



**ALIOR
BANK**

ALIOR BANK S.A.

Q3 2015 results presentation

November 5, 2015

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

- ✓ **Solid progress over quarter**
- **Retained best in class NIM performance**
 - NIM of 4,5%
- **Capital and liquidity position supports growth**
 - CET1 at 10,3%
 - L/D ratio at 93,5%
- **Asset quality maintained**
 - CoR of 2,3%
 - NPLs comfortably below market averages
- **Meritum merger concluded as of October 26, 2015**

➤ **Barbara Smalska (formerly BCG and PZU)**

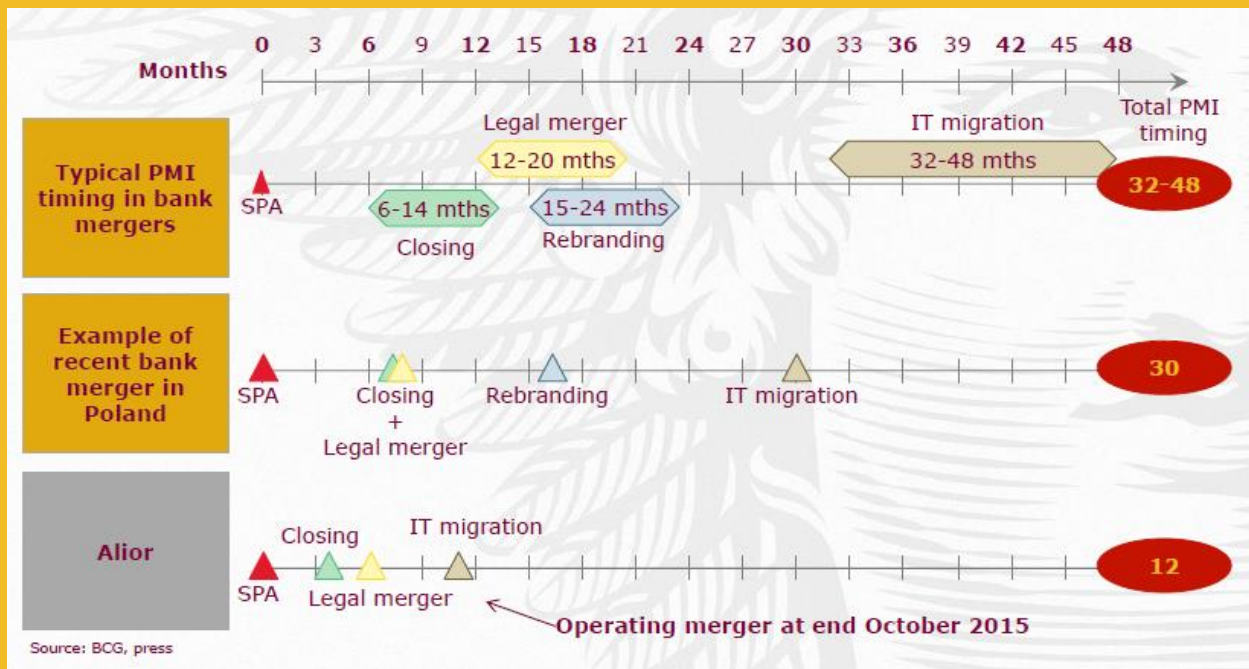
Joined Alior Board to lead M&A processes and synergies implementation between Alior and PZU. Soon teams on both sides will commence cooperation – details to be announced by year end.

➤ **Małgorzata Bartler (formerly PLAY, Żywiec, Shell)**

Joined Alior Board to head HR division and secure top talent and enhance career opportunities within the organization.

✓ Merger with Meritum Bank

- Operational merger concluded on Oct 26th,
- Our integration with Meritum – the fastest on the Polish market



- Integration costs will amount to PLN 36 m,
- 2015 synergies of PLN 36 m for 2015 on track (PLN 23 m for Q3'15 YTD) and will neutralize integration cost impact

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KEY FINANCIALS

<i>M PLN</i>	Q3'15 YTD	Q3'14 YTD	(A/B)-1 (%)	Q3'15	Q2'15	Q3'14	(D/F)-1 (%)	Q3'15 YTD Meritum impact
	A	B	C	D	E	F	G	H
Net interest income	1 104	905	22	387	374	324	20	195
Net fee and commissions	252	253	0	89	70	85	5	5
Trading result & other	239	216	11	74	81	81	-8	17
Operating income	1 595	1 373	16	550	525	490	12	217
General Administrative Expenses	-783	-684	14	-262	-263	-235	11	-73
Net impairment	-477	-414	15	-173	-159	-167	4	-102
Gross profit	335	275	22	115	103	88	31	42
Net profit	270	221	22	91	87	70	30	34

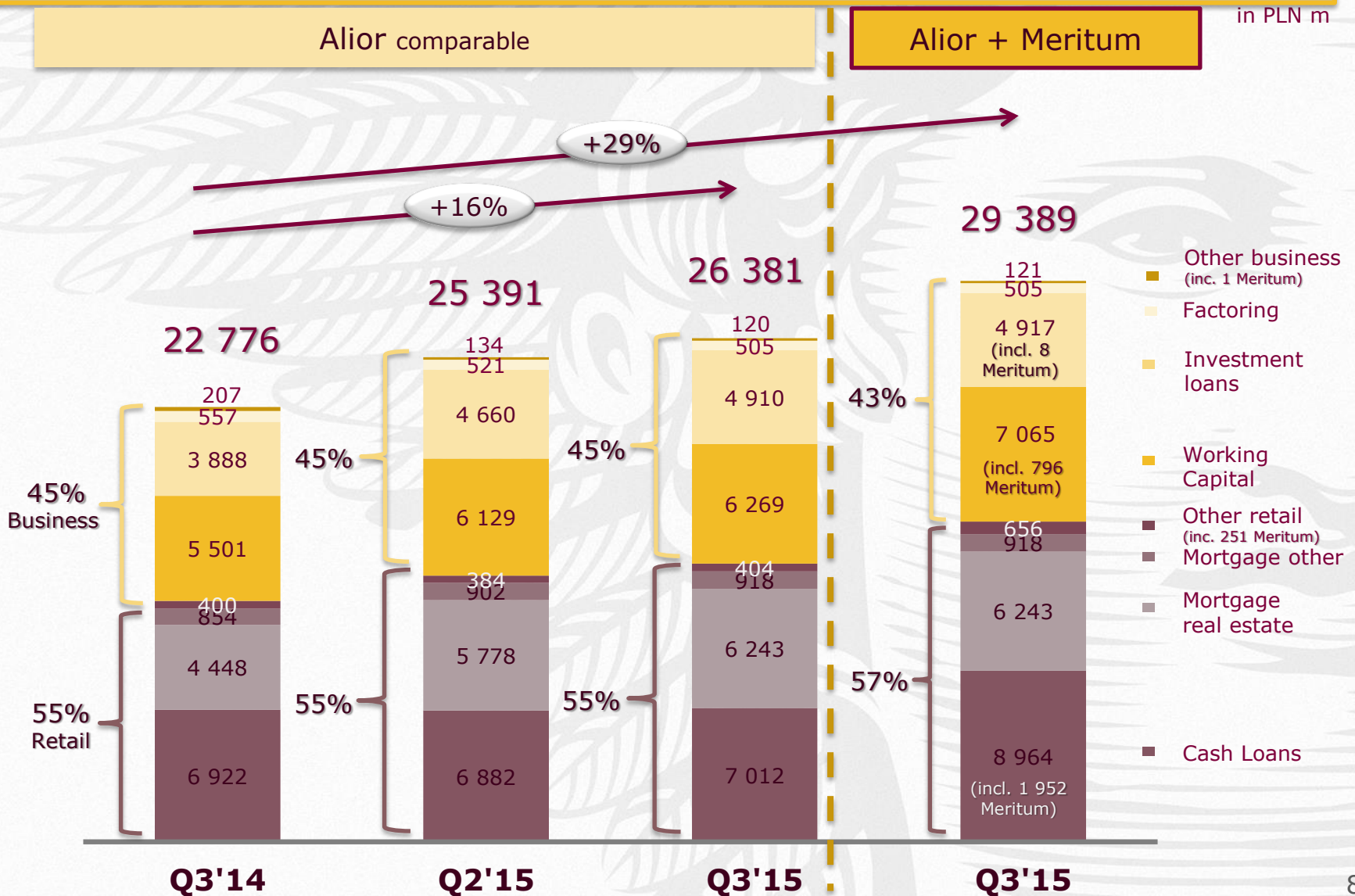
<i>M PLN</i>	Q3'15	Q3'14	(A/B)-1 (%)	Q2'15	Q1'15	(A/D)-1 (%)	(A/E)-1 (%)	Q3'15 YTD Meritum impact
Loans	29 389	22 781	29	28 345	27 411	4	7	3 007
Deposits	31 431	22 607	39	29 775	27 800	6	13	2 083
Total equity	3 470	2 919	19	3 345	3 322	4	4	64
Total assets	37 304	29 156	28	36 467	34 886	2	7	1 876

	Q3'15 YTD	Q3'14 YTD	A-B	Q3'15	Q2'15	Q1'15	D-E
ROE (%)*	11,5	11,6	-0,1	10,9	11,0	12,2	-0,1
ROA (%)*	1,1	1,1	0,0	1,0	1,0	1,2	0,0
C/I (%)	49,1	49,8	-0,8	47,7	50,0	49,6	-2,3
CoR (%)*	2,3	2,5	-0,2	2,1	2,2	2,3	-0,1
L/D (%)	93,5	100,8	-7,3	93,5	95,2	98,6	-1,7
NPL ratio (%)	8,6	8,8	-0,2	8,6	8,3	9,8	0,3
NPL coverage ratio (%)	59,5	54,6	4,8	59,5	58,3	58,5	1,2
CAR (%)	12,7	13,8	-1,1	12,7	12,8	13,0	-0,1
Tier 1 (%)	10,3	12,0	-1,7	10,3	10,2	10,4	0,1

*Ratios calculated on Meritum annualized figures for Q1'15 (not just period of consolidation 19.02.15 – 31.03.15)

LOAN BOOK DEVELOPMENT

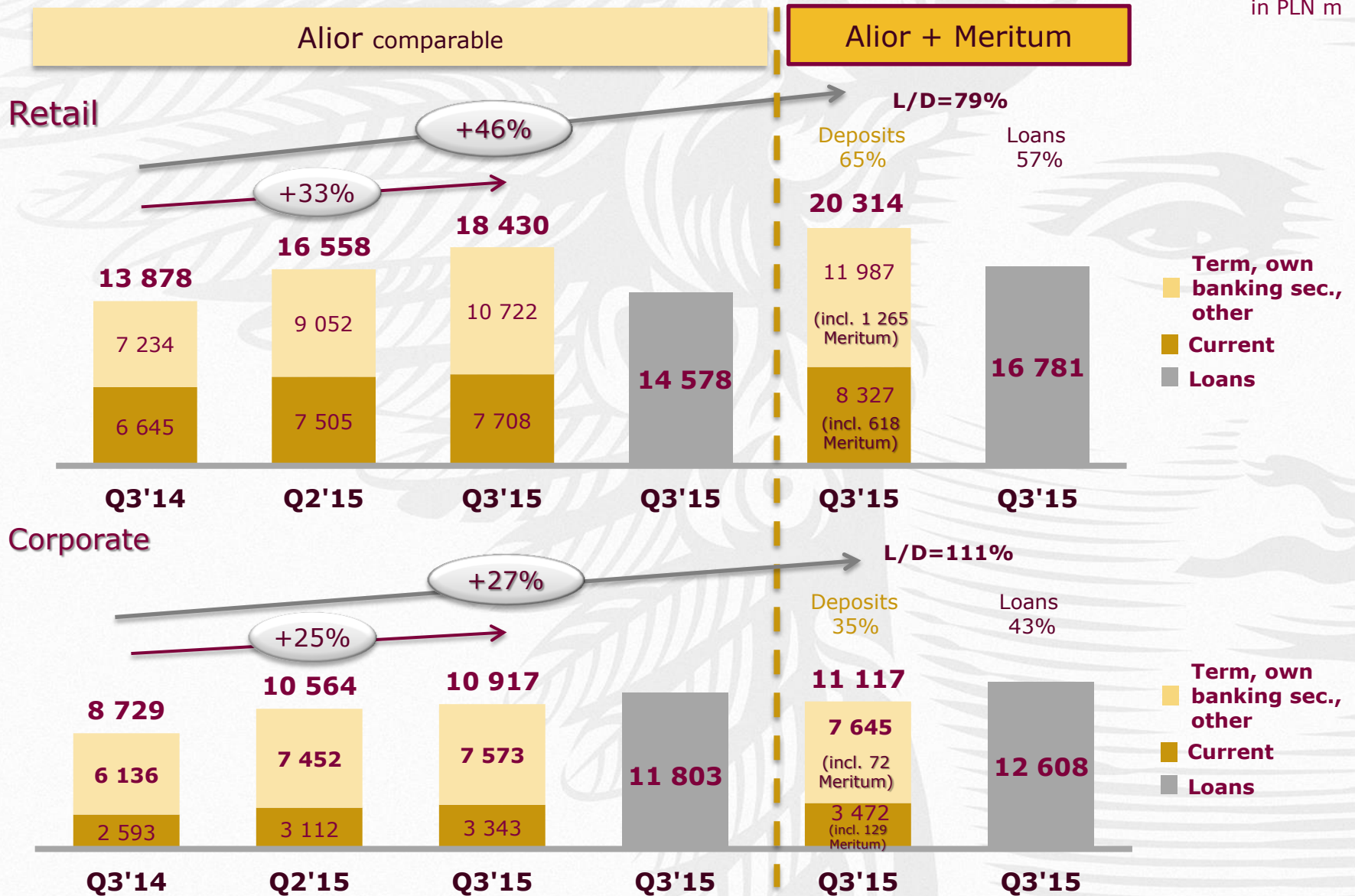
Loan book split



DEPOSIT BASE DEVELOPMENT

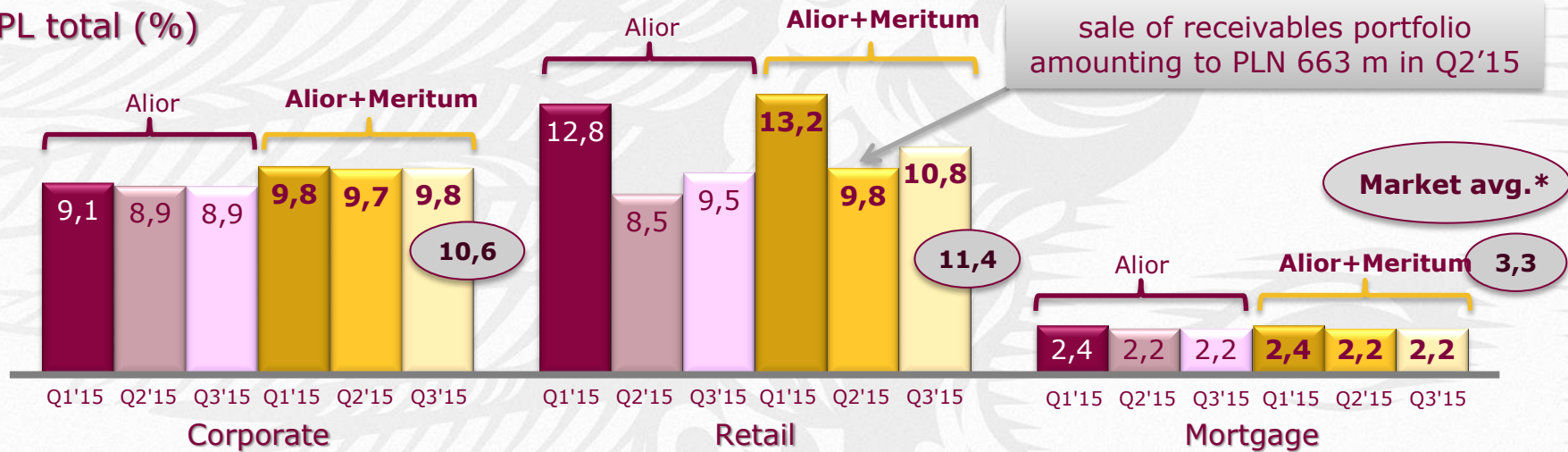
L/D = 93,5%

in PLN m

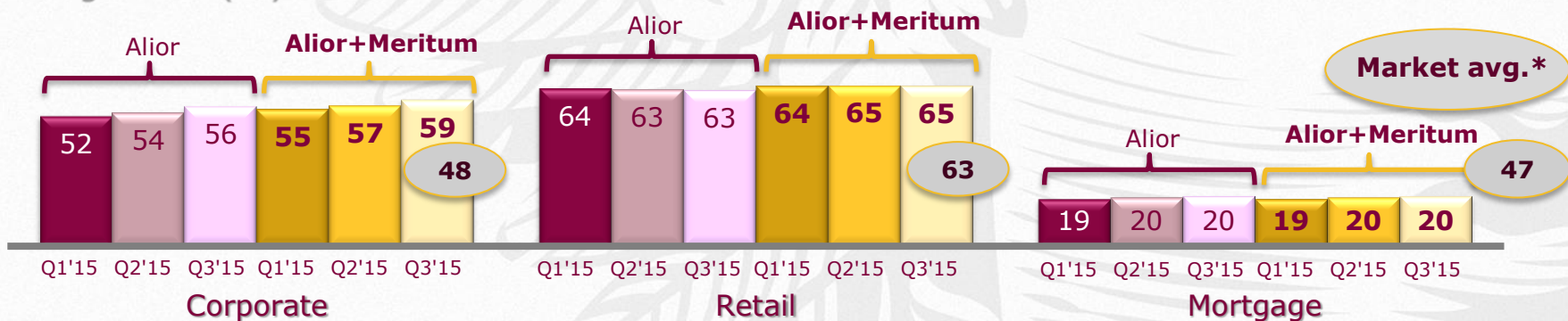


CREDIT RISK OVERVIEW

NPL total (%)



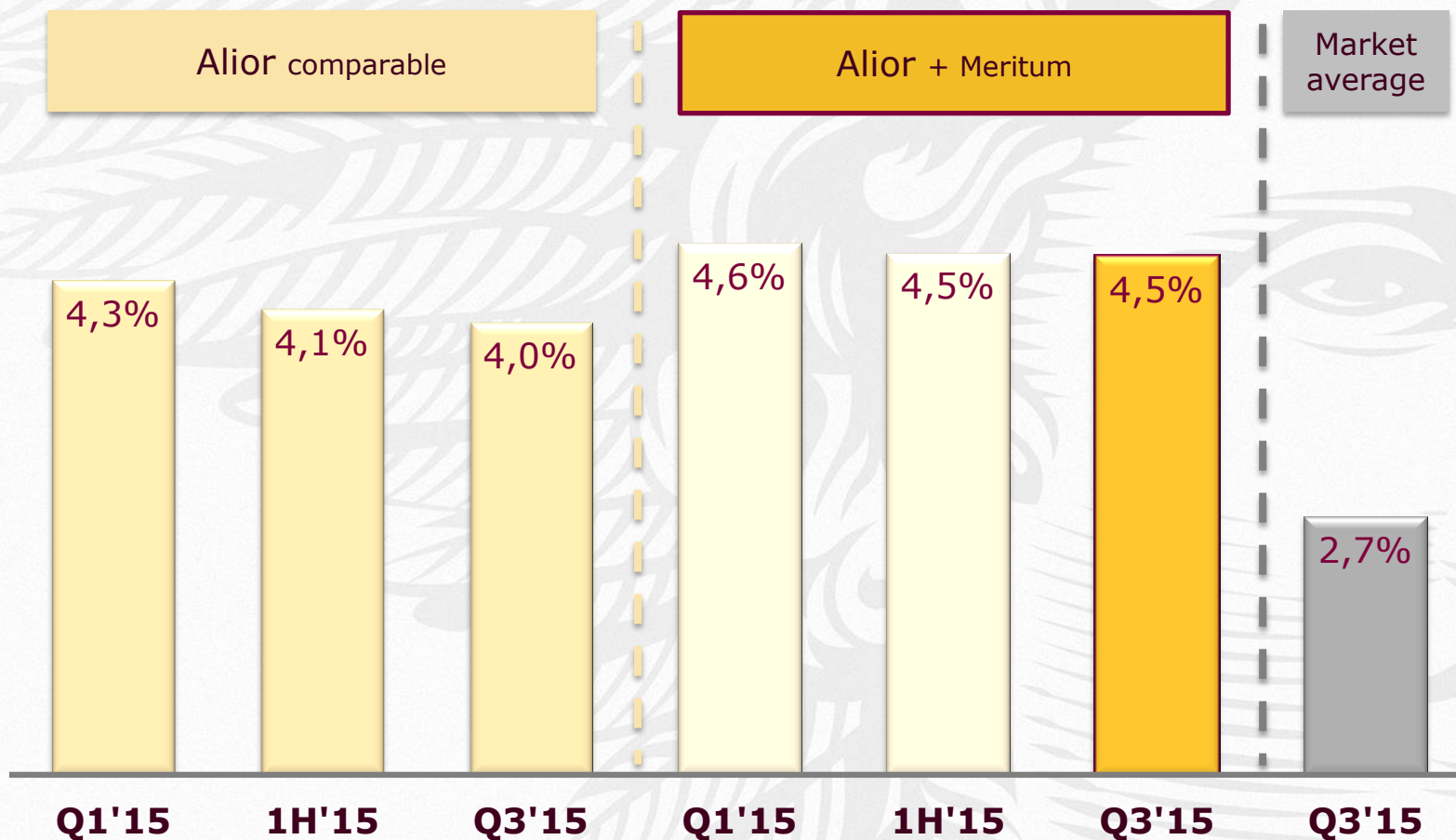
Coverage ratio (%)



Loan portfolio structure (%)	Corporate	Retail	Mortgage
Alior + Meritum	42,9	35,9	21,2
Alior	44,7	31,7	23,6
Banking sector*	34	26	40

*Ratios (as of Sep'15) 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 .

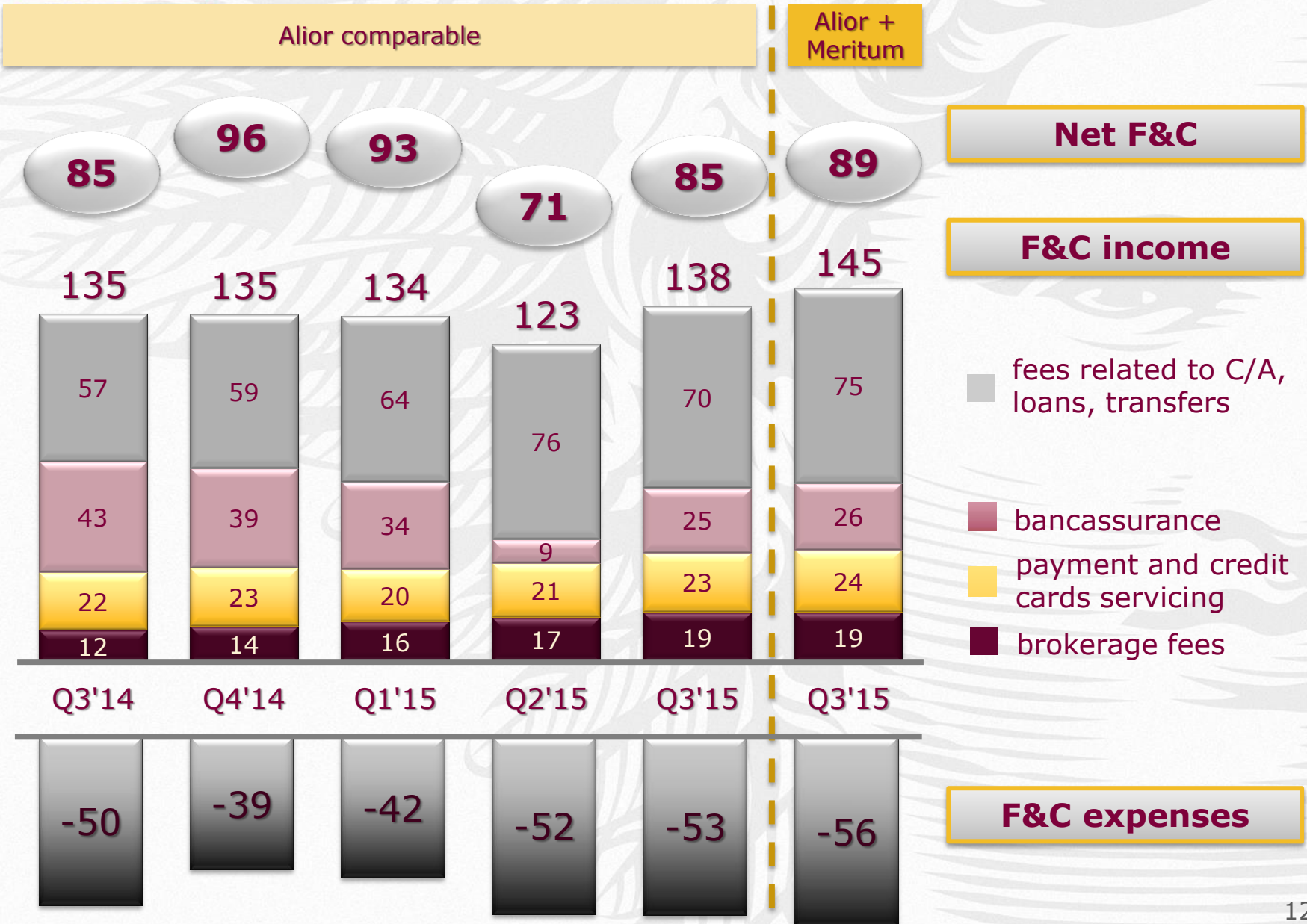
Alior NIM development (YTD)



Market average calculated as average of NIM for the following banks: (Pekao, PKOBP, mBank, Bank Handlowy. Getin Noble – Q2'15 as well as Alior, ING, Millennium, mBank, BPH, BZWBK – Q3'15)

NIM formula Alior comparable: NII for Q1'15 annualized, divided by average of IEA from Q4'14 and Q1'15, NII for 1H'15 annualized, divided by average of IEA from Q4'14 and Q2'15. NII for Q3'15 annualized, divided by average of IEA from Q4'14 and Q3'15 ; NIM formula Alior + Meritum: based on Meritum consolidation in Q1 from 1.01.15 (not just period 19.02.15 – 31.03.15), NII for Q1'15 annualized, divided by IEA as of Q1'15, NII for 1H'15 annualized, divided by average of IEA from Q1'15 and Q2'15, NII for Q3'15 annualized, divided by average of IEA from Q1'15 and Q3'15.

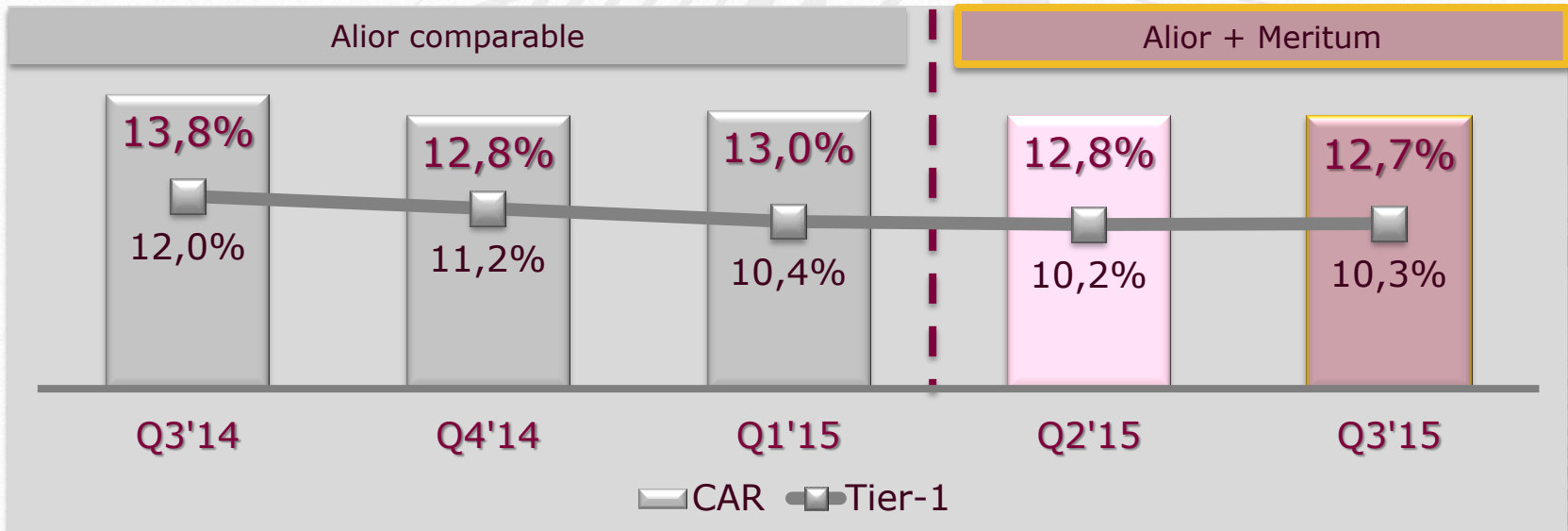
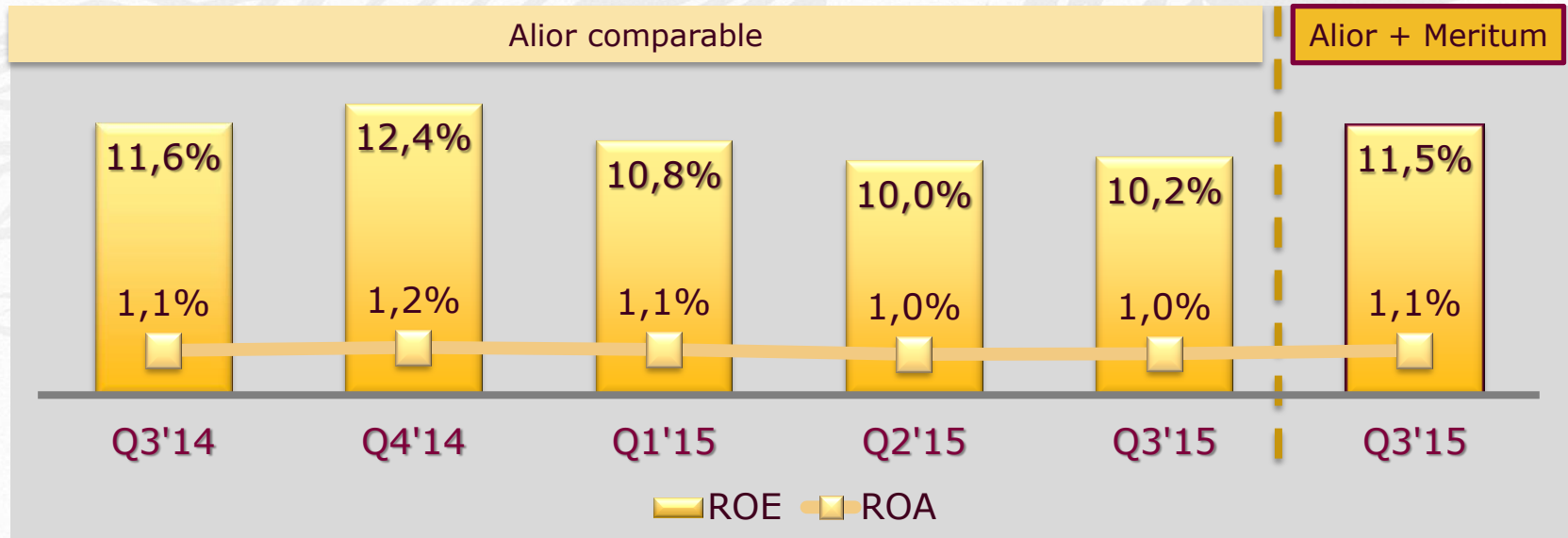
FEES AND COMMISSIONS





CAPITAL POSITION ALLOWS FOR CONTINUOUS PROFITABLE GROWTH

YTD



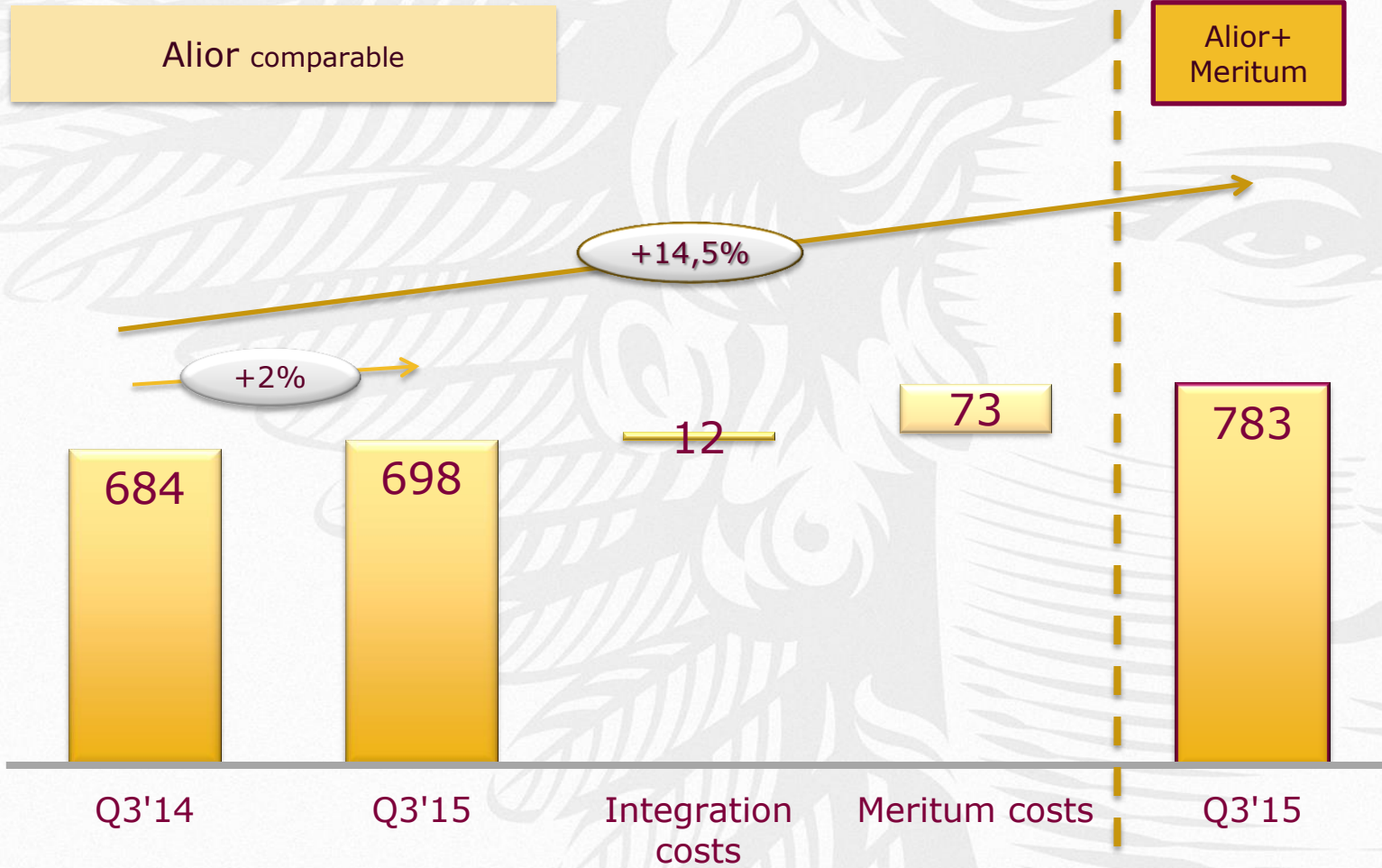
STRICT COST DISCIPLINE MAINTAINED

YTD, in PLN m

Q3'15 C/I cumulatively = 49,1%

Alor comparable

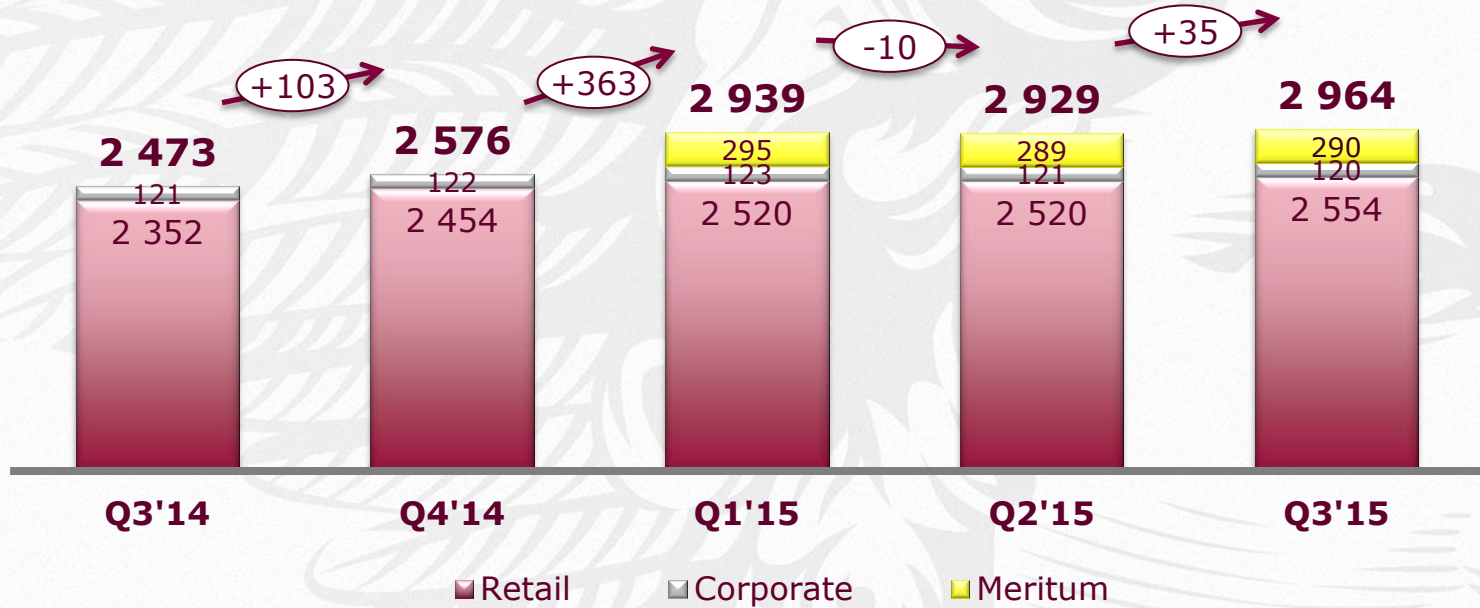
Alor+
Meritum



Integration costs in 3Q'15: PLN 12 m cumulatively (Q3'15 Capex YTD: PLN 5 m)

CUSTOMER BASE

Customer acquisition

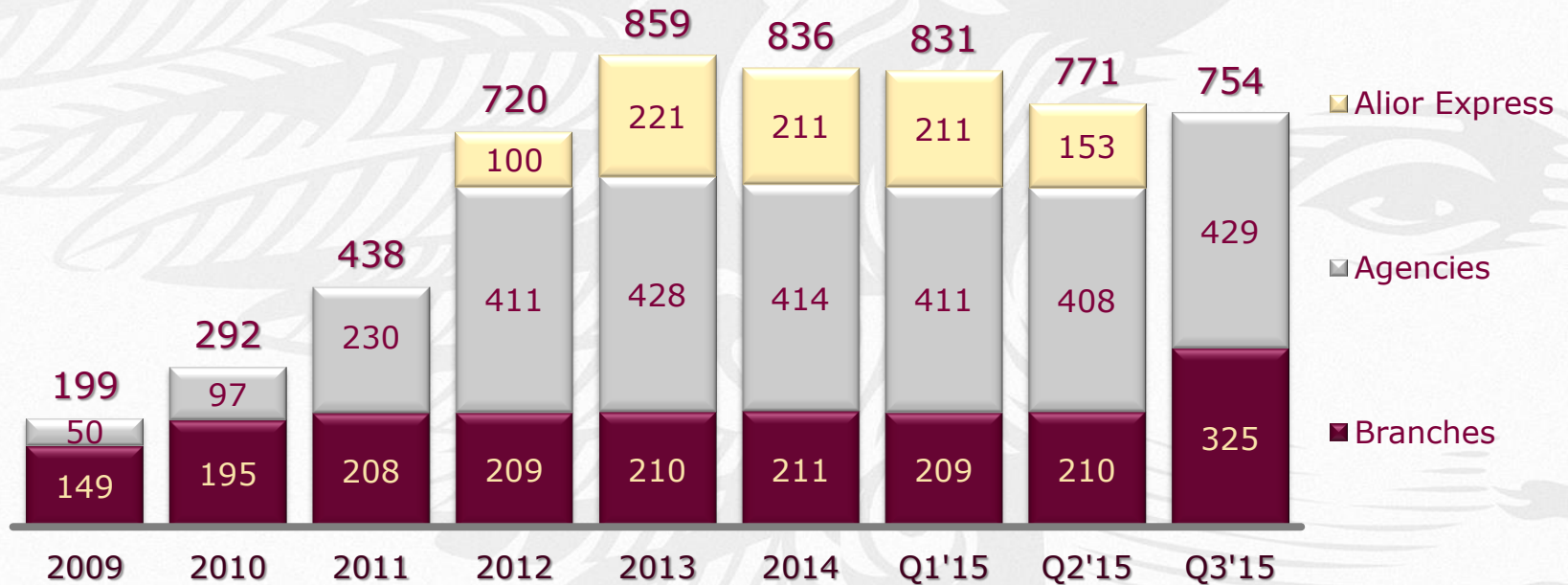


Retail client split by channel

	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Branches	1 579	1 595	1 590	1 580	1 605
Consumer Finance	417	443	454	438	439
T-Mobile	356	416	477	501	510
Meritum (retail)			277	273	274

BRANCH OPTIMIZATION ON TRACK

Alior maintains one of the most extensive footprints



	Alior	Meritum	Tesco	T-Mobile	Total
Sales outlets	754	129	71	637	1 591

Post merger with Meritum Alior distribution network (incl. T-Mobile) almost 1 600 outlets.

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STRONG T-MOBILE PARTNERSHIP IN POLAND EFFECTIVELY CAPTURING PROFITABLE GROWTH

Continuous strong customer acquisition

- **235 ths. customers** acquired since launch in May'14
- **Phone financing project** launching in August'15 - total PLN **6,7M** volume of credit limit and **7,6k** customers acquired
- **New acquisition strategy based of new CA with cash back** (only for active clients) - launched in Q4'15

Building customer profitability

- **New loan volume growth of PLN 56 m** in Q3'15 vs PLN 43 m in Q2'15 (**growth +32%** QoQ) as a result of algorithm-based CRM actions and productivity increase
- **Revenue growth of +49%** QoQ

Expanding distribution network

- **158 store-in-store outlets** by the end of Sep'15
- **165 store-in-store outlets till the end of 2015**, further 40 locations under evaluation



EXTENSION OF ALIOR BANK STRATEGIC ALLIANCE WITH DEUTSCHE TELEKOM GROUP

Agreement with strong partner to enter high potential CEE market

- **over 6 m clients of Telekom Romania MC**
- **one of largest economies** in our region, high growth potential for banking services, dynamic growth of smartphones (28%, will double by 2017)

Proven simple & cost efficient model with innovative credit process

- **continuation of the business model** of T-Mobile Banking Services leveraging Polish experience and investments
- **tightly managed credit risk** (online income validation from Tax Authority, safe credit policy, as applied in Poland, according to both Polish & Romanian regulatory guidelines, well proven scoring models based on banking & telco data)

Building strong international presence with 800 ths. customers in Y5

- Phone financing to be offered first based on best practices from Poland
- Building bundled offers for Telekom customers including both banking and telecom benefits

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2015 Outlook including Meritum

2015 consensus of PLN 369 m* (increase from 353 in Q1'15)

NIM ~4,6% (previously 4,7%)

C/I below 48%

CoR ~2,4%

Loan growth 2015 - PLN 4 billion net

*based on the analysts forecasts published post Q2'15 results announcement

DB - September 3; Barclays - September 8; mBank - September 15; Wood - September 17; VTB - September 23; Citi - October 9; Trigon - October 21; Haitong - October 21; DM BPS - October 21; BZWBK - October 26; Vestor - October 28.

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Cross-sell volumes impacted by competition

Instalment loans average monthly volumes (PLN m; YTD)

12'14	01'15	02'15	03'15	04'15	05'15	06'15	07'15	08'15	09'15
920	924	916	910	905	888	883	874	872	912

+3%

cross-sell average monthly volumes (PLN m; YTD)

12'14	01'15	02'15	03'15	04'15	05'15	06'15	07'15	08'15	09'15
653	673	712	745	769	788	808	828	853	883

+9%

Action plan for future development and profitability improvement in place

- Quick Win resulted in increasing Banks' margins by remodelling selected business models.
- Start of negotiations of next year deals with Key Sales Finance Partners.
- Continuous improvement of x-sell processes and tools based on test and learn methodology.

THE SITUATION OF THE PROJECT

- The contract for long term partnership with Tesco Polska has been signed

PROJECT PERFORMANCE

- Current Loan Portfolio: **110 m PLN**
- Cumulative Cash Loan sales **45%** higher than last year
- JV result reached annual **break-even** in August 2015.

FUTURE PLANS

- Plan to acquire 350 ths. new clients by 2019
- Widen the appeal by extending the range of convenient products and services rewarding loyalty, in line with Tesco's customer strategy
- Develop distribution channels to fully exploit Tesco footprint potential

INCOME STATEMENT SNAPSHOT

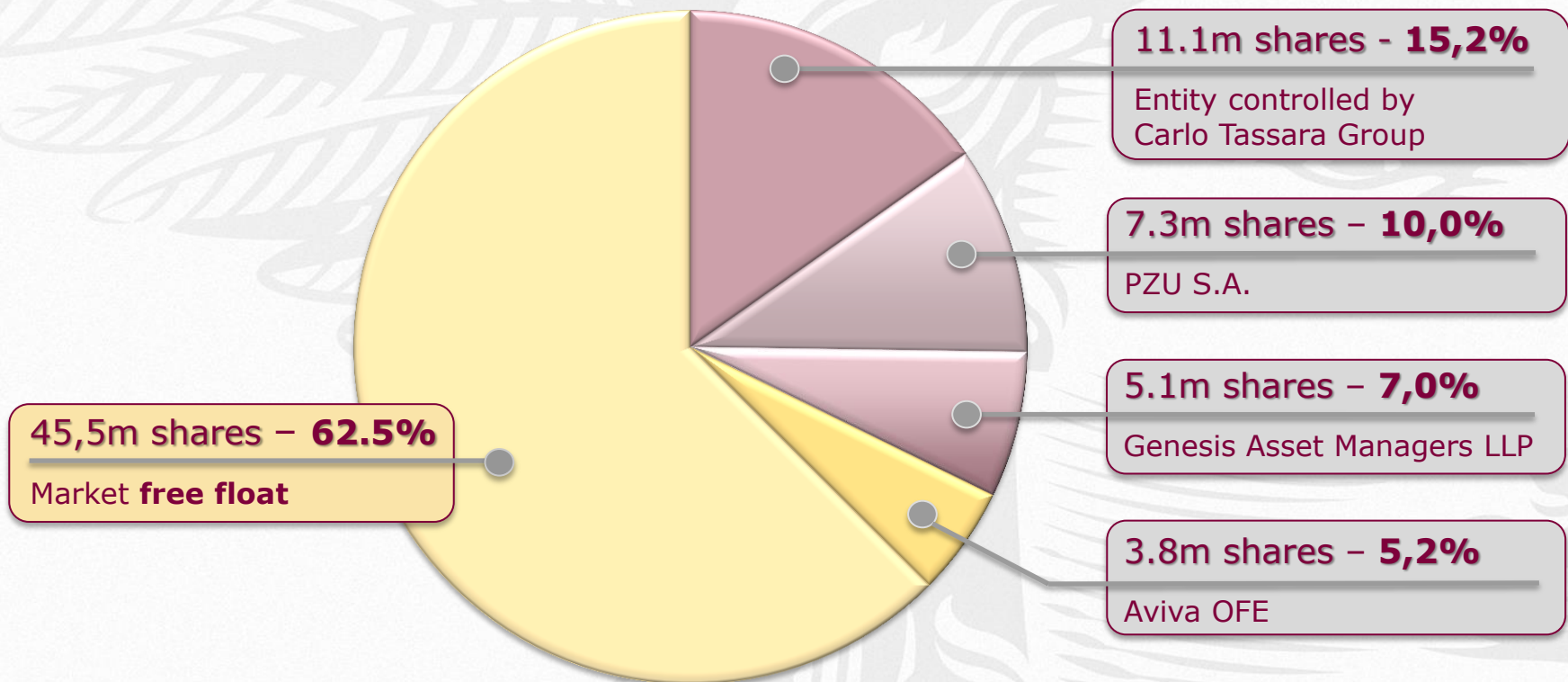
in PLN m	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15
Interest income	456	443	481	525	553
Interest expense	-135	-120	-138	-151	-167
Net interest income	321	323	343	374	387
Dividend	0	0	0	0	0
Fee and commission income	135	135	136	125	145
Fee and commission expense	-50	-39	-43	-54	-56
Net fee and commission income	85	96	93	70	89
Trading result	77	66	66	71	55
Net gain (realized) on other financial instruments	-2	8	5	-1	3
Other operating income	13	14	19	32	17
Other operating costs	-5	-7	-6	-22	-1
Net other operating income	7	7	13	10	16
General administrative expenses	-235	-241	-258	-263	-262
Impairment losses	-167	-133	-145	-159	-173
Gross profit (loss)	88	126	117	103	115
Income tax	-18	-25	-26	-16	-24
Net profit from continuing operations	70	101	91	87	91
- attributable to equity holders of the parent	70	101	91	88	91
- attributable to non-controlling interests	0	0	0	-1	0
Net profit	70	100	91	87	91



BALANCE SHEET SNAPSHOT

	30 Sep'14	31 Dec'14	31 Mar'15	30 Jun'15	30 Sep'15
Cash and balances with Central Bank	1 019	1 158	1 378	1 815	1 348
Financial assets held for trading	421	477	525	427	365
Financial assets available for sale	2 063	2 652	2 494	2 714	4 016
Hedging derivatives	53	80	120	49	123
Receivables from banks	292	449	320	503	372
Loans and advances to customers	22 781	23 648	27 411	28 345	29 389
Assets pledged as collateral	1 747	927	1 579	1 495	466
Property, plant and equipment	196	192	188	184	214
Intangible assets	209	216	354	358	368
Non-current asset held for sale	0	1	2	2	1
Current income tax receivables	128	148	205	228	253
Current	2	0	0	0	0
Deferred	126	148	205	228	253
Other assets	245	219	311	347	388
TOTAL ASSETS	29 156	30 168	34 886	36 467	37 304
Financial liabilities held for trading	296	349	390	324	293
Financial liabilities measured at amortized cost due to banks	1 942	1 049	1 854	1 601	663
Financial liabilities measured at amortized cost due to customers	22 607	24 428	27 800	29 775	31 431
Hedging derivatives	0	5	0	11	0
Provisions	13	8	10	14	10
Other liabilities	830	747	786	671	717
Income tax liabilities	0	25	19	16	13
- Current	0	25	19	16	13
Subordinated loans	549	542	706	711	708
Liabilities, total	26 238	27 152	31 564	33 122	33 834
Equity	2 919	3 015	3 322	3 345	3 470
Equity attributable to equity holders of the parent	2 916	3 013	3 307	3 344	3 469
Share capital	699	700	725	727	727
Supplementary capital	1 773	1 775	1 934	2 278	2 280
Revaluation reserve	30	21	34	-23	9
Other capital	182	184	185	186	187
Undistributed result from previous years	10	10	338	-4	-4
Current year profit/loss	222	323	91	179	270
Non-controlling interests	2	2	15	2	1
TOTAL LIABILITIES AND EQUITY	29 156	30 168	34 886	36 467	37 304

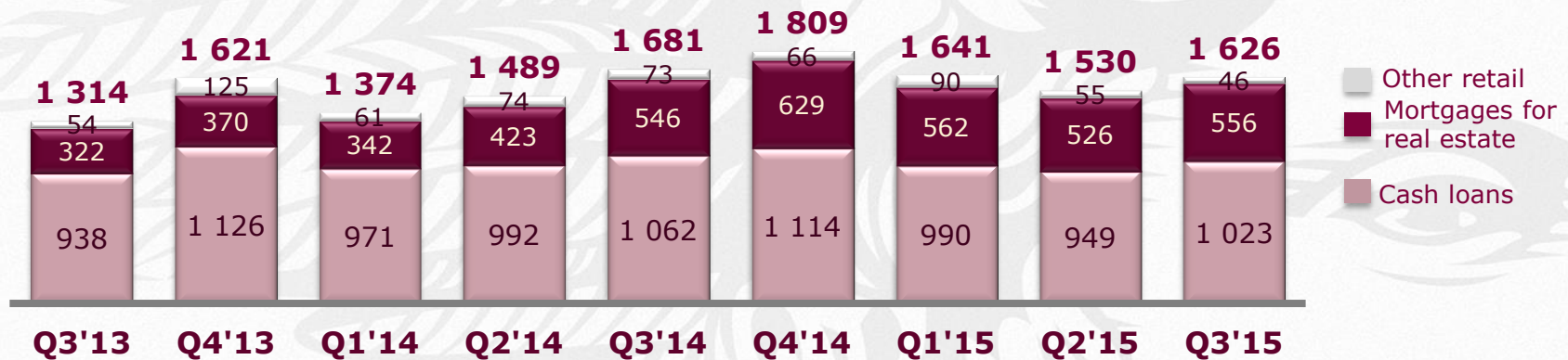
Largest free float among Polish financials institutions



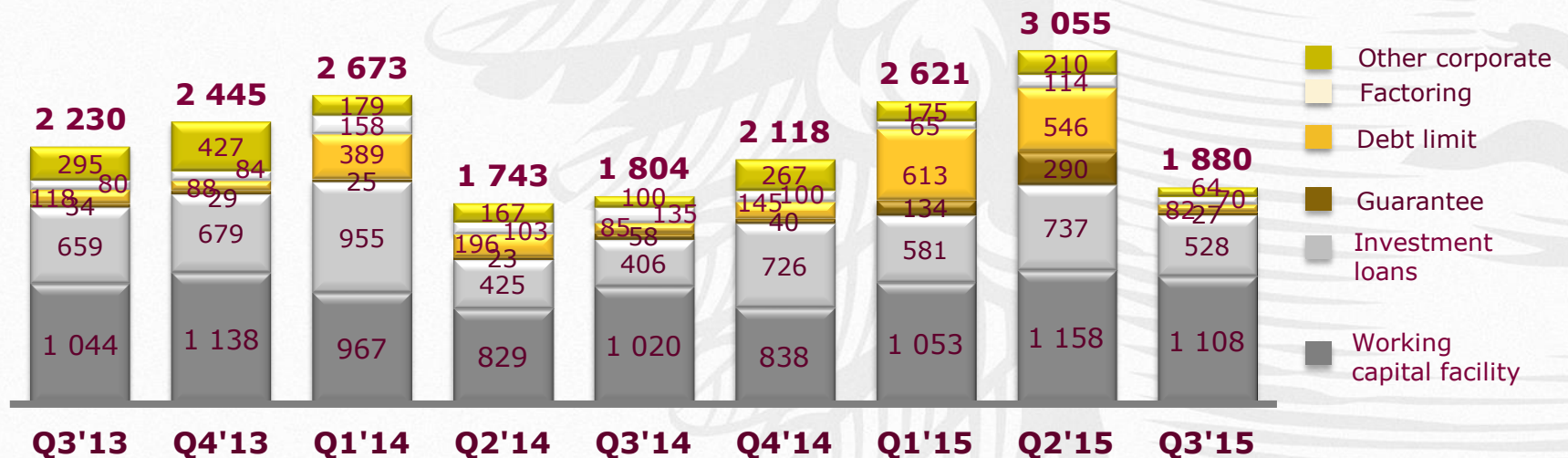
On October 12th 2015 PZU bought the first tranche of shares from Carlo Tassara

NEW LOANS SALES IN RETAIL & SME

Retail loans (new production per quarter)



Corporate loans (new production per quarter)



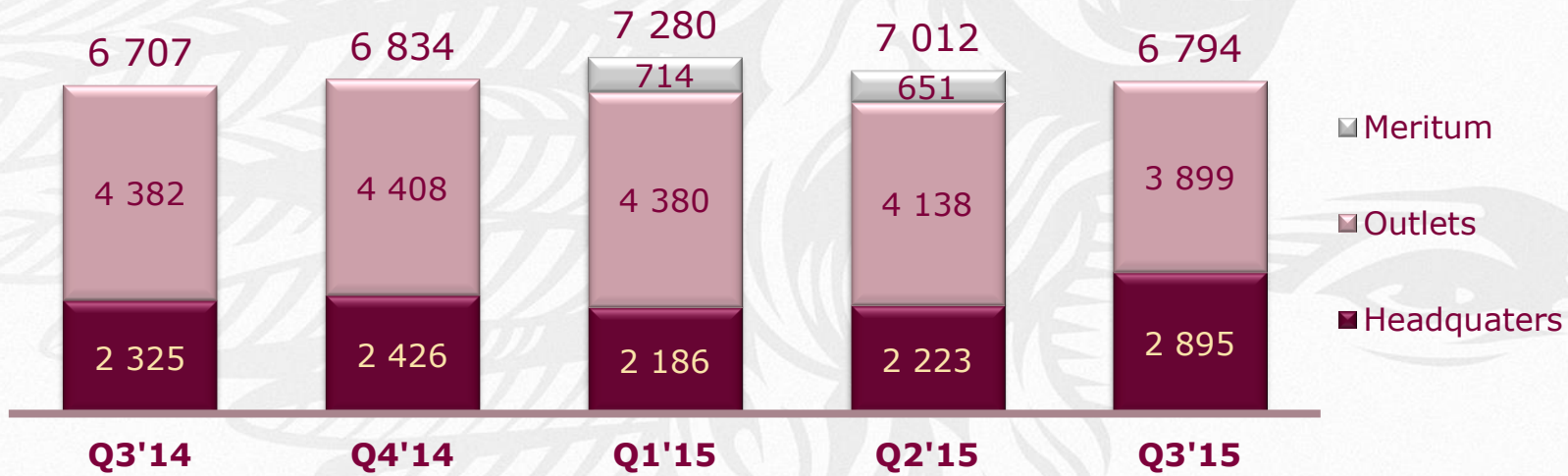
New production defined as any opening of a new credit account / credit line. Renewals are included in corporate loans sale.

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

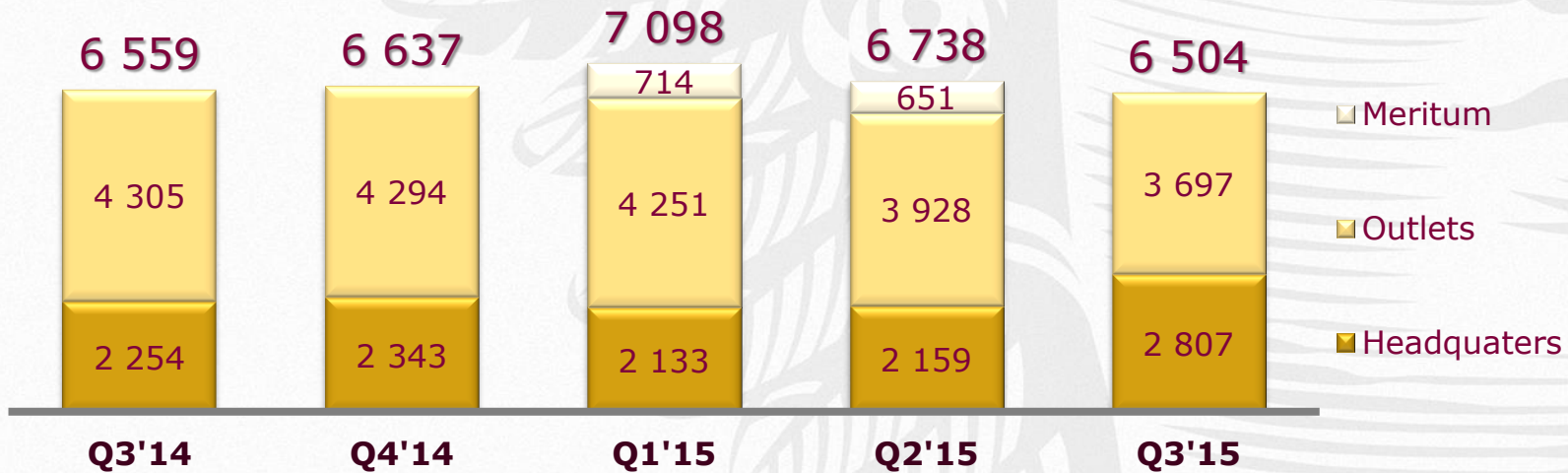
Other corporate includes: credit card borrowings loans, car loans, other receivables, factoring.

EMPLOYEES

Persons



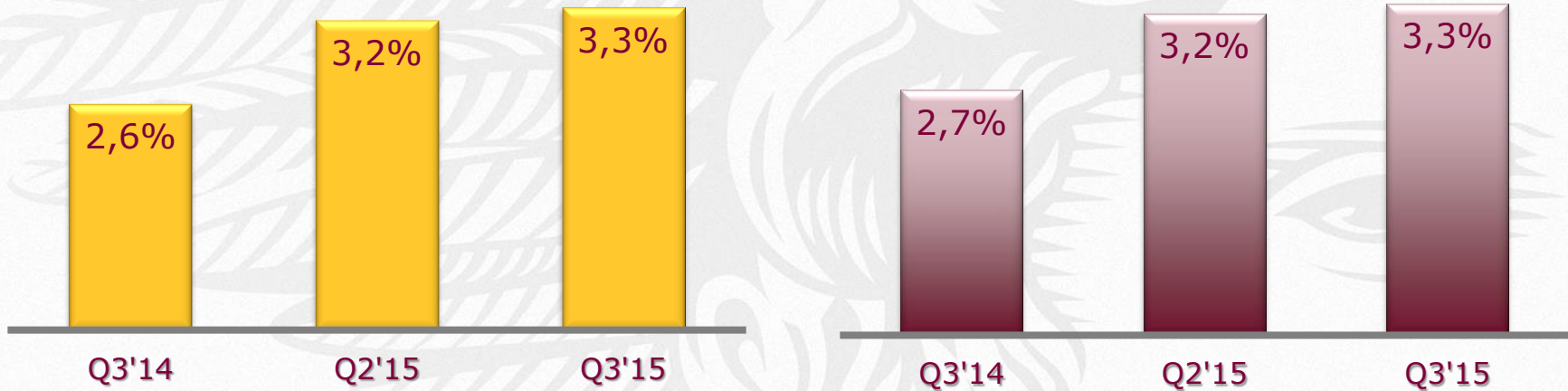
FTEs





CONTINUED GROWTH OF MARKET SHARE

Deposits MARKET SHARE Loans



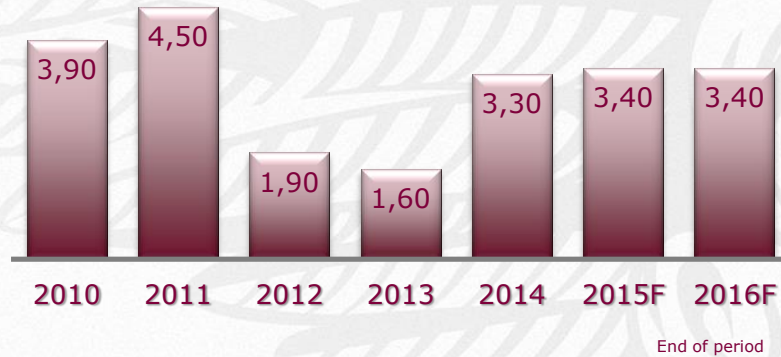
Deposits MONTHLY GROWTH (%) Loans

	Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market
APR	1,9	-0,8	-1,0	-0,1	8,6	-2,9
MAY	1,8	0,8	1,5	0,4	2,5	2,0
JUN	2,9	1,7	2,8	0,6	3,2	4,8
JUL	3,9	0,3	2,7	0,7	6,5	-0,9
AUG	2,3	0,8	4,0	0,8	-1,3	1,1
SEP	-0,8	1,3	0,1	0,4	-2,7	3,8

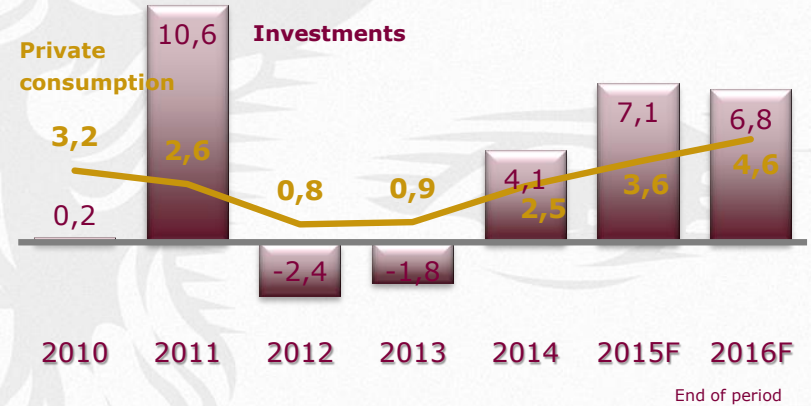
	Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market
APR	1,2	-0,4	1,0	-0,2	1,5	-0,8
MAY	1,8	1,6	1,9	1,6	1,6	1,5
JUN	0,2	1,2	-1,2	0,8	2,1	1,9
JUL	0,8	-0,1	0,5	-0,3	1,2	0,1
AUG	1,3	1,0	1,5	0,5	1,1	2,1
SEP	1,5	0,6	1,9	0,1	0,9	1,5

POLISH MACRO OUTLOOK

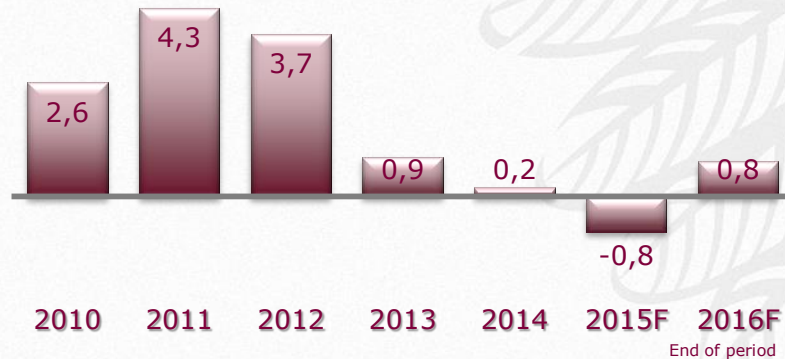
GDP growth (% yoy)



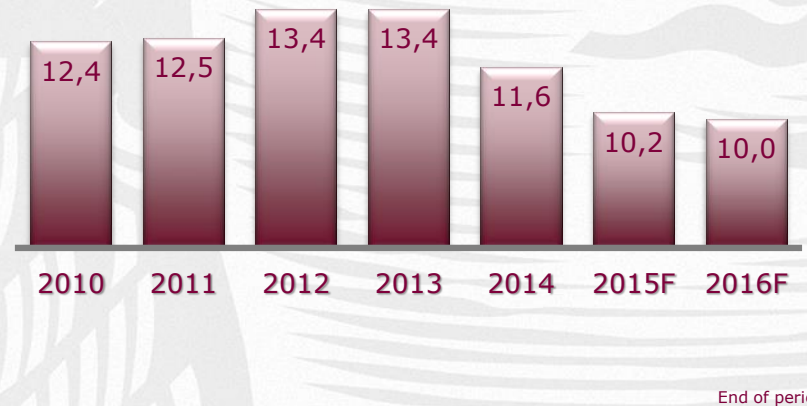
Investments and private consumption (% yoy)



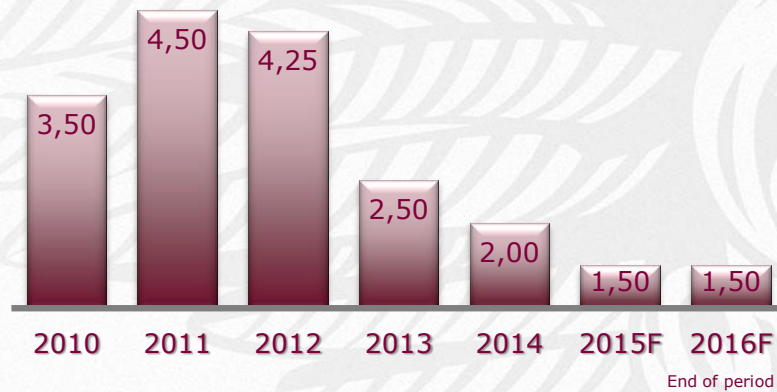
Inflation (CPI % yoy)



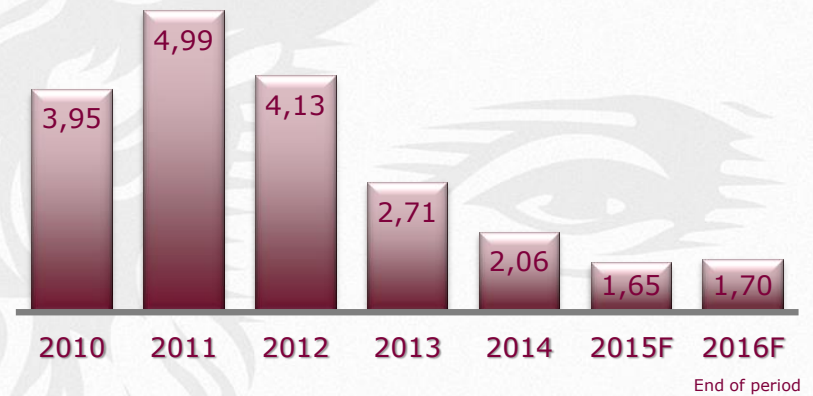
Unemployment rate (%)



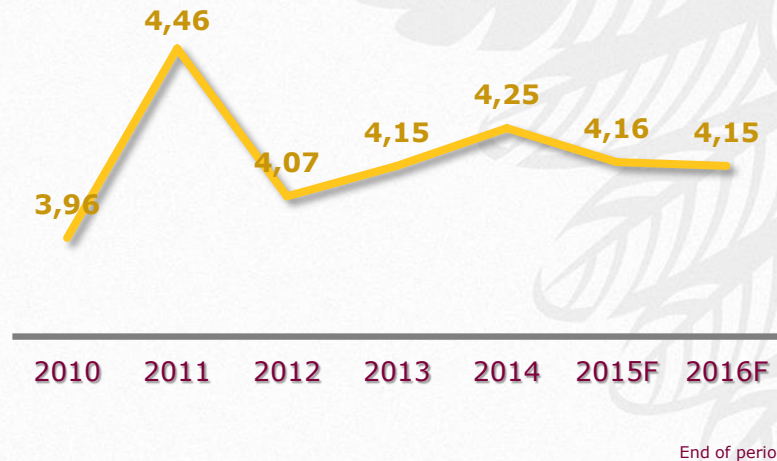
NBP reference rate (%)



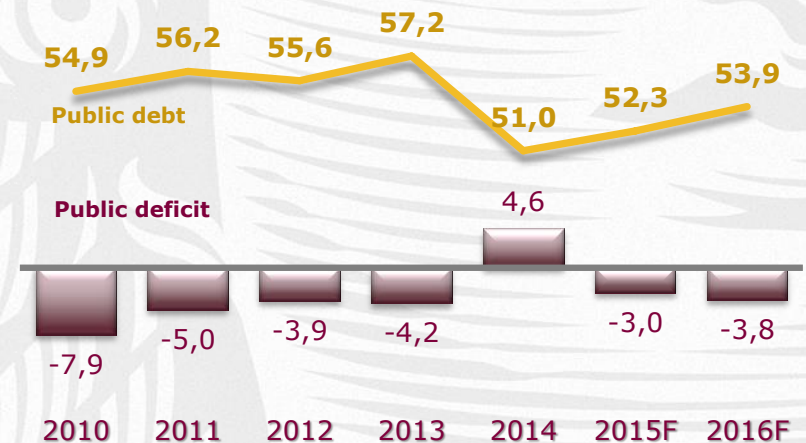
WIBOR 3M (%)



FX rate (EUR/PLN)



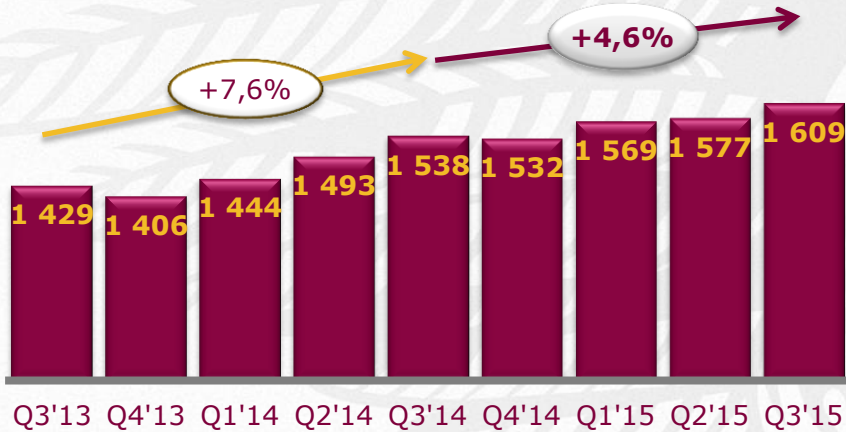
Fiscal policy (% of GDP)



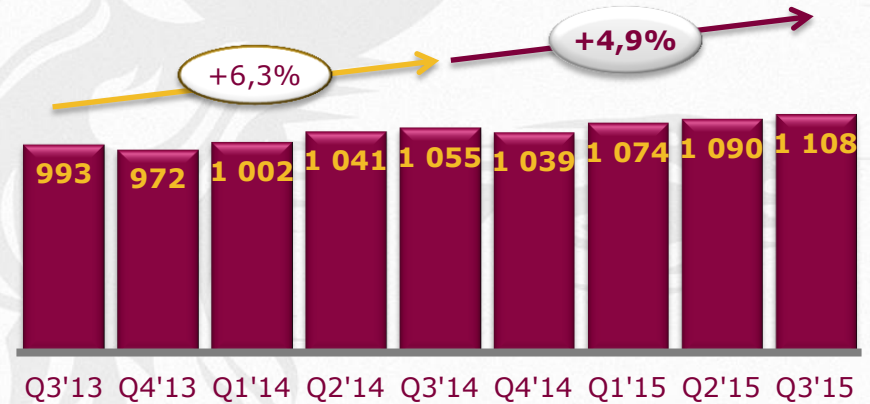
Source: GUS, National Bank of Poland, Reuters. Forecasts based on Alior Bank internal estimates.

POLISH BANKING SECTOR – GROWTH OF THE MAIN BALANCE SHEET FIGURES

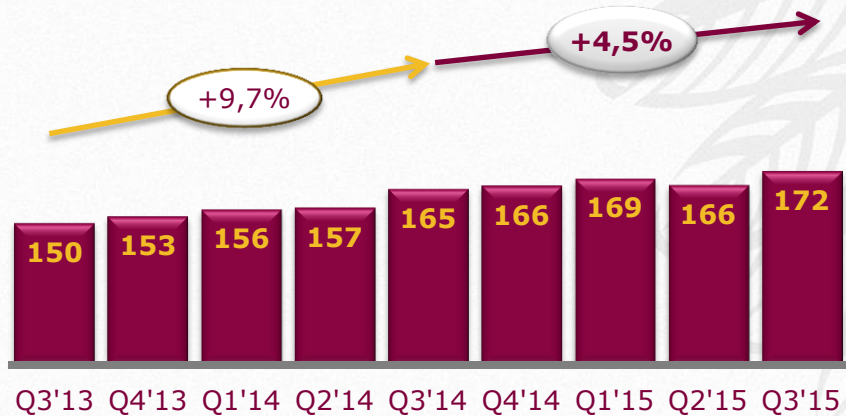
Assets



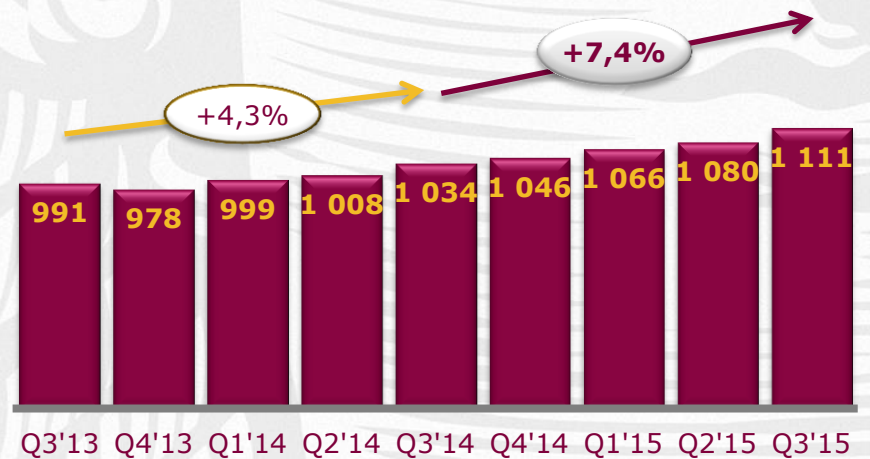
Loans



Equity

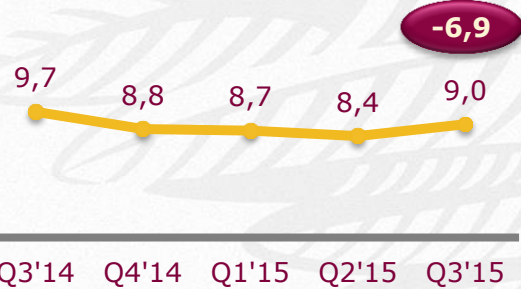


Deposits

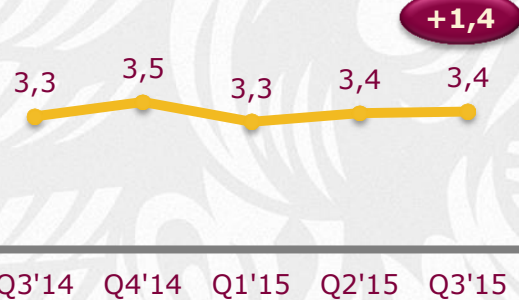


POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

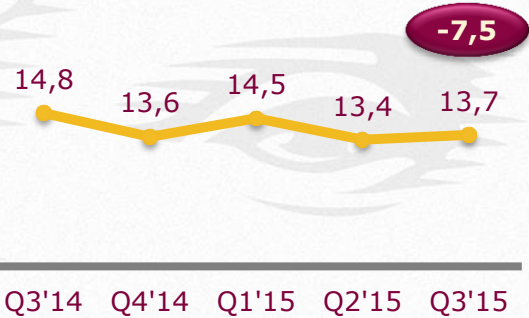
NII



NFC

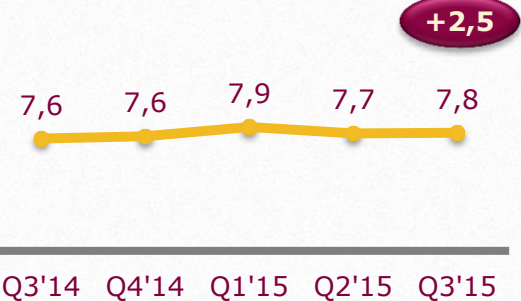


Result on banking activity

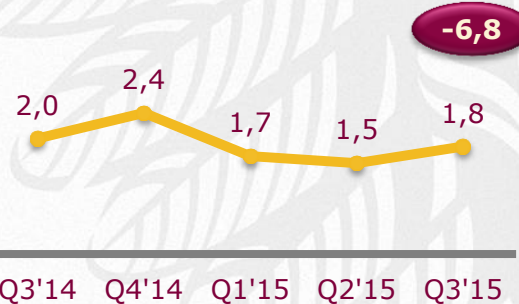


X - CHANGE VS. Q3'14 (%)

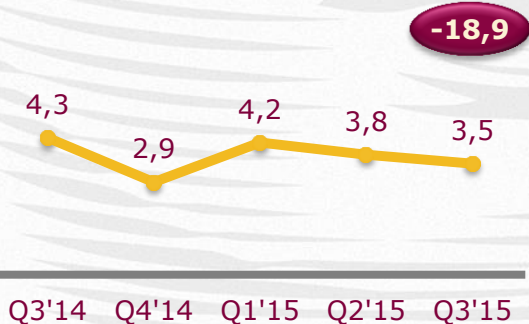
Expenses*



Net impairment**



Net profit



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