



ALIOR BANK S.A.

1H'17 RESULTS PRESENTATION

August 10, 2017

- 1. New Management Introduction & Key Highlights**
2. Operational Performance
3. Appendix



1.

**NEW MANAGEMENT
INTRODUCTION
& KEY HIGHLIGHTS**

NEW MANAGEMENT BOARD



6
persons

110y+
of relevant professional experience

50% Alior
internal appointments

50% external experience
at EY, PwC, MCI, other banks

NEW MANAGEMENT BOARD READY FOR DIGITAL DISRUPTOR TRANSFORMATION

Management Board Members



Michał Jan Chyczewski

Acting Chief Executive Officer (CEO)



Filip Gorczyca

Chief Financial Officer (CFO)



Sylwester Grzebinoga

Chief Legal Officer (CLO)



Urszula Krzyżanowska-Piękoś

Chief Business Officer (CBO)



Katarzyna Sułkowska

Chief Risk Officer (CRO)



Celina Waleśkiewicz

Chief Technology Officer (CTO)

Position

Scope of responsibilities

Development Division
HR Division
Audit, Sourcing, Marketing, IR

Finance Division

Legal
Compliance
Security

Business Division (Private Individuals and Business Clients)

Risk Division

IT Division
Operations Division

15y+ experience EY (Head of Transactional Advisory, Financial Institutions)
PKO (Deputy CEO Kredobank)
BGK (Managing Director)
Private Equity Managers (Deputy CEO)
Treasury Ministry (Undersecretary of State, Financial Institutions)
St. Gallen MBA

14y experience in financial reporting and capital markets
Prior to Alior: PwC, Medcover

Certified auditor, FCCA

20y+ experience

PKN Orlen (Executive Director)
District Court Judge
Notary

20y+ experience in key sales positions in banking

With Alior since 2007

Prior to Alior:
Bank BPH

20y+ of risk mgmt experience

With Alior since 2007

Prior to Alior:
Citi Bank, Bank BPH

20y+ experience in banking technology and operations

With Alior since 2007

Prior to Alior:
Bank BPH, Polcard
Responsible for IT integration and operational synergies (PMI, BPH)



Monika Stołowska

Executive Director

HR Division

With Alior since 2014.

Leading role in synergies, implementation of compensation and benefit policy and bonus schemes.

Prior to Alior:
PLAY (HR), Żywiec (HR)
Responsible for HR synergies (PMI, BPH).



Maciej Surdyk

Executive Director

Business Clients Division

With Alior since 2013.

Responsible for Alior Micro and SME offering. Successfully implemented dedicated Micro and Small Business financing solutions.

Prior to Alior:
BPH - Head of SME product offer and Corporate lending offer.



Bruno Ferreira

Executive Director

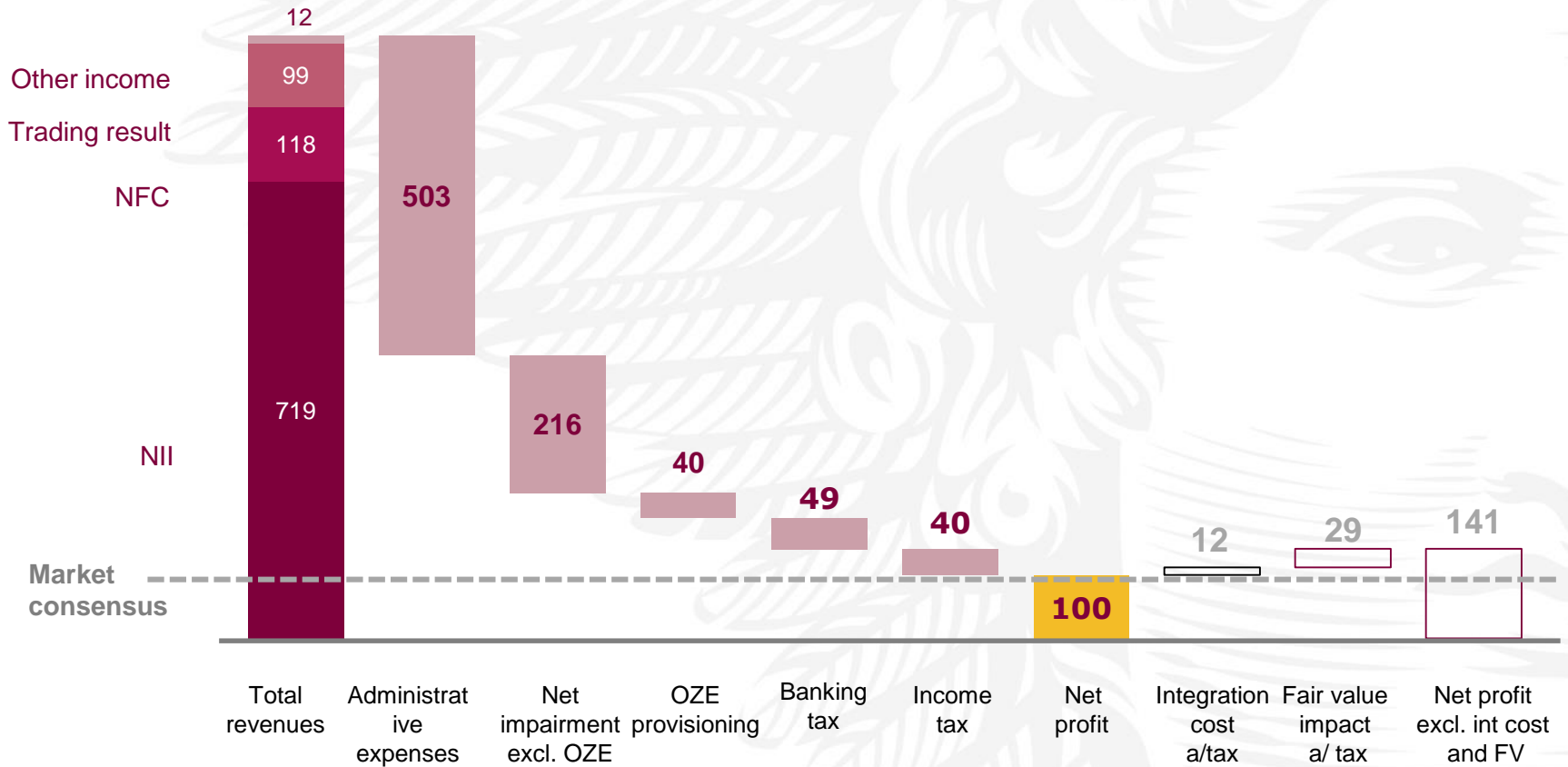
Corporate Development Division

Responsible for corporate development, overseeing the Strategy and Innovation teams

INSEAD MBA

Prior to Alior:
EY, McKinsey & Company

Q2'17 BOTTOM LINE DECOMPOSITION (PLN M)



- **Q2'17 net profit of 100 m (above market consensus even with increased impairment charges for OZE of 40 m)**
- **1H'17 NIM at 4.8% vs. strategic target of 4.5%**
- **CoR in 1H'17 at the level of 1.8% vs strategic target of 1.7%**
- **Synergies execution on track.** Synergies plan maintained (2017: 167 m, 2018: 351 m, 2019: 374 m) as well as integration cost plan (195 m in 2017)
- Successful issue of PLN 250 m 3Y bearer bonds in August'17, **with the lowest ever margin of 1.19%** (above WIBOR 6M)
- Continuation of Digital Disruptor Strategy. Information about operational plan for 2018-2020 will be presented post Q3'17 results announcement. Our aim is to reach ROE of 14% and C/I of 39% as soon as possible.

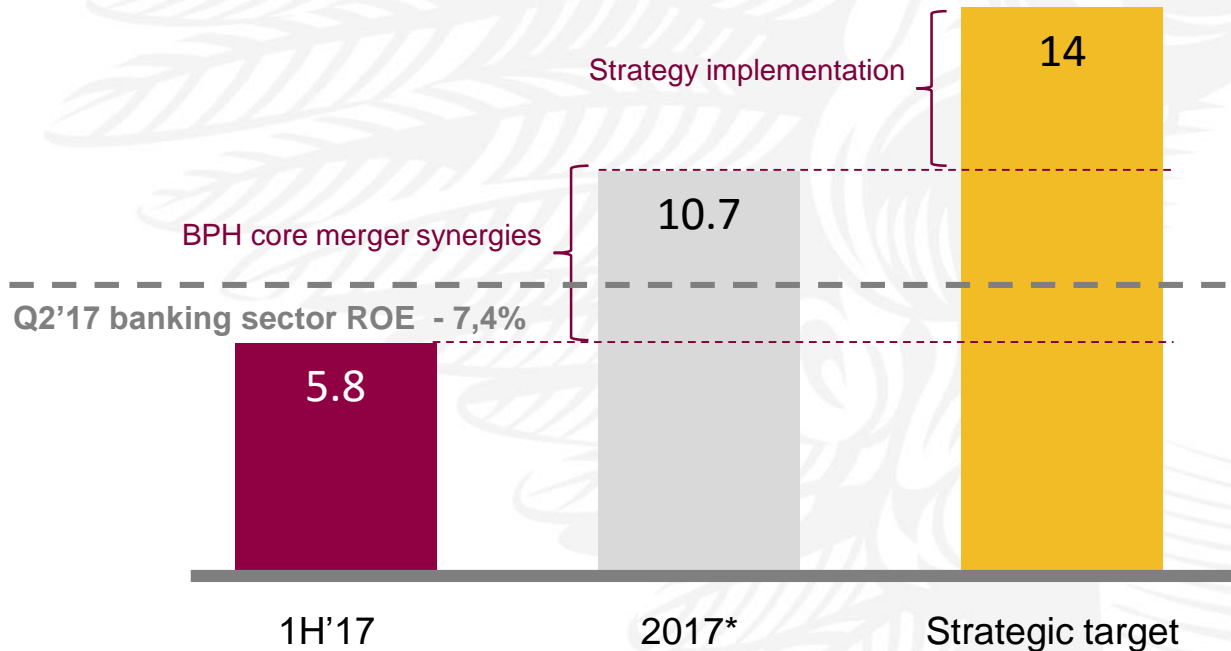
CURRENT 2017 NET PROFIT MARKET CONSENSUS: PLN 408 M

	1H2017	2017 EoY	Strategy (2020)
NIM	4.8%	4.6%-4.7%	4.5%
CoR	1.8%	1.8%	1.7%
C/I	55%	54%	39%
C/I excl. Integration cost	52%	49%	39%

Alior 2017 EOY Guidance and comparison to strategic targets:

- NIM: already above 4.5% target, which safeguards strategy execution; in terms of NIM, we are the most efficient bank in the market
- CoR: already close to the strategic target of 1.7%
- C/I: slight improvement in 2H'17 possible

ILLUSTRATIVE EXAMPLE: ROE CONSIDERATIONS (%)



Information about operational plan for 2018-2020 will be presented post Q3'17 results announcement.

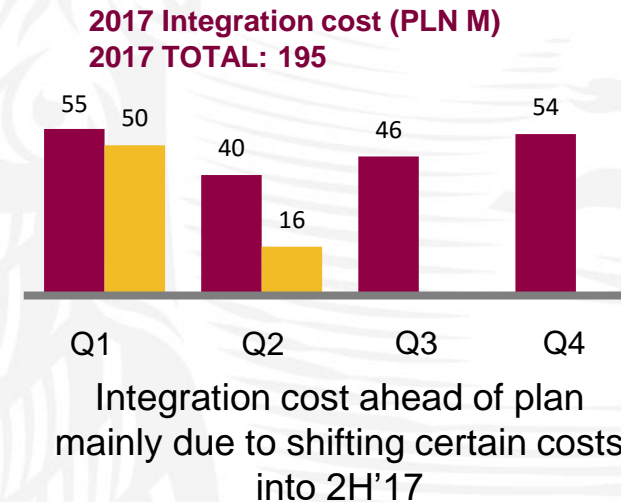
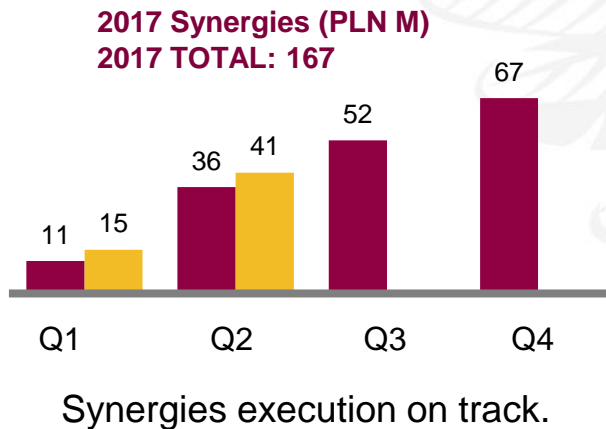
**Hypothetic ROE assuming that target synergies of PLN 374 m are included in the 1H 2017 profit, average equity calculated on the basis of end 2016 and end Q2'17 balances*

1H'17 NET SYNERGIES IMPACT ON TRACK, OUTLOOK FOR 2017 POSITIVE

**THE PREVIOUSLY ANNOUNCED PLAN REMAINS UNCHANGED.
BULK OF SYNERGIES ALREADY IN 2018.**

in PLN m	2017	2018	2019
Synergies (incl. revenue dissynergies)	167	351	374
Integration cost	-195	0	0

2017 SYNERGIES AND INTEGRATION COST STATUS



OZE (RENEWABLE ENERGY) EXPOSURES SUFFICIENTLY PROVISIONED

- Total Alior Bank wind farm exposure:
~ 2% of total loan book (PLN 1,1 bn)
- Total Provisioning:
PLN 87 PLN (14% coverage of NPL) of which PLN 53 m in 1H'17
- All exposures are serviced on time
- Previously communicated provisioning plan maintained
(60 m expected this year in total)

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2.

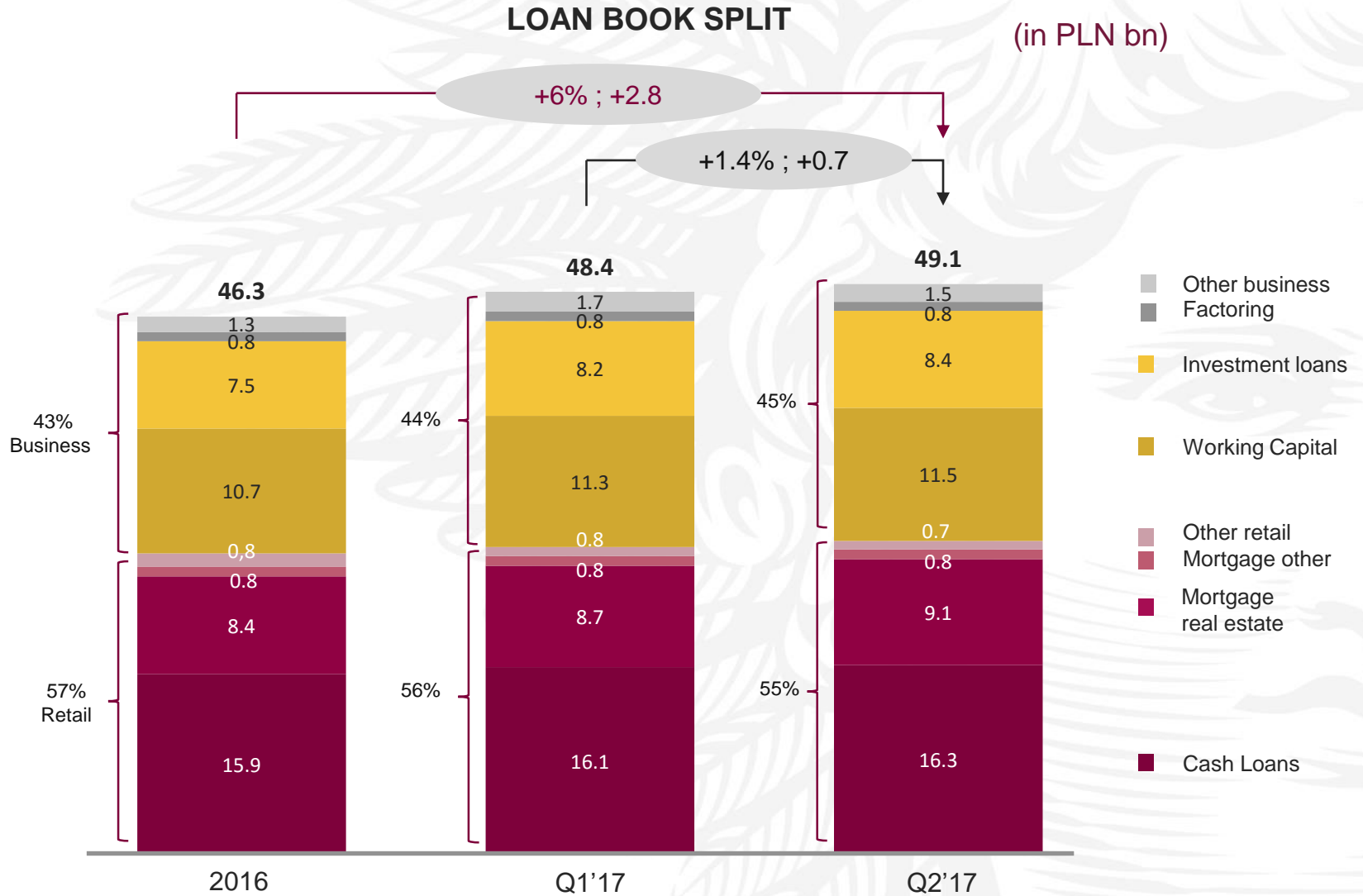
OPERATIONAL PERFORMANCE

PLN M (quarterly)	Q1'17	Q2'17	ch. qoq (%)	ch. qoq (PLN M)
Total revenues	868	948	9.3	80
General administrative expenses	-489	-503	2.8	-14
Net impairment	-212	-256	21.0	-44
Banking tax	-50	-49	-0.7	0.3
Gross profit	118	140	19.4	23
Income tax	-35	-40	14.9	-5
Net profit	82	100	21.3	18

PLN BN	Q1'17	Q2'17	ch. qoq (%)	ch. qoq (PLN BN)
Loans	48.4	49.1	1.4	0.7
Deposits	50.5	51.7	2.3	1.2
Total equity	6.3	6.4	1.2	0.1
Total assets	60.4	61.8	2.3	1.4

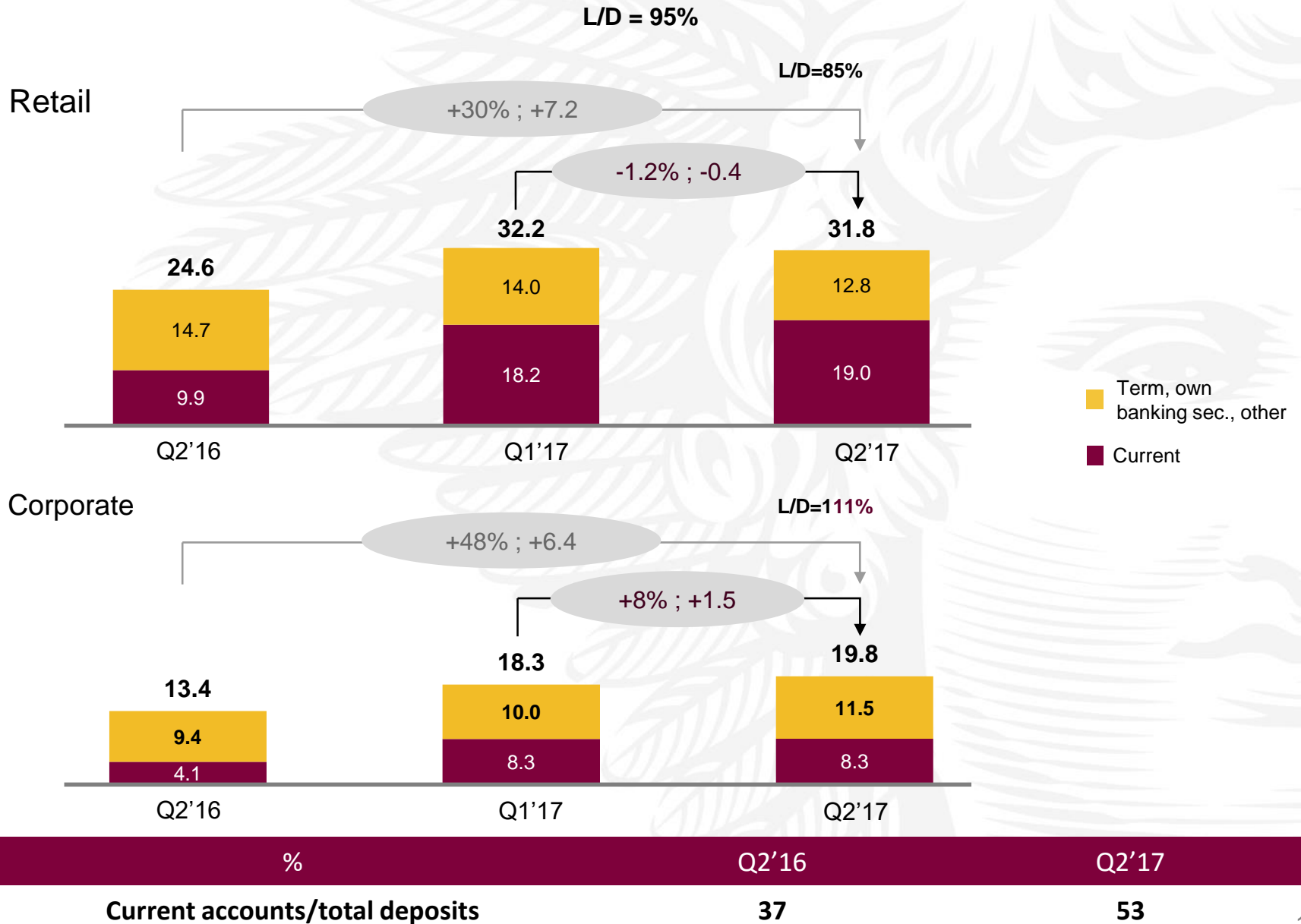
% (quarterly)	Q1'17	Q2'17	ch. qoq (%)	ch. qoq (pp)
ROE	5,3	6,3	19,6	1,0
ROA	0,5	0,7	20,7	0,1
C/I	56,4	53,0	-6,0	-3,4
CoR	-1,6	-1,9	15,9	-0,3
L/D	95,8	95,0	-0,9	-0,9
NPL ratio	9,9	11,2	13,0	1,3
NPL coverage ratio	56,3	53,0	-5,9	-3,3
TCR	14,4	13,6	-5,2	-0,8
Tier 1	12,2	11,5	-5,0	-0,6

STRONG LOAN BOOK GROWTH ACROSS ALL MAJOR SEGMENTS

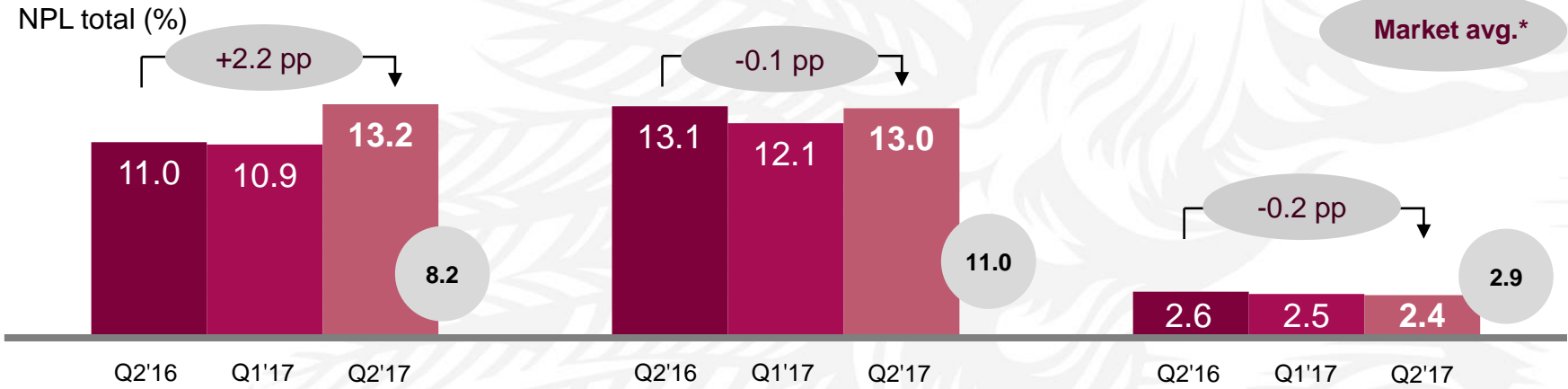


PLN 2.8 bn NET LOAN GROWTH IN 1H'17

LEVEL OF DEPOSITS REACHES DESIRED MIX OF CURRENT AND TERM ACCOUNTS (in PLN bn)



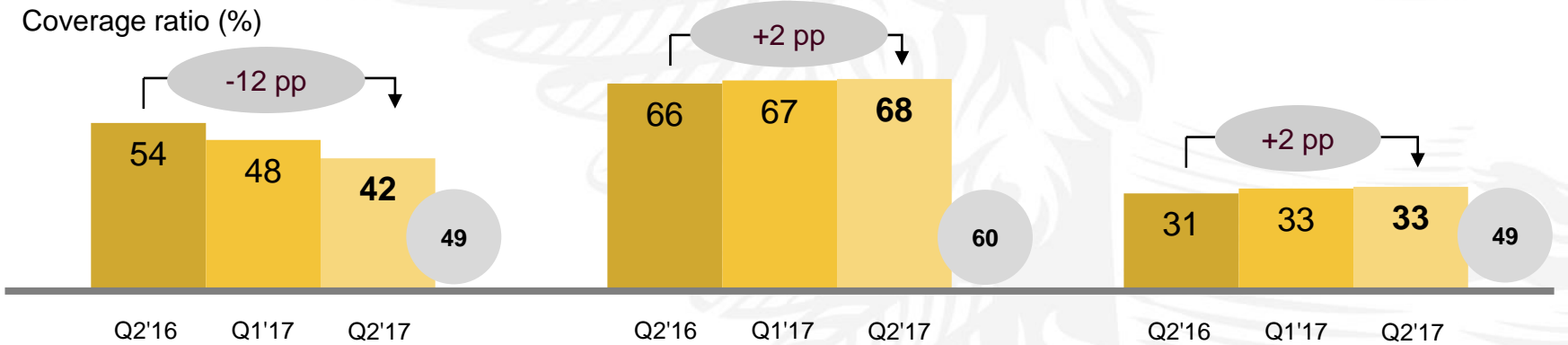
KEY CREDIT RISK RATIOS



CORPORATE

RETAIL

MORTGAGE

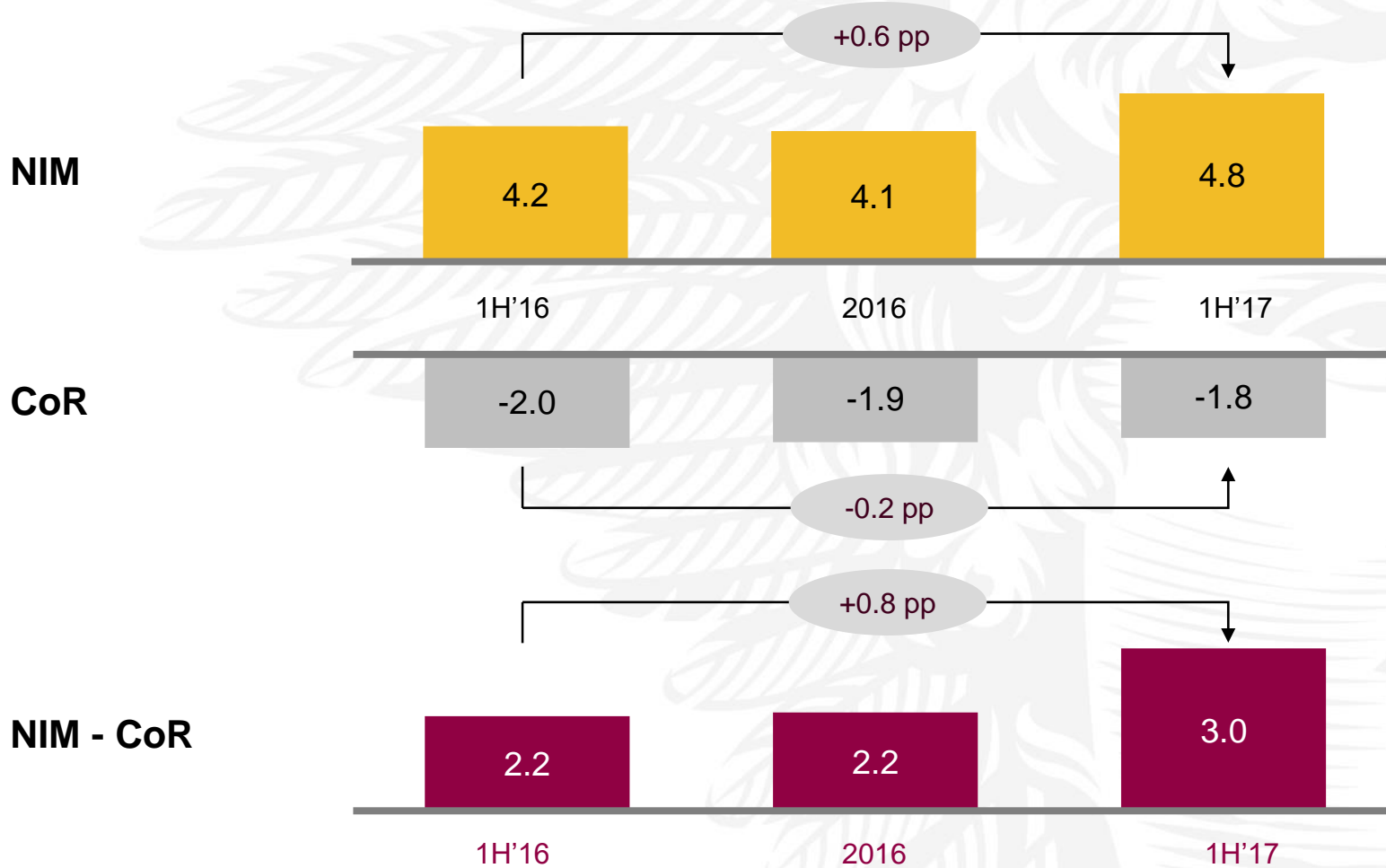


Loan portfolio structure (%)	Corporate	Retail	Mortgage
Alior	45	36	19
Banking sector*	35	26	39

*Ratios (as of the end of June 2017) calculated on the basis of data on loans receivables published monthly by the National Bank of Poland. Corporate loans sector line excluding government sector entities. Retail comprises the total retail portfolio less mortgages for real estates portfolio.

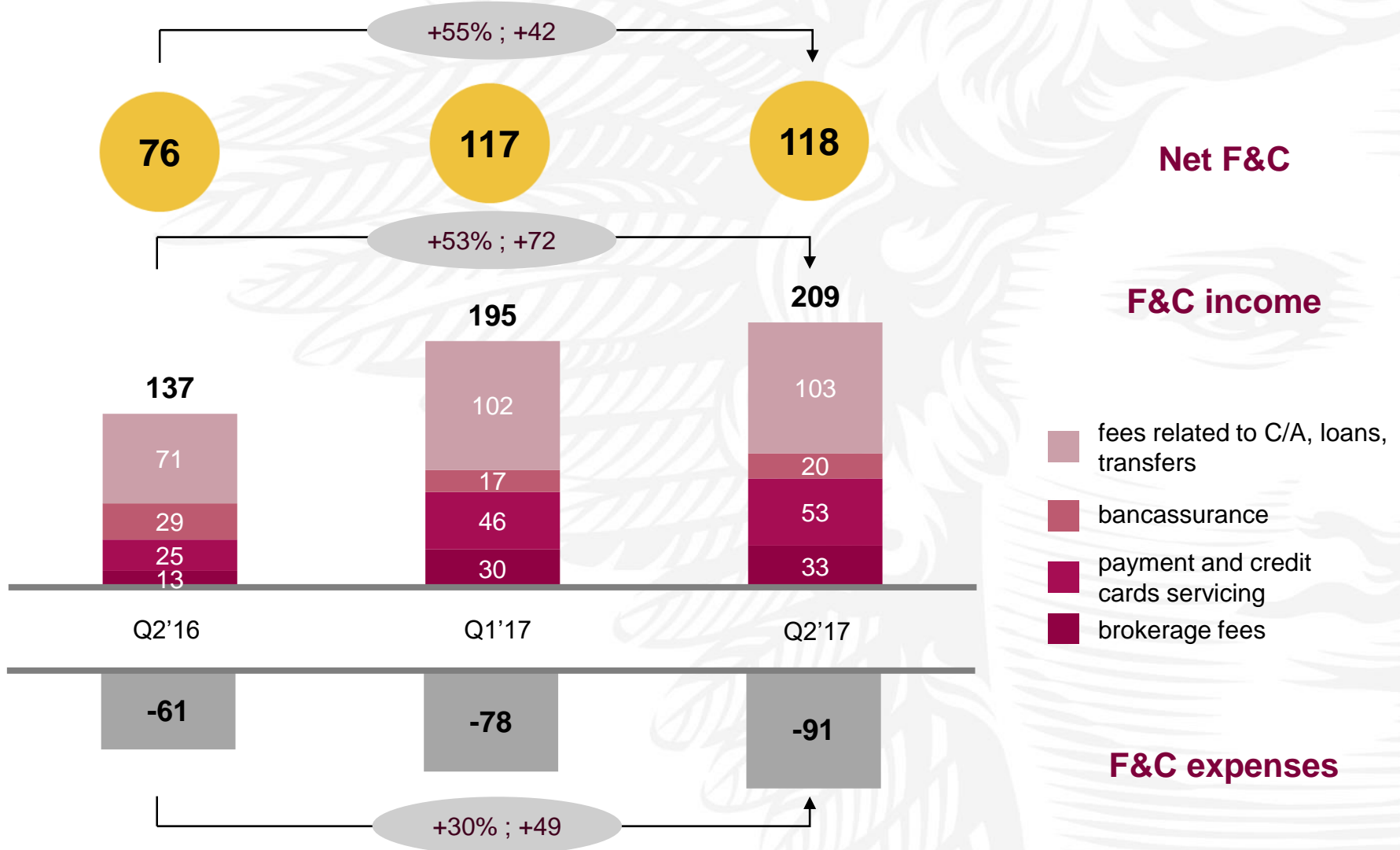
STRONG PROFITABILITY MAINTAINED. 1H'17 NIM REACHES 4.8%

ALIOR NIM DEVELOPMENT (%)

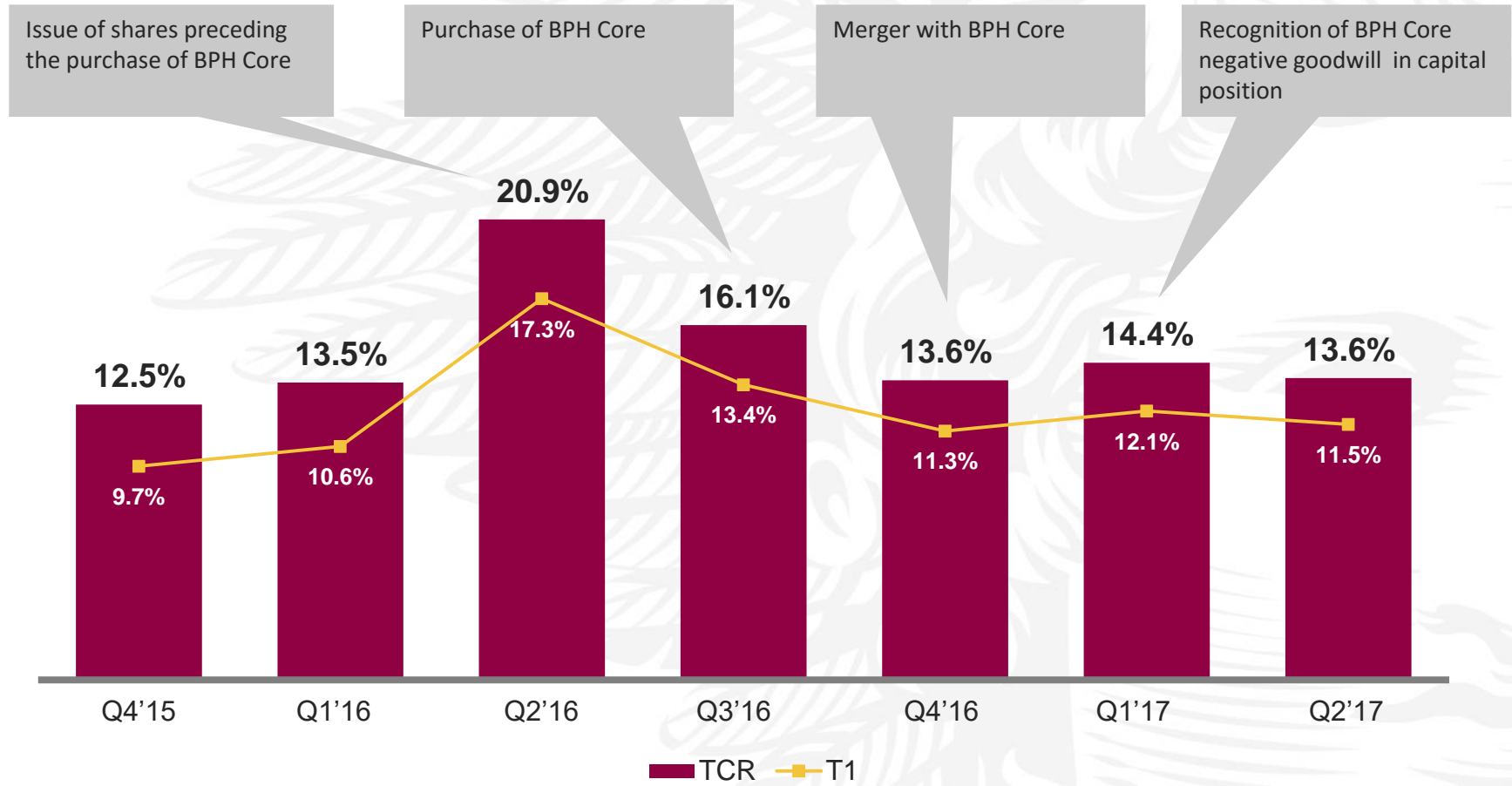


NIM formula for 1H'16: NII for 1H'16 annualized, divided by average of IEA from 2015 and 1H'16; NIM formula for 2016: NII for 2016 divided by average IEA from 2015 and 2016; NIM formula for 1H'17 annualized, divided by average of IEA from 2016 and 1H'17.

FEES AND COMMISSIONS (in PLN m)



CAPITAL POSITION SUPPORTS FUTURE LOAN ORIGINATION OBJECTIVES



T1 ratio higher than pre-merger and expected to grow in Q3'17, following the recognition of 1H'17 net result in own funds

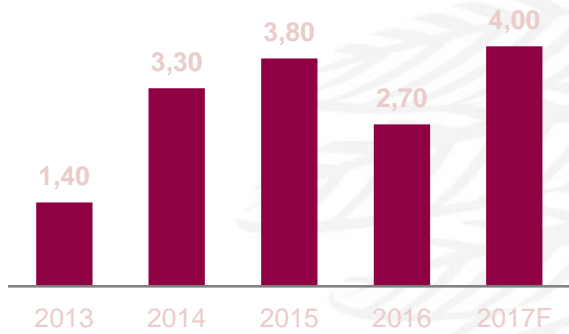
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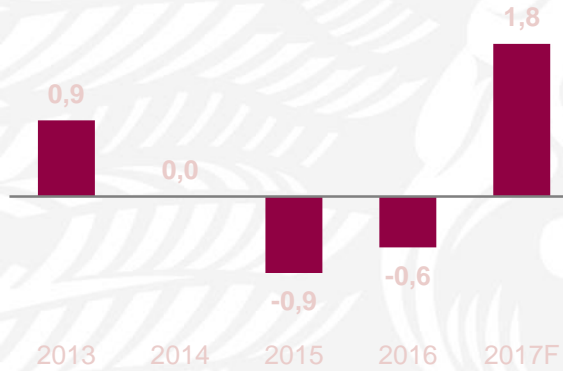
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APPENDIX

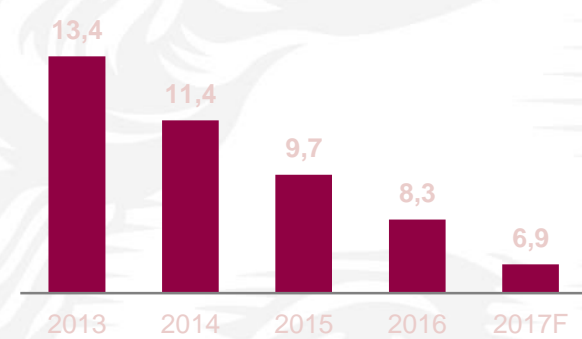
GDP growth (% yoy)



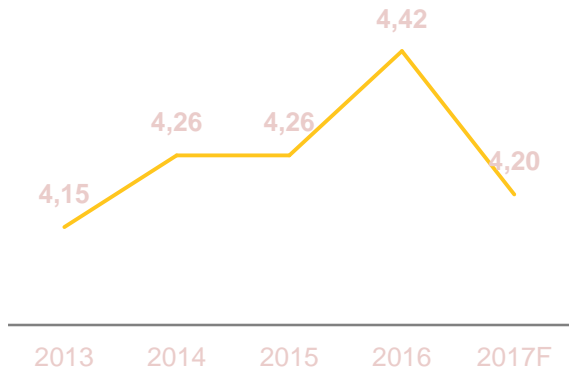
Inflation (CPI % yoy)



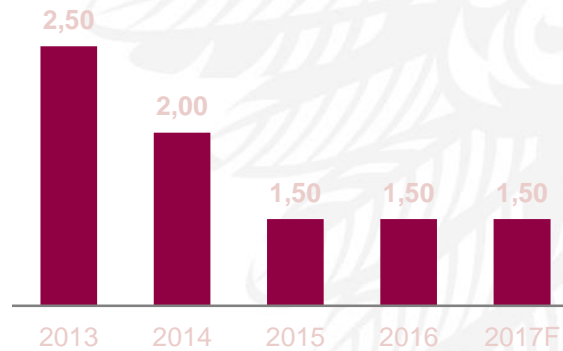
Unemployment rate (%)



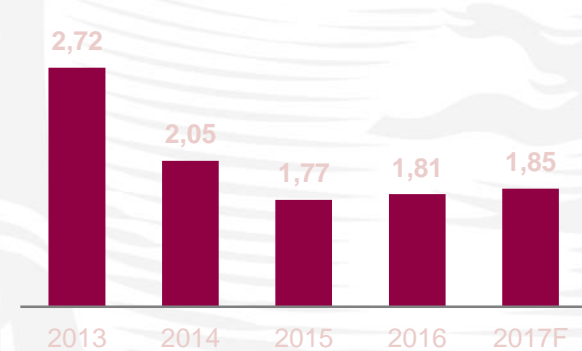
FX rate (EUR/PLN)



NBP reference rate (%)



WIBOR 6M (%)

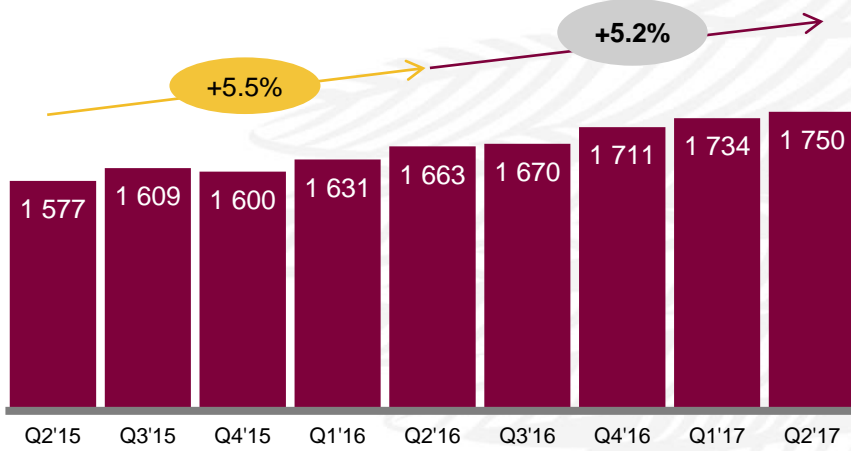


End of period

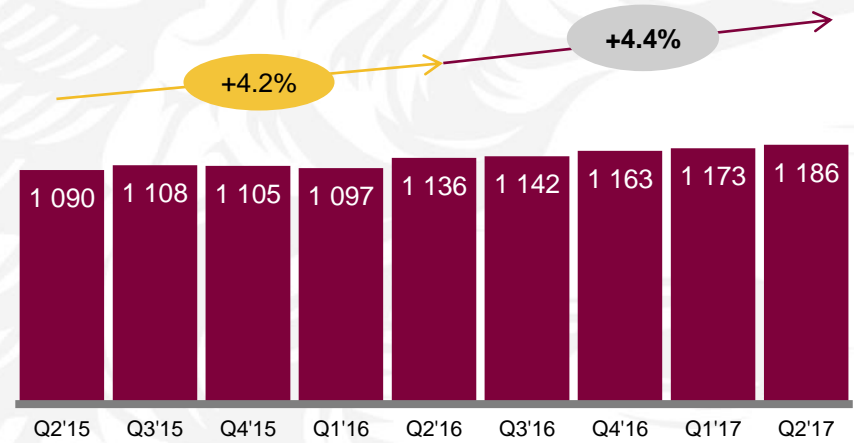
End of period

End of period

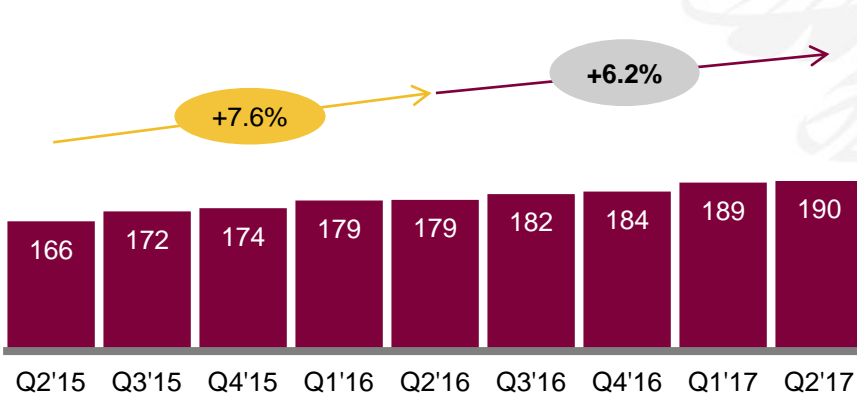
ASSETS



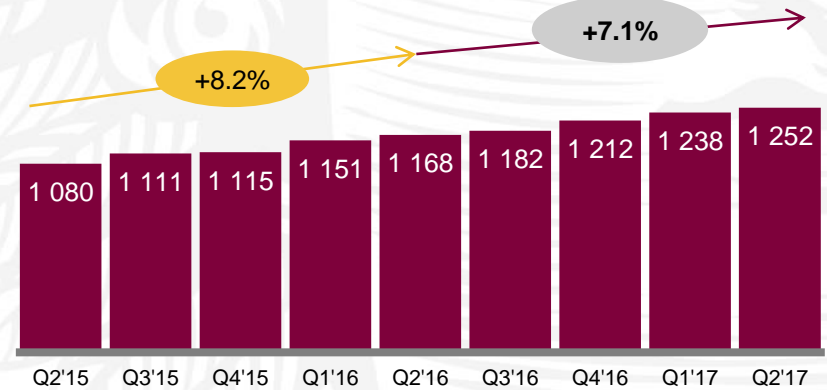
LOANS



EQUITY



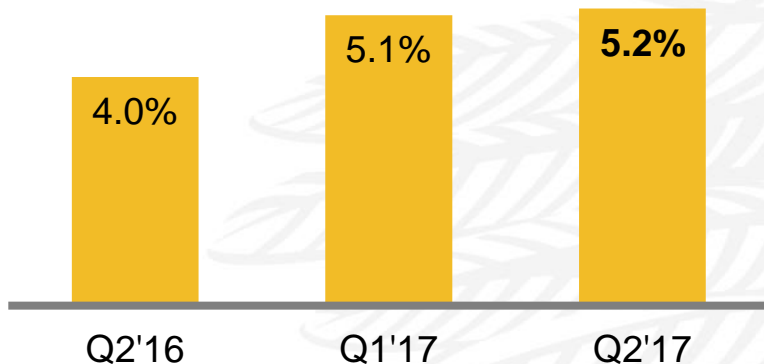
DEPOSITS



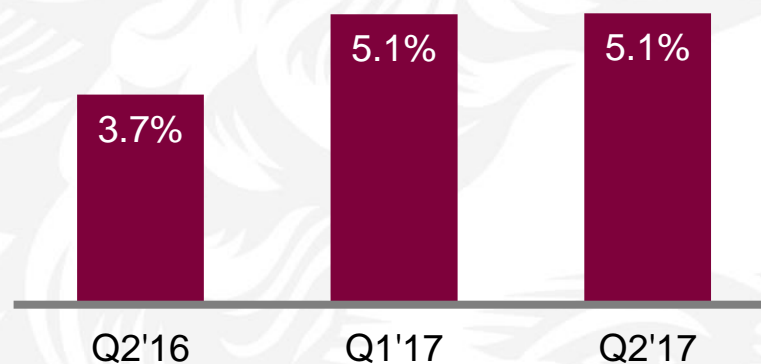
ALIOR BANK CONTINUES ITS MARKET SHARE EXPANSION

MARKET SHARE

DEPOSITS



LOANS



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

QUARTERLY GROWTH (%)

DEPOSITS

	Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market
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
MAR'17	-1.7	-1.3	0.6	1.3	-5.3	-8.3
JUN'17	2.3	0.0	-1.2	-0.1	8.6	-0.1

LOANS

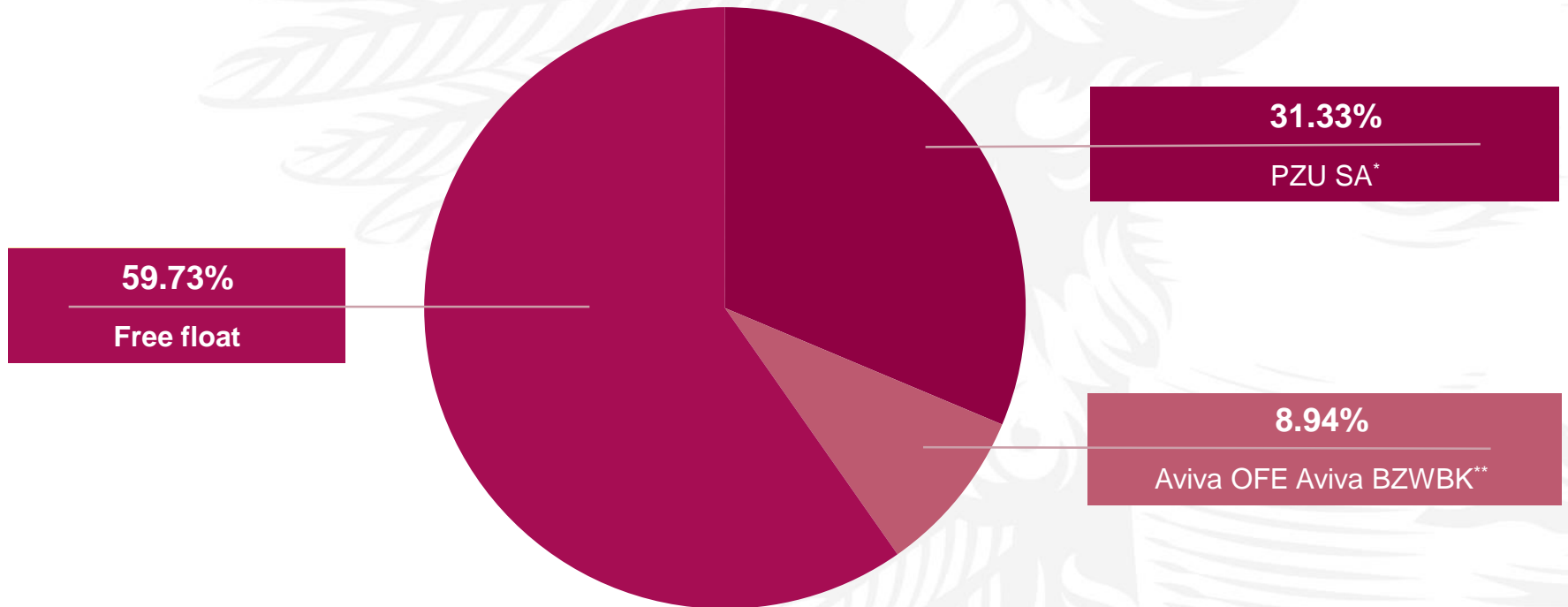
	Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market
MAR'16	6.1	1.3	5.7	0.6	6.6	2.7
JUN'16	4.5	2.2	4.9	2.6	4.1	1.5
SEP'16	3.1	1.0	3.8	0.5	2.1	1.9
DEC'16	31.3	0.7	28.8	1.3	34.8	-0.5
MAR'17	4.7	0.8	2.3	-0.1	7.6	2.4
JUN'17	1.8	1.4	2.3	1.2	1.2	1.7

in PLN m	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Interest income	694	724	858	867	893
Interest expense	-250	-233	-259	-206	-173
Net interest income	444	491	599	661	719
Dividend	0	0	0	0	0
Fee and commission income	137	135	180	195	209
Fee and commission expense	-61	-59	-89	-78	-91
Net fee and commission income	76	76	92	117	118
Trading result	73	78	111	73	99
Net gain (realized) on other financial instruments	10	0	1	0	1
Other operating income	19	16	63	32	28
Other operating costs	-18	-13	-16	-15	-17
Net other operating income	0	3	47	17	11
Gain on bargain purchase of core BPH	0	0	508	0	0
General Administrative Expenses	-287	-297	-706	-489	-503
Impairment losses	-173	-199	-252	-212	-256
Banking tax	-32	-35	-43	-50	-49
Gross profit (loss)	111	118	357	118	140
Income tax	-29	-31	13	-35	-40
Net profit from continuing operations	82	87	369	82	100
- attributable to equity holders of the parent	82	87	369	82	100
- attributable to non-controlling interests	0	0	0	0	0
Net profit	82	87	369	82	100

ALIOR BANK BALANCE SHEET SNAPSHOT

	30 Jun'16	30 Sep'16	31 Dec'16	31 Mar'17	30 Jun'17
Cash and balances with Central Bank	726	1 285	1 083	1 781	2 377
Financial assets held for trading	402	310	420	387	421
Financial assets available for sale	8 505	5 394	9 358	6 517	6 469
Investment securities held to maturity			2	2	0
Hedging derivatives	54	62	72	61	46
Receivables from banks	1 337	656	1 366	517	737
Loans and advances to customers	34 136	35 089	46 278	48 403	49 079
Assets pledged as collateral	563	1 008	367	493	511
Property, plant and equipment	218	214	486	484	476
Intangible assets	393	405	516	531	545
Non-current asset held for sale	1	1	1	0	0
Prepayment on account of the purchase of BPH shares	0	1 465	0	0	0
Current income tax receivables	344	388	531	565	550
- Current	0	0	0	0	0
- Deferred	344	388	531	565	550
Other assets	362	303	730	678	624
TOTAL ASSETS	47 042	46 582	61 210	60 420	61 837
Financial liabilities held for trading	299	233	298	294	366
Financial liabilities measured at amortized cost due to banks	1 017	1 163	429	537	867
Financial liabilities measured at amortized cost due to customers	37 990	37 432	51 369	50 517	51 689
Hedging derivatives	0	0	6	12	9
Provisions	12	12	287	268	186
Other liabilities	739	674	1 439	1 271	1 140
Income tax liabilities	19	26	14	46	31
- Current	19	26	13	45	29
- Deferred	0	0	1	1	1
Subordinated loans	1 165	1 164	1 165	1 161	1 161
Liabilities, total	41 240	40 704	55 007	54 107	55 448
Equity	5 801	5 878	6 203	6 313	6 389
Equity attributable to equity holders of the parent	5 800	5 877	6 202	6 312	6 388
Share capital	1 293	1 293	1 293	1 293	1 293
Supplementary capital	4 172	4 172	4 186	4 186	4 820
Revaluation reserve	-3	-14	-72	-44	-31
Other capital	184	184	184	184	184
Foreign currency translation differences	0	0	0	0	0
Undistributed result from previous years	-7	-7	-7	611	-59
Current year profit/loss	162	249	618	82	182
Non-controlling interests	1	1	1	1	1
TOTAL LIABILITIES AND EQUITY	47 042	46 582	61 210	60 420	61 837

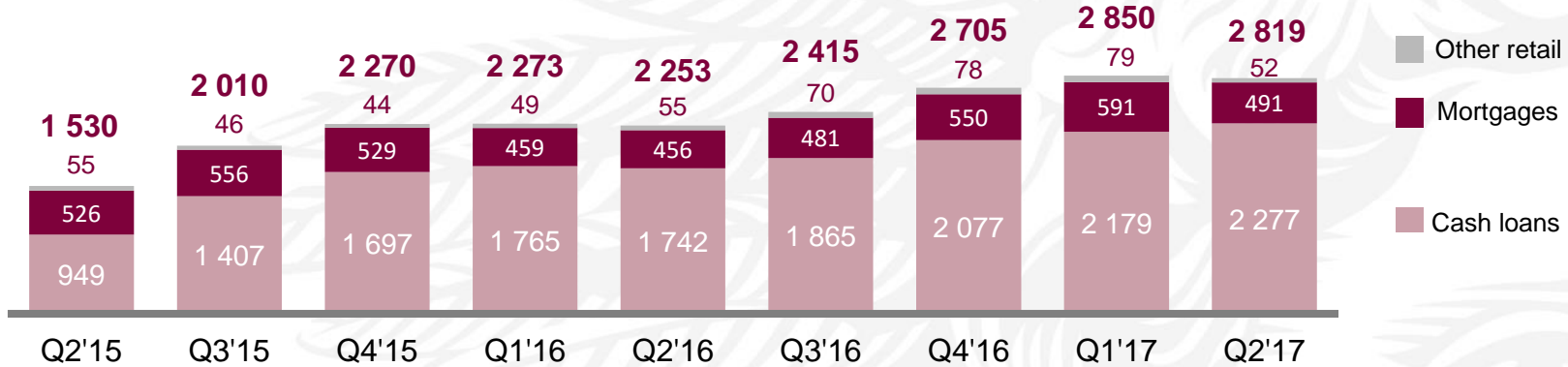
LARGEST FREE FLOAT AMONG POLISH FINANCIAL INSTITUTIONS



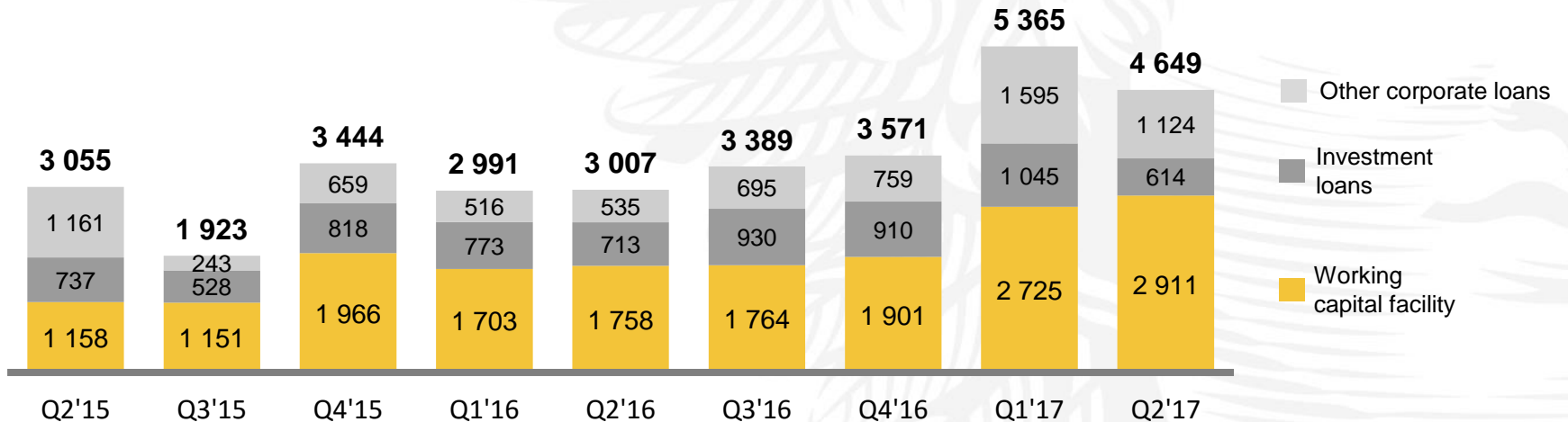
* based on the information presented in the current report no 36/2017.

** based on the number of shares registered on Ordinary GSM which took place on June 29, 2017.

RETAIL LOANS (NEW PRODUCTION PER QUARTER)



CORPORATE LOANS (NEW PRODUCTION PER QUARTER)



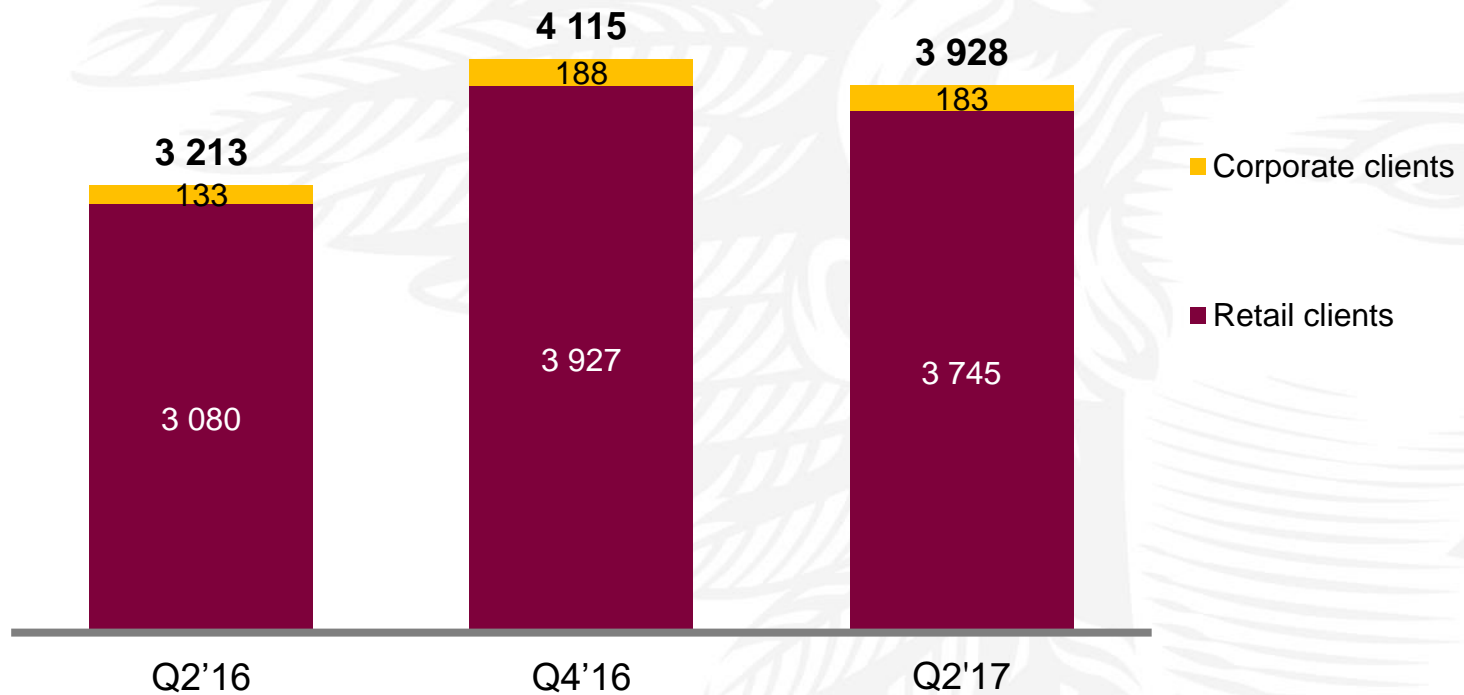
New production defined as any opening of a new credit account / credit line. Renewals are included in corporate loans new production.

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

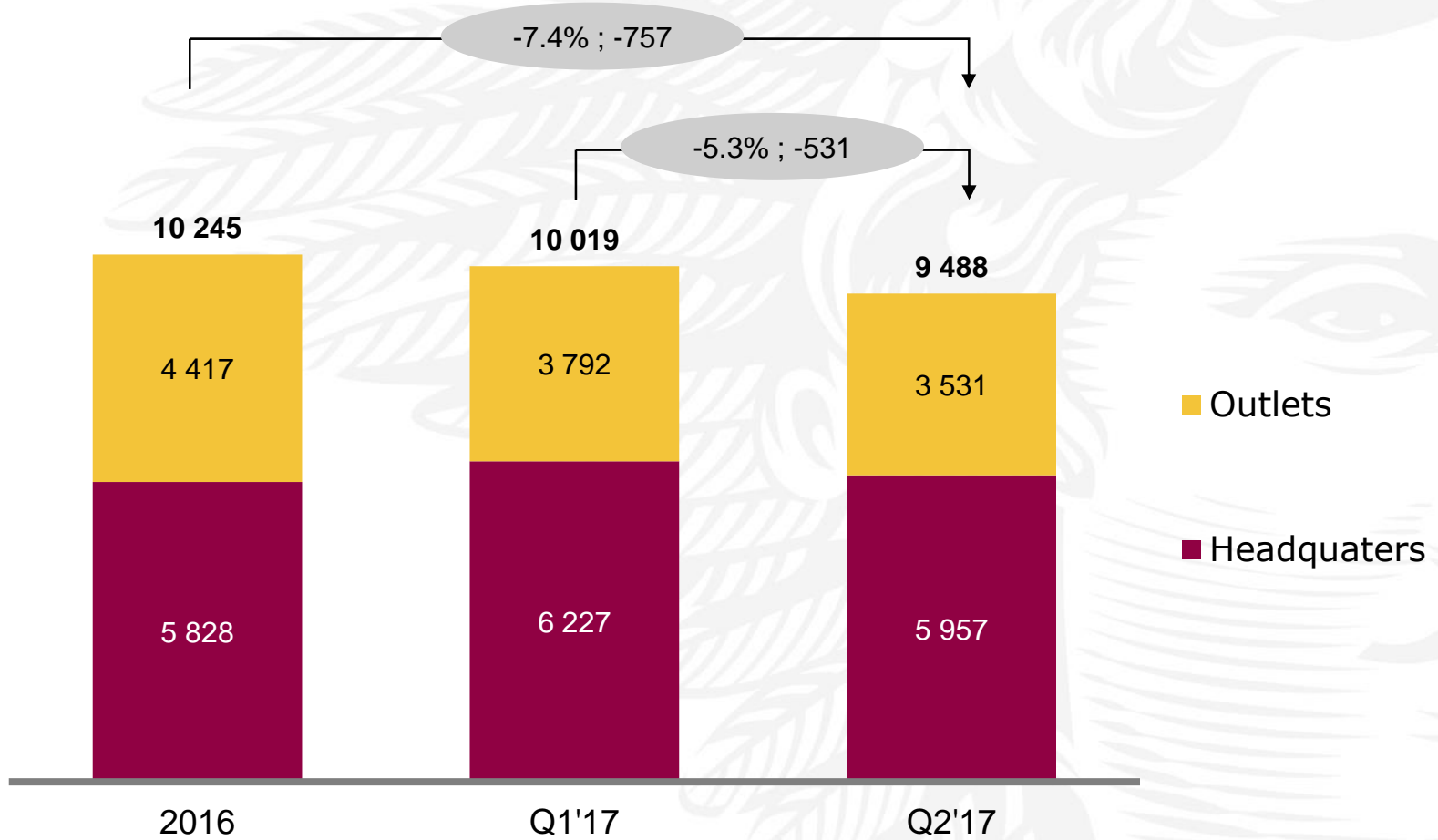
Other corporate includes: credit cards, car loans, other receivables, factoring.

Meritum Bank loans included as from Q3'15. Q4'16 excluding CoreBPH, Q1'17 including CoreBPH.

ALIOR BANK CUSTOMER BASE (in thousands)



FTEs EVOLUTION



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