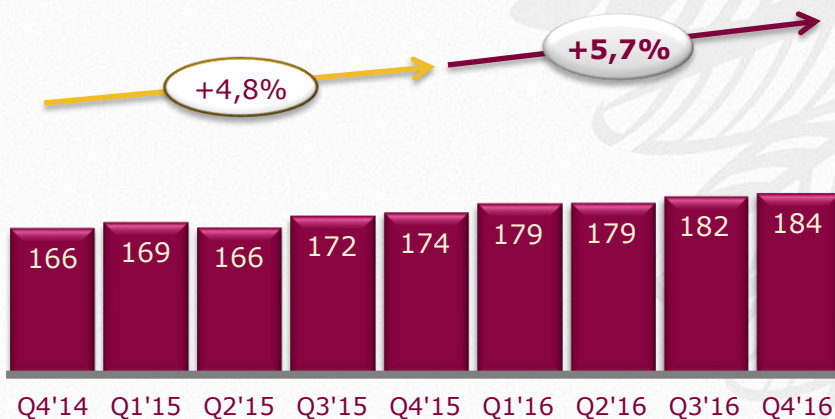
Assets



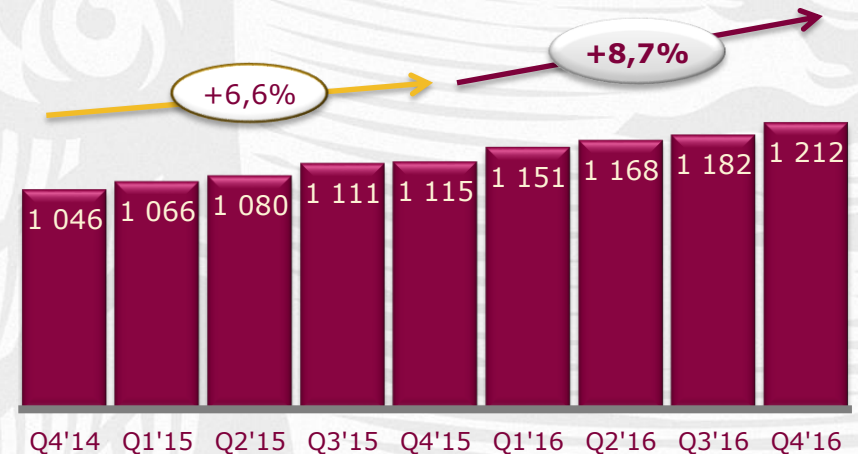
Loans



Equity

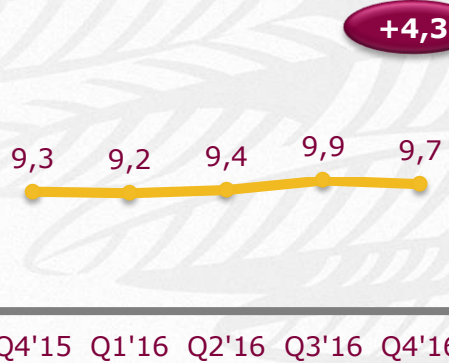


Deposits

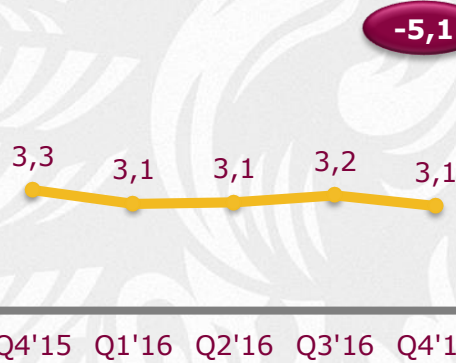


POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

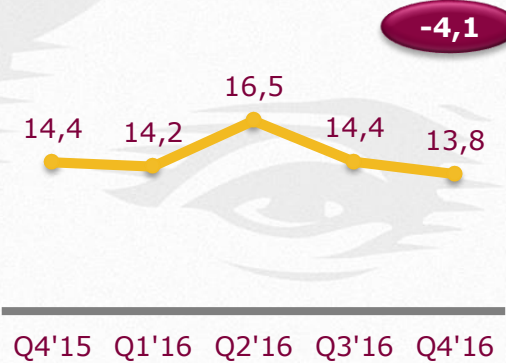
NII



NFC

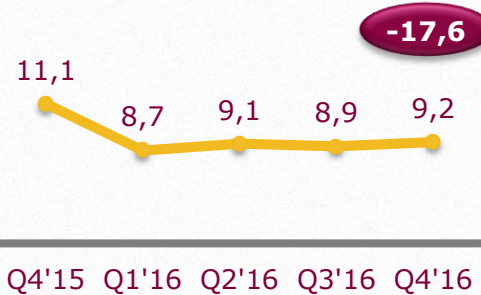


Result on banking activity

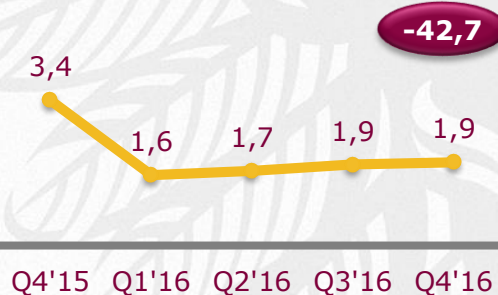


X - CHANGE VS. Q4'15 (%)

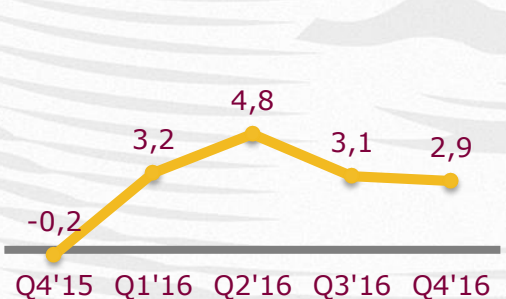
Expenses*



Net impairment**



Net profit



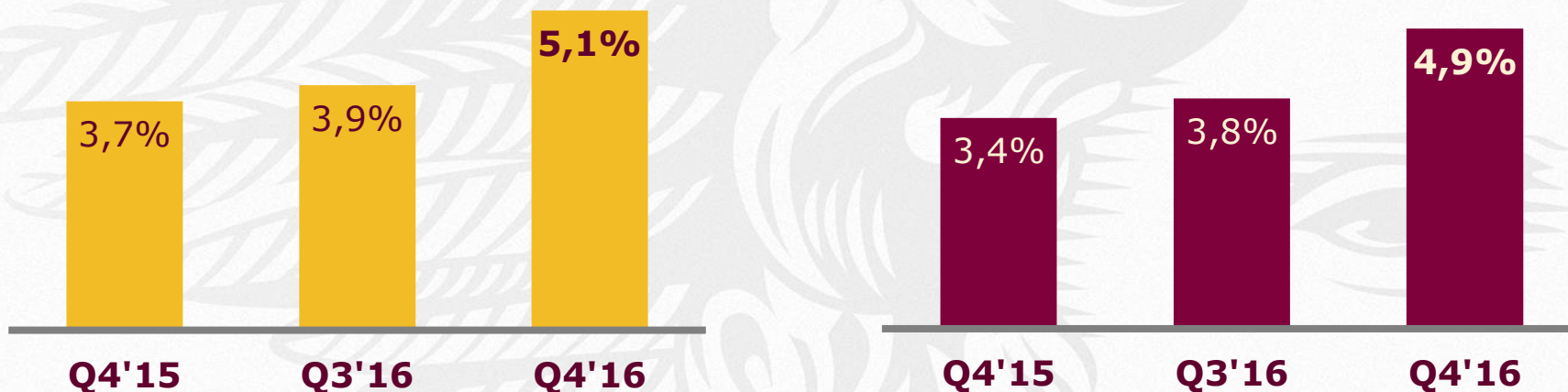


ALIOR BANK CONTINUES ITS MARKET SHARE EXPANSION

Deposits

MARKET SHARE

Loans



Alior's deposits as well as gross loans according to published financial statements. Non financial loans for sector loans data

Deposits

Quarterly growth (%)

Loans

	Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market
SEP'15	5,6	2,5	7,2	2,0	2,8	3,9
DEC'15	7,1	4,9	5,4	4,3	10,2	7,0
MAR'16	6,4	-0,1	8,8	2,6	2,1	-7,5
JUN'16	6,1	3,2	5,4	2,3	7,4	5,5
SEP'16	-1,5	0,8	-2,6	0,7	0,5	1,0
DEC'16	37,2	5,2	33,9	3,8	43,1	9,5

	Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market
SEP'15	4,0	1,5	5,0	0,3	2,8	3,7
DEC'15	5,4	0,4	5,4	1,0	5,6	-0,7
MAR'16	6,1	1,3	5,7	0,6	6,6	2,7
JUN'16	4,5	2,2	4,9	2,6	4,1	1,5
SEP'16	3,1	1,0	3,8	0,5	2,1	1,9
DEC'16	31,3	0,7	28,7	1,3	34,8	-0,5

ALIOR BANK INCOME STATEMENT SNAPSHOT

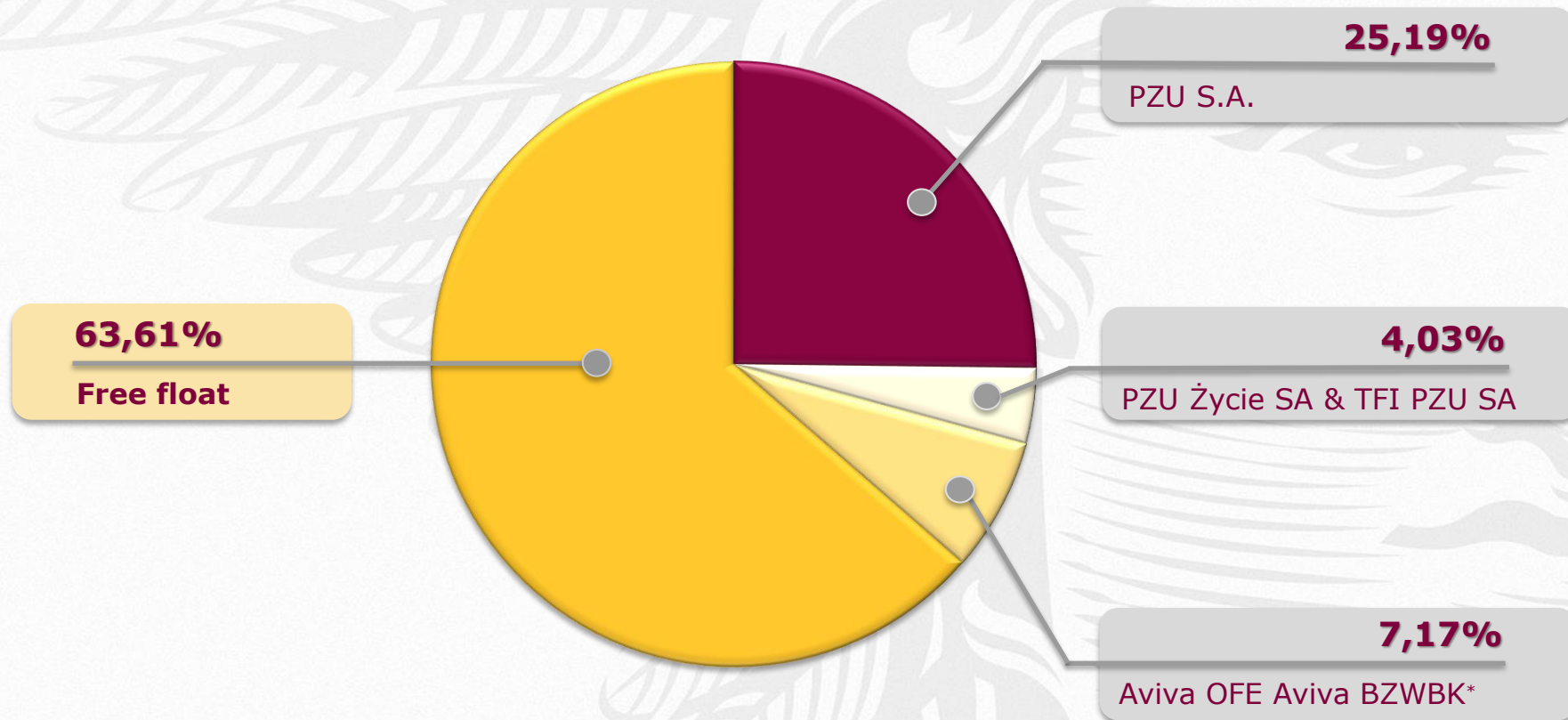
in PLN m	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Interest income	632	663	694	724	858
Interest expense	-233	-251	-250	-233	-259
Net interest income	400	412	444	491	599
Dividend	0	0	0	0	0
Fee and commission income	140	138	137	135	180
Fee and commission expense	-61	-51	-61	-59	-89
Net fee and commission income	79	87	76	76	92
Trading result	75	58	73	78	111
Net gain (realized) on other financial instruments	5	11	10	0	1
Other operating income	14	15	19	16	63
Other operating costs	-2	-5	-18	-13	-16
Net other operating income	12	11	0	3	47
Gain on bargain purchase of core BPH					508
General Administrative Expenses	-325	-277	-287	-297	-706
Impairment losses	-195	-176	-173	-199	-252
Banking tax		-21	-32	-35	-43
Gross profit (loss)	51	106	111	118	357
Income tax	-12	-26	-29	-31	13
Net profit from continuing operations	39	80	82	87	369
- attributable to equity holders of the parent	40	80	82	87	369
- attributable to non-controlling interests	0	0	0	0	0
Net profit	40	80	82	87	369



ALIOR BANK BALANCE SHEET SNAPSHOT

	31 Dec'15	31 Mar'16	30 Jun'16	30 Sep'16	31 Dec'16
Cash and balances with Central Bank	1 750	666	726	1 285	1 083
Financial assets held for trading	391	360	402	310	420
Financial assets available for sale	4 253	6 008	8 505	5 394	9 358
Investment securities held to maturity					2
Hedging derivatives	140	161	54	62	72
Receivables from banks	645	524	1 337	656	1 366
Loans and advances to customers	30 907	32 738	34 136	35 089	46 278
Assets pledged as collateral	628	226	563	1 008	367
Property, plant and equipment	229	224	218	214	486
Intangible assets	387	390	393	405	516
Non-current asset held for sale	1	1	1	1	1
Prepayment on account of the purchase of BPH shares	0	0	0	1 465	0
Current income tax receivables	275	313	344	388	531
Current	0	0	0	0	0
Deferred	275	313	344	388	531
Other assets	397	414	362	318	730
TOTAL ASSETS	40 003	42 026	47 042	46 597	61 210
Financial liabilities held for trading	310	339	299	233	298
Financial liabilities measured at amortized cost due to banks	1 051	404	1 017	1 163	429
Financial liabilities measured at amortized cost due to customers	33 664	35 802	37 990	37 432	51 369
Hedging derivatives	0	1	0	0	6
Provisions	11	15	12	12	287
Other liabilities	535	895	739	674	1 439
Income tax liabilities	22	31	19	26	14
- Current	22	31	19	26	13
Subordinated loans	896	938	1 165	1 164	1 165
Liabilities, total	36 489	38 424	41 240	40 704	55 007
Equity	3 514	3 602	5 801	5 878	6 203
Equity attributable to equity holders of the parent	3 513	3 600	5 800	5 877	6 202
Share capital	727	727	1 293	1 293	1 293
Supplementary capital	2 280	2 591	4 172	4 172	4 186
Revaluation reserve	15	23	-3	-14	-72
Other capital	185	185	184	184	184
Foreign currency translation differences	0	0	0	0	0
Undistributed result from previous years	-4	-5	-7	-7	-7
Current year profit/loss	310	80	162	249	618
Non-controlling interests	1	1	1	1	1
TOTAL LIABILITIES AND EQUITY	40 003	42 026	47 042	46 582	61 210

Largest free float among Polish financials institutions

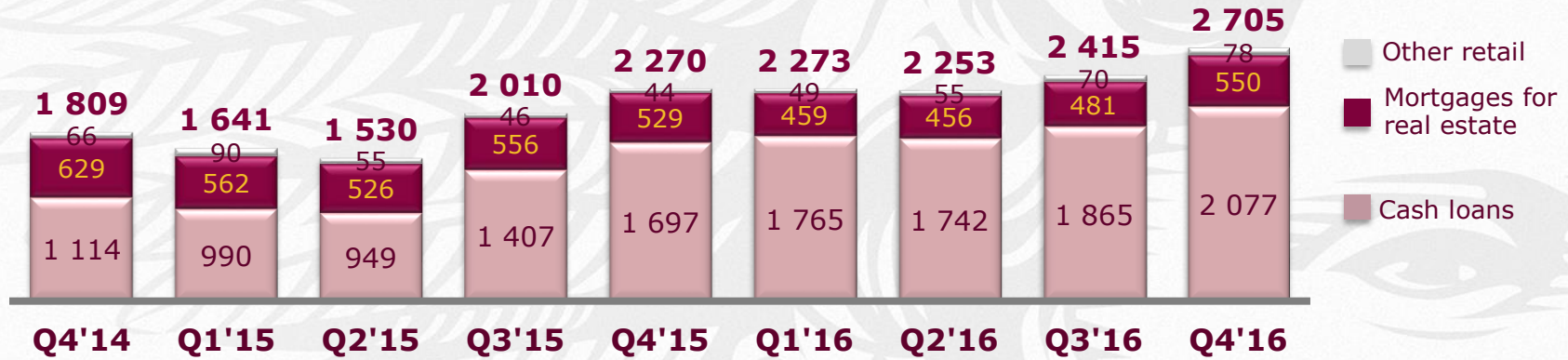


* on the basis of number of shares registered on Extraordinary GSM which took place on July 29, 2016.

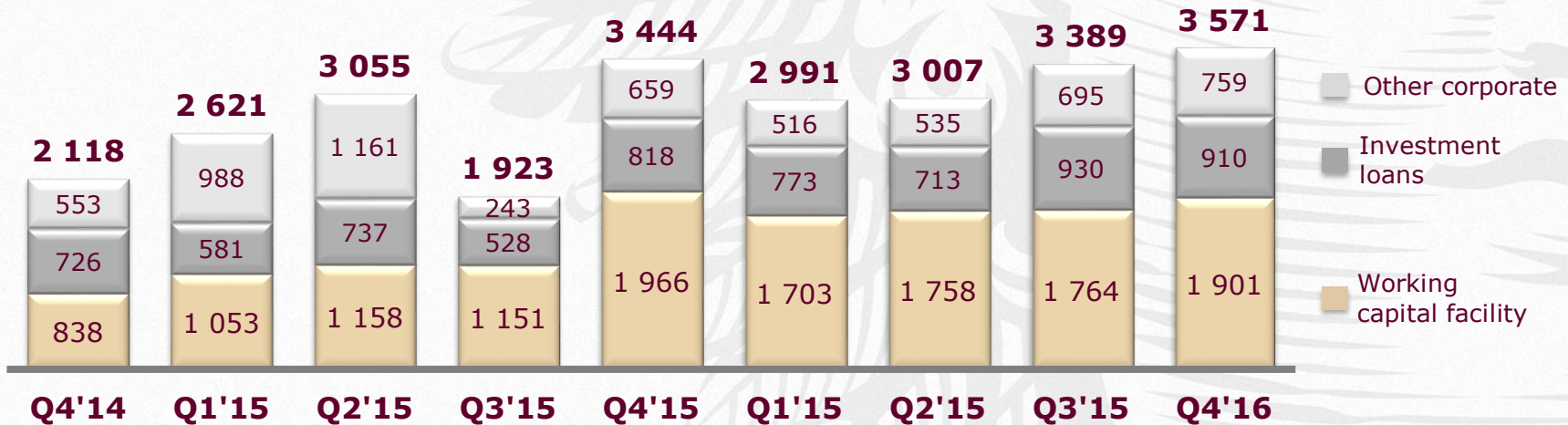


ALIOR BANK NEW LOANS SALES IN RETAIL & SME

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.

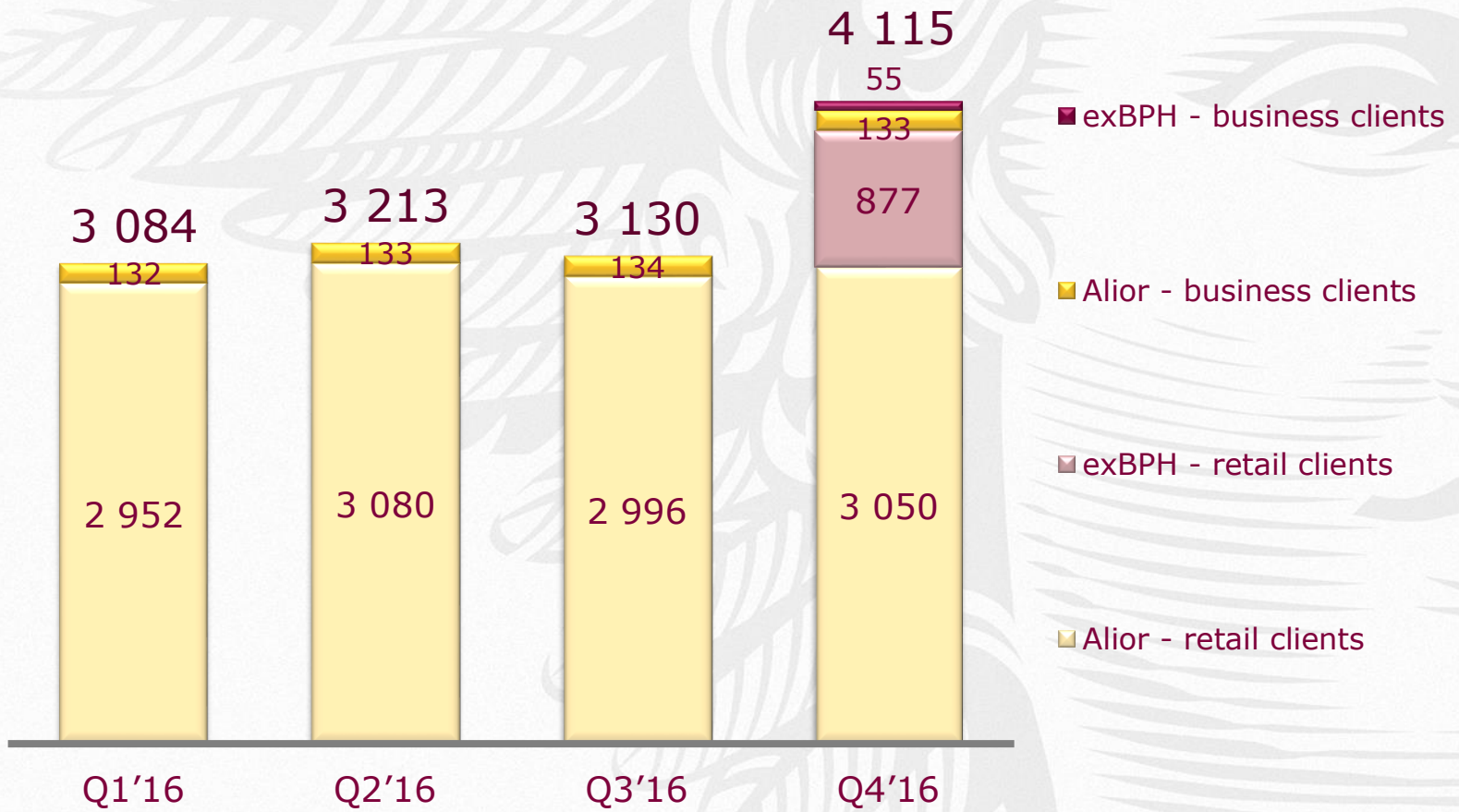
Other retail includes: loans for purchase of securities, credit card borrowings loans, other mortgage loans.

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

Meritum Bank loans sales included as from Q3'15. Q4'16 excluding CoreBPH

Slight decline of customer base as a result of inactive accounts cleaning in Q3'16

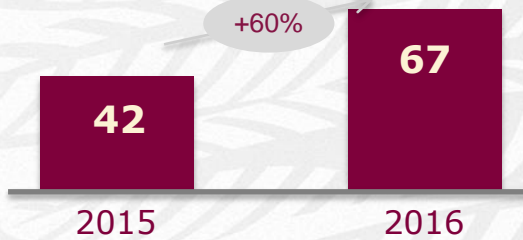
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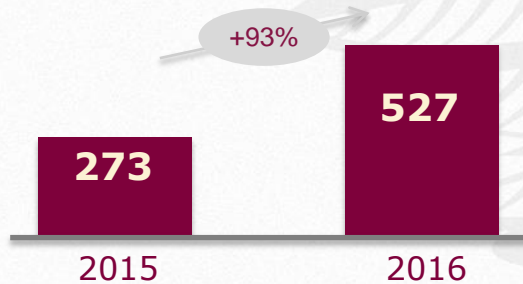


ALIOR BANK & T-MOBILE PARTNERSHIP IN POLAND

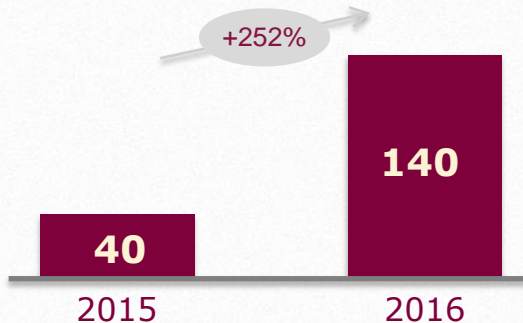
Revenue growth PLN m



Loan volume PLN m



Credit products ths.



Strong customer acquisition

- **30-35 ths. new customer acquisition** per quarter, 95% active customers
- **Unique and fully integrated device financing process – 140 ths devices financed since launch, PLN 125 m new loan volume**
- **Joint offers allowing to benefit from telco-banking synergies** (e.g. with free telco subscription, 20% top-up bonus, cash back on BLIK payments, PMK affinity credit card with T-Mobile's CSR program)

Revenue growth

- **60% revenue increase YoY**
- Almost **doubled new loan volume YoY**
- **250% increase in number of credit products sold**

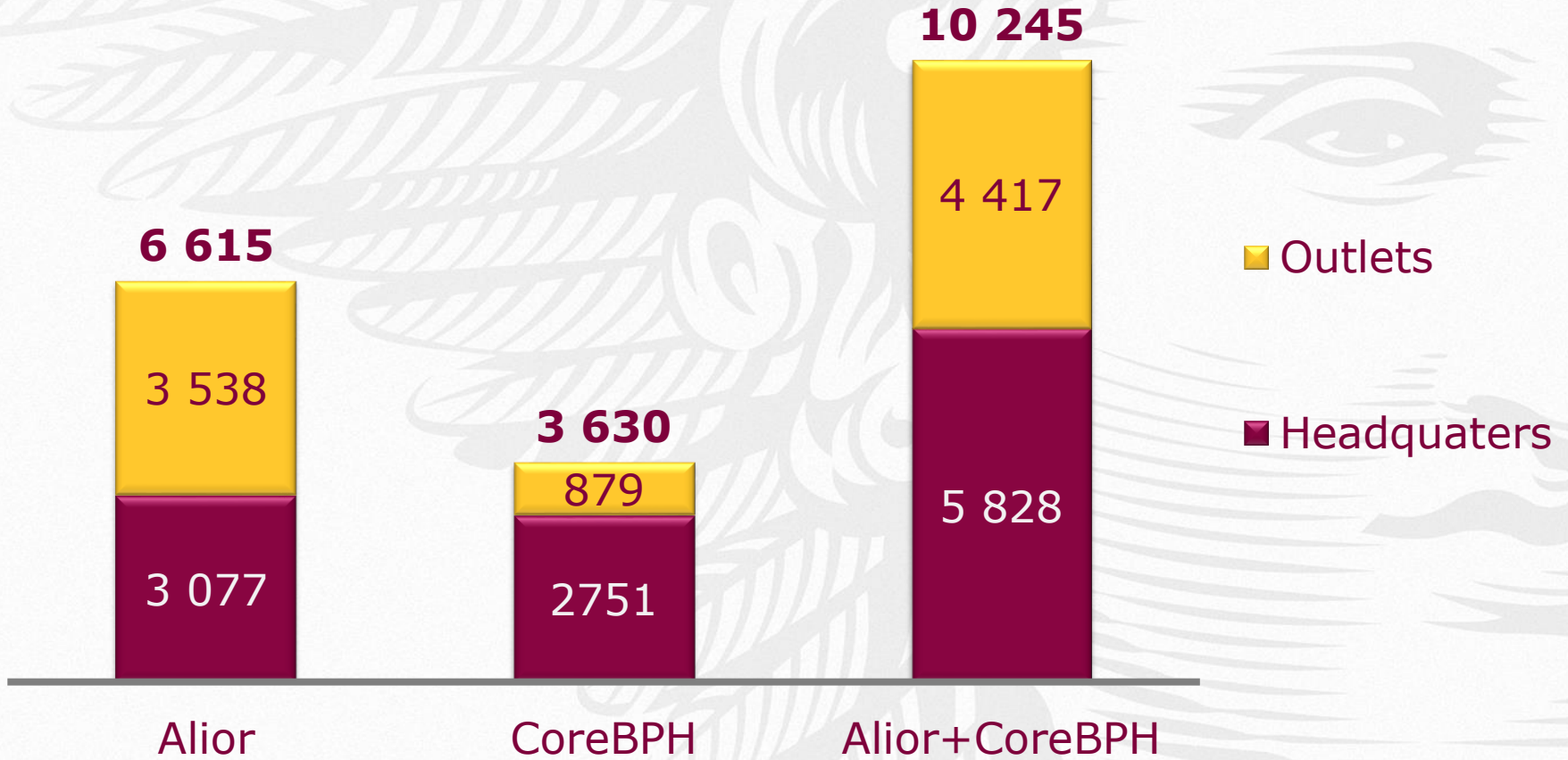


Driven by innovation

- New **mobile application** launched in October 2016, fully native and coherent with navigation system of Android and iOS
- Designed in line with **'mobile first'** principle, provides full functionality of traditional electronic banking – even most complex operations **from account opening, debit & credit card ordering to installments and credit application** can be done via smartphone
- **Touch ID login, BLIK payments/ withdrawals, pre-login balance & last transactions (widgets), global search**
- **Coming up: HCE MDES payments, Click to Credit** (pre-verified or credit card), **New Internet Banking platform**

ALIOR BANK HEADCOUNT

FTEs





Total ALR wind farm exposure: **~ 3% of total loan book**

Total number of exposures: **19 projects,**

All projects financed by ALR **are completed.**

Potential number of NPL's : **10 projects (ca 600 m PLN)**

Provisioning: **2016 34 m PLN, 2017 40-60 m PLN (10% coverage of NPL)**

Collateral coverage ratio: **Jan'17 72% after haircut**

Uncovered exposure in worst case scenario: **Dec'17 108 m PLN (18% NPL)**

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