



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 Wałęskiewicz

Chief Technology Officer (CTO)

Position

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, Medicover

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)

Relevant experience



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

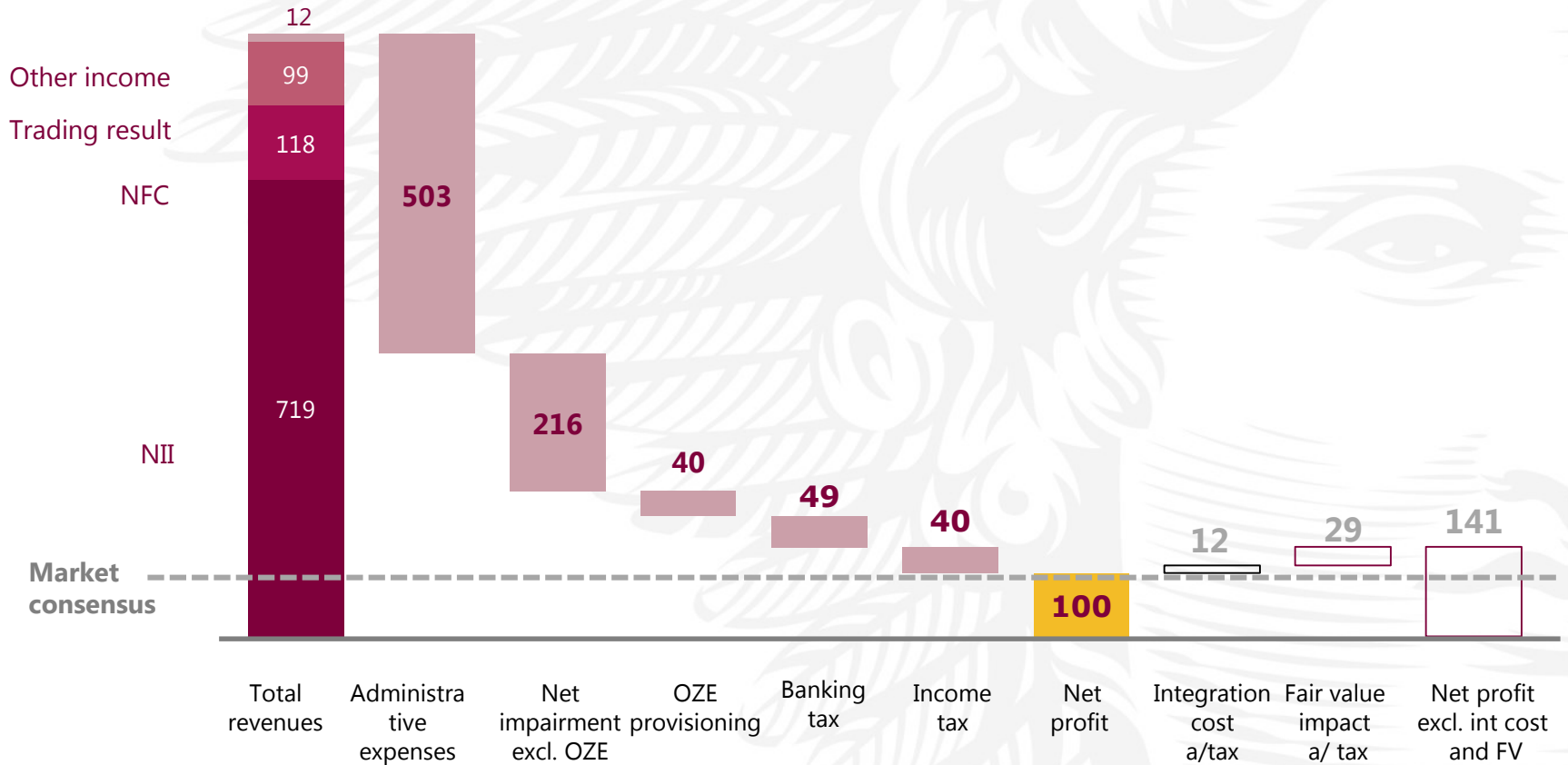
Responsible for corporate development, overseeing the Strategy and Innovation teams

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.

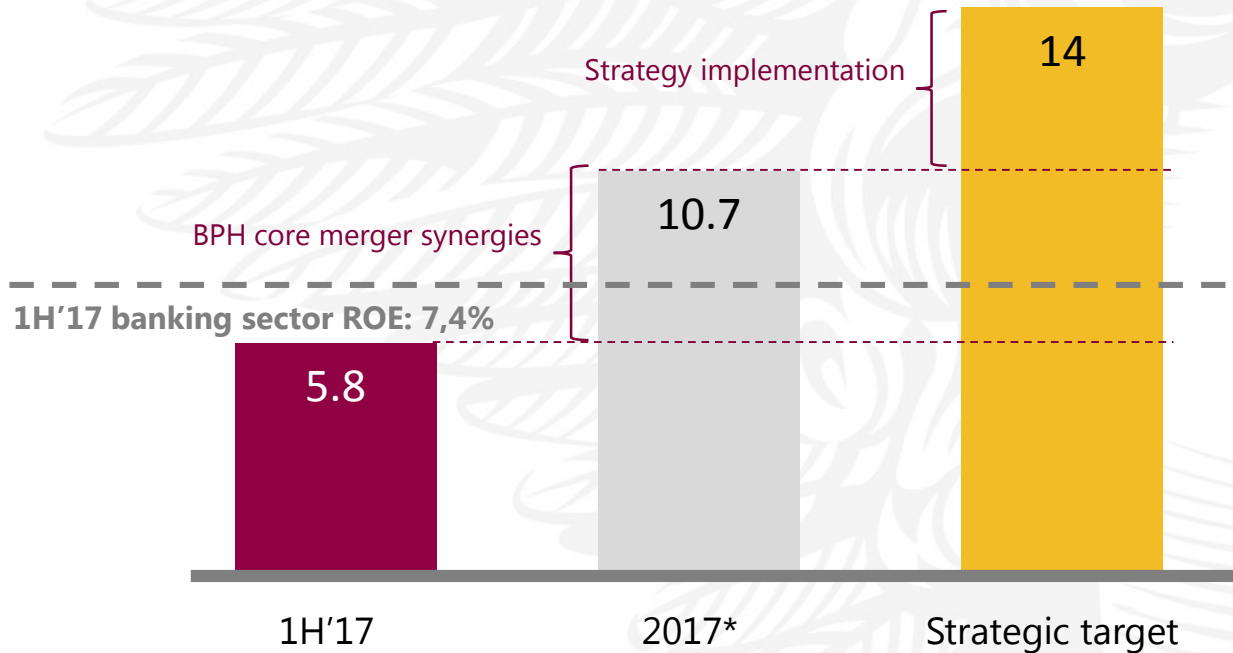
CURRENT 2017 NET PROFIT MARKET CONSENSUS: PLN 408 M

| | 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.

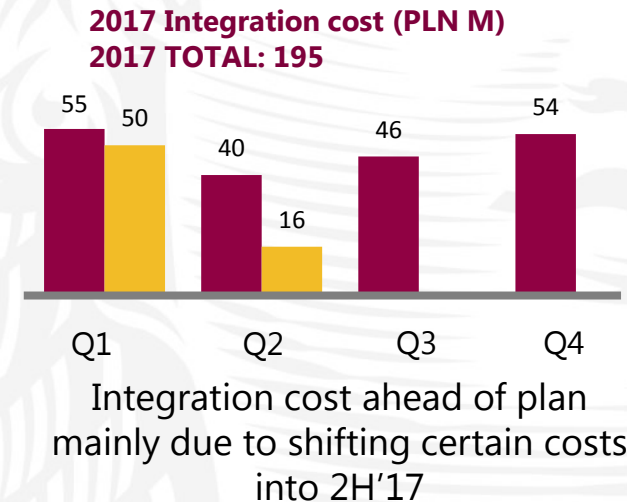
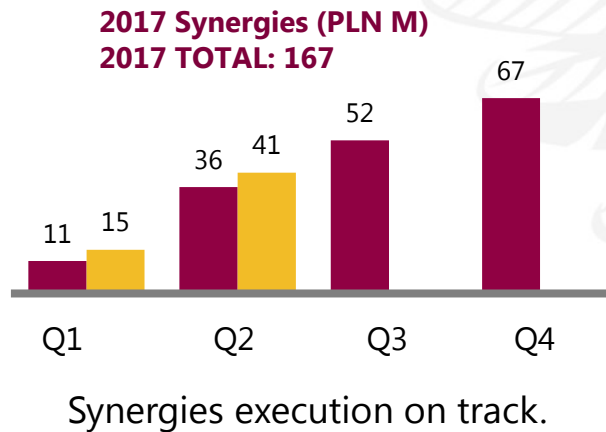
**Hypothetic ROE assuming that target synergies of PLN 374 m are included in the 1H 2017 profit, average equity calculated on the basis of end 2016 and end Q2'17 balances*

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 |

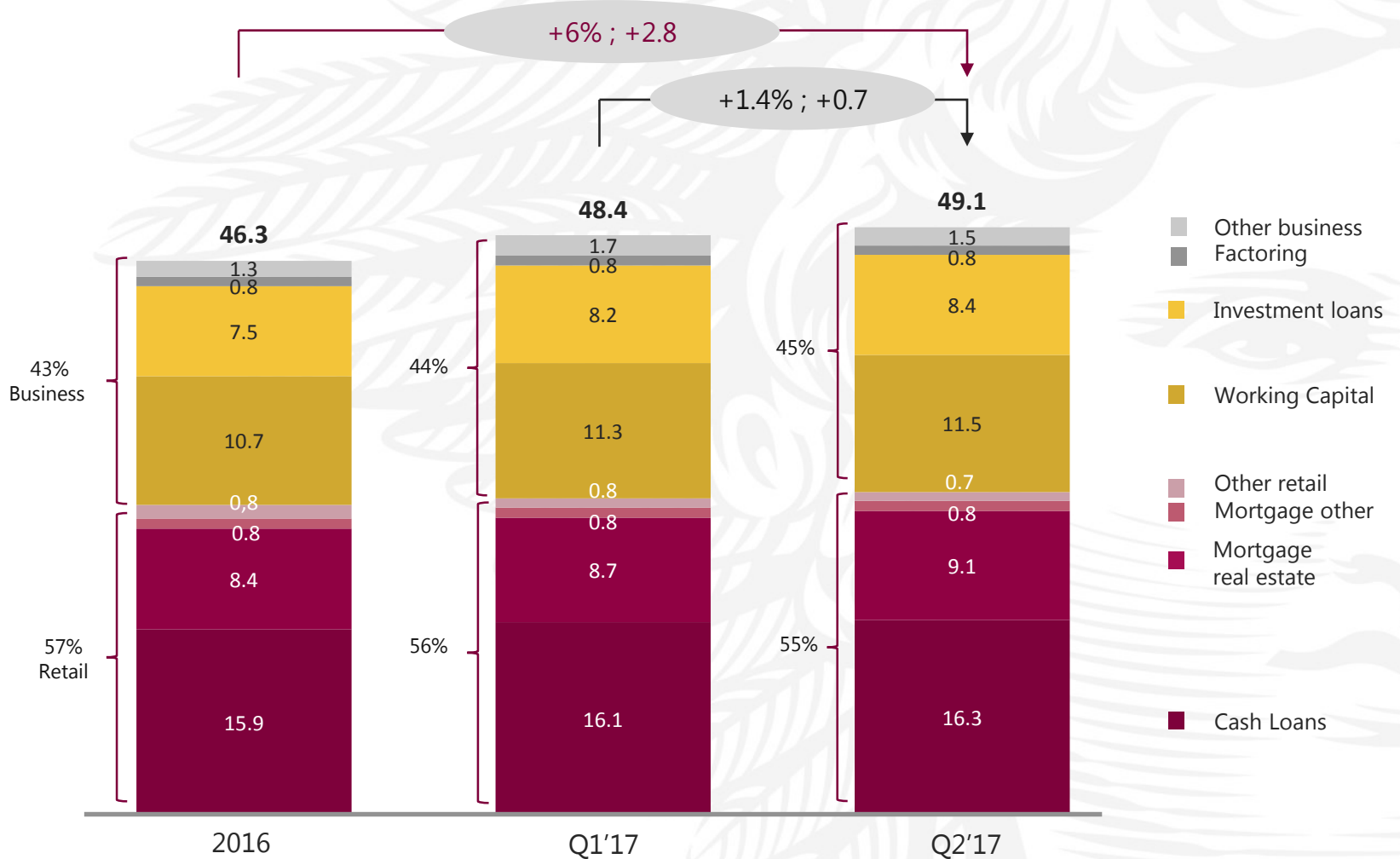
| PLN BN | Q1'17 | Q2'17 | ch. qoq (%) | ch. qoq (PLN BN) |
|---------------|--------------|--------------|--------------------|-------------------------|
| Loans | 48.4 | 49.1 | 1.4 | 0.7 |
| Deposits | 50.5 | 51.7 | 2.3 | 1.2 |
| Total equity | 6.3 | 6.4 | 1.2 | 0.1 |
| Total assets | 60.4 | 61.8 |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

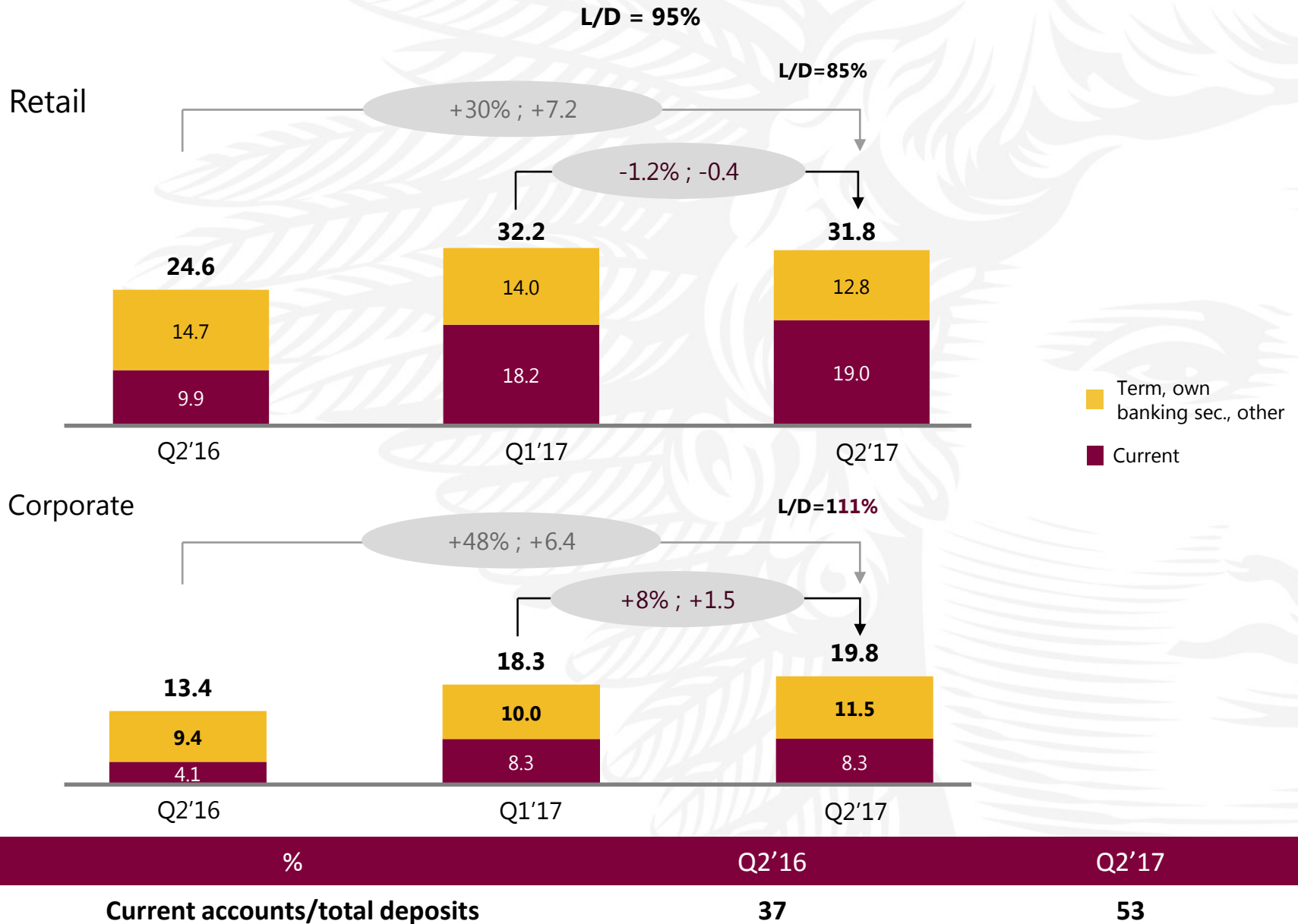
LOAN BOOK SPLIT

(in PLN bn)

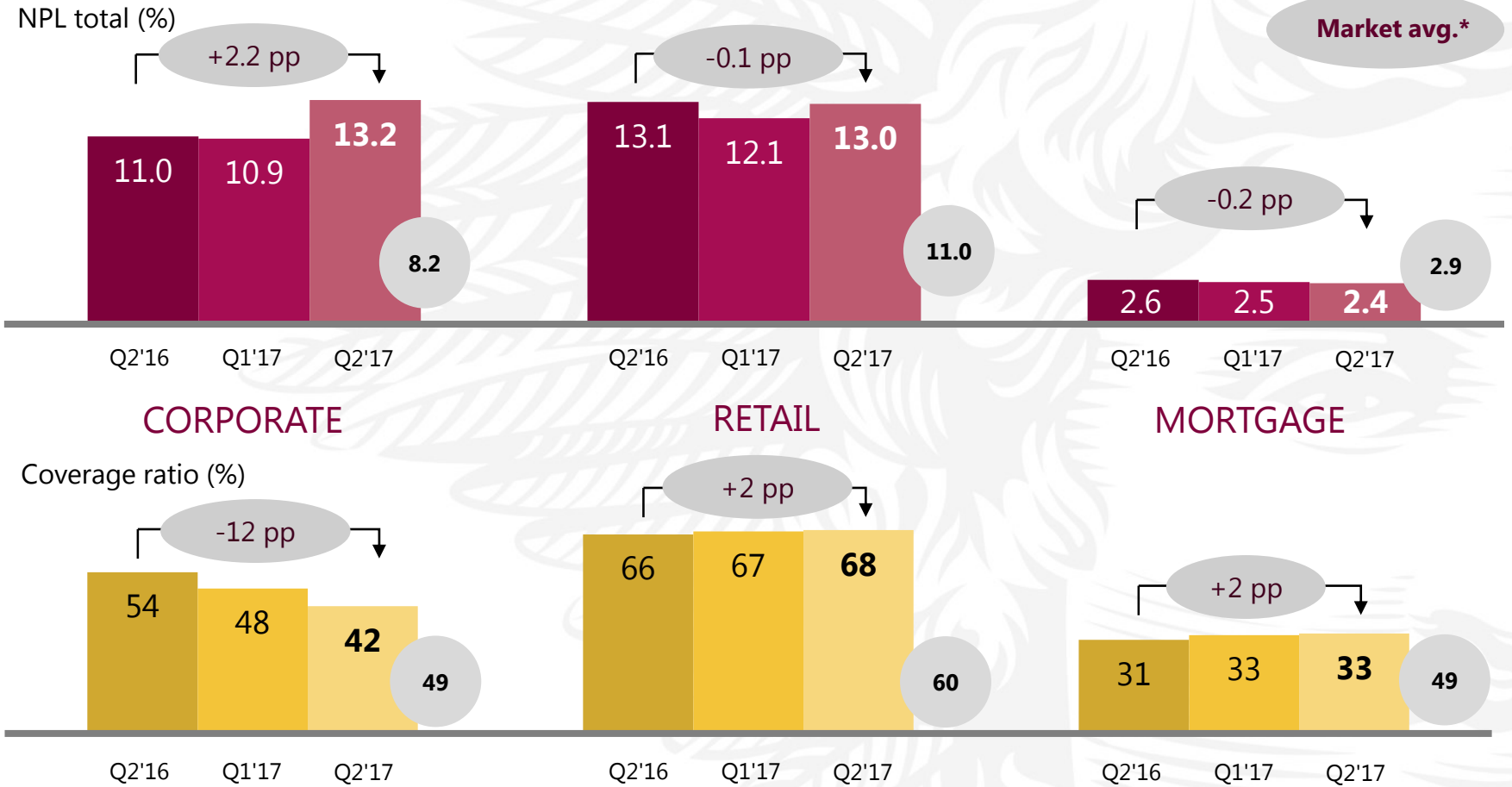


PLN 2.8 bn NET LOAN GROWTH IN 1H'17

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



KEY CREDIT RISK RATIOS

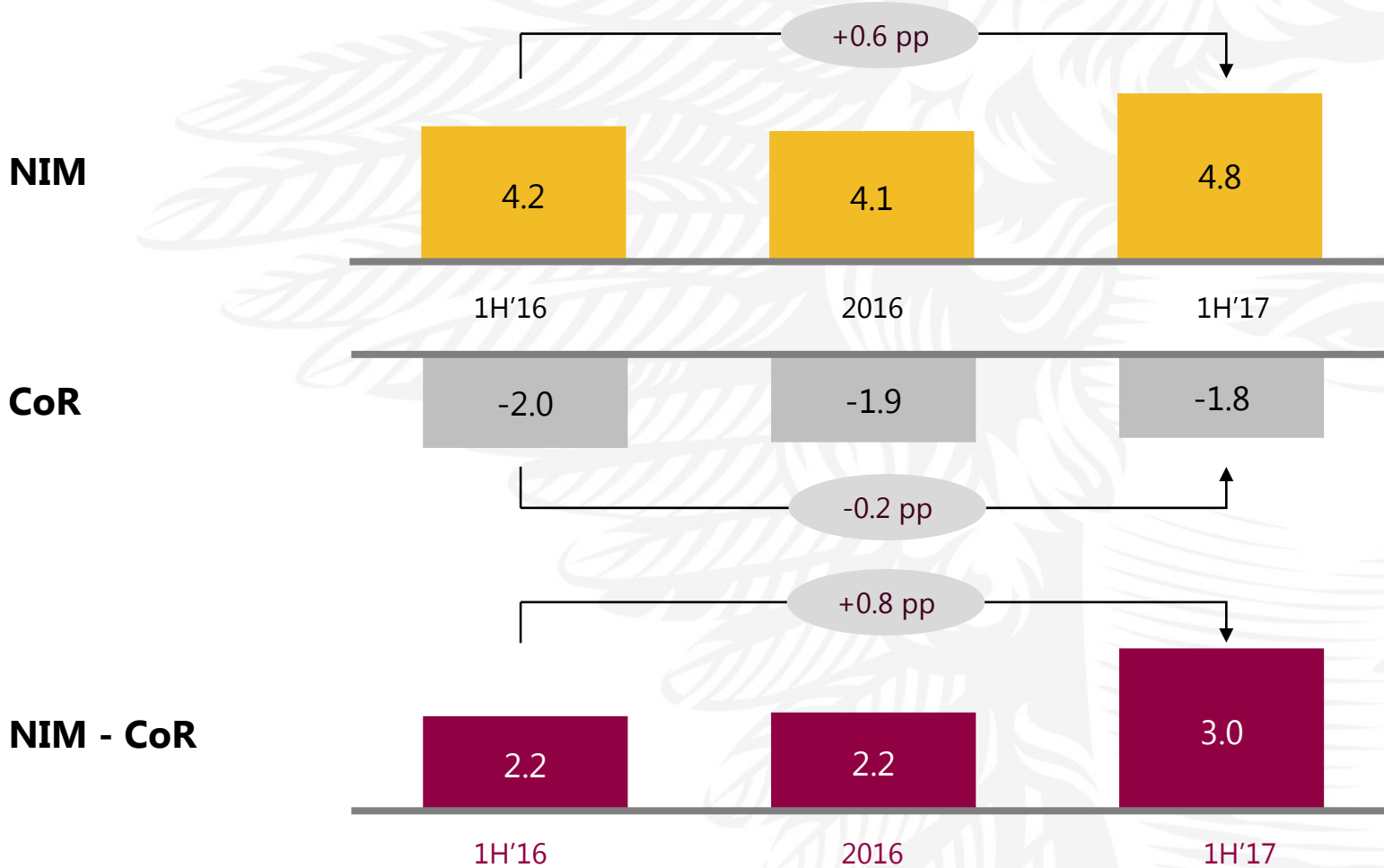


| Loan portfolio structure (%) | Corporate | Retail | Mortgage |
|------------------------------|-----------|-----------|-----------|
| Alior | 45 | 36 | 19 |
| Banking sector* | 35 | 26 | 39 |

*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.

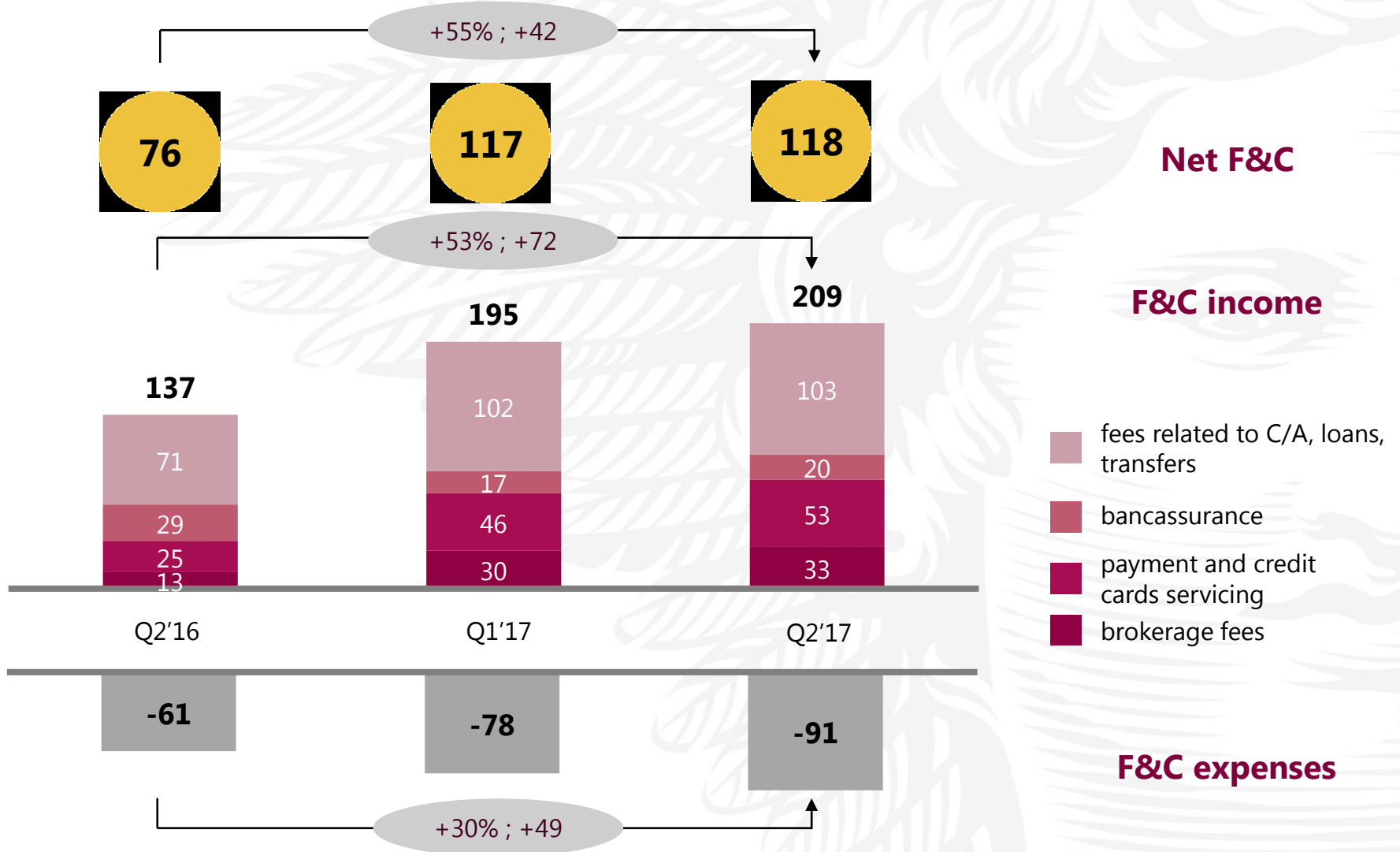
STRONG PROFITABILITY MAINTAINED. 1H'17 NIM REACHES 4.8%

ALIOR NIM DEVELOPMENT (%)

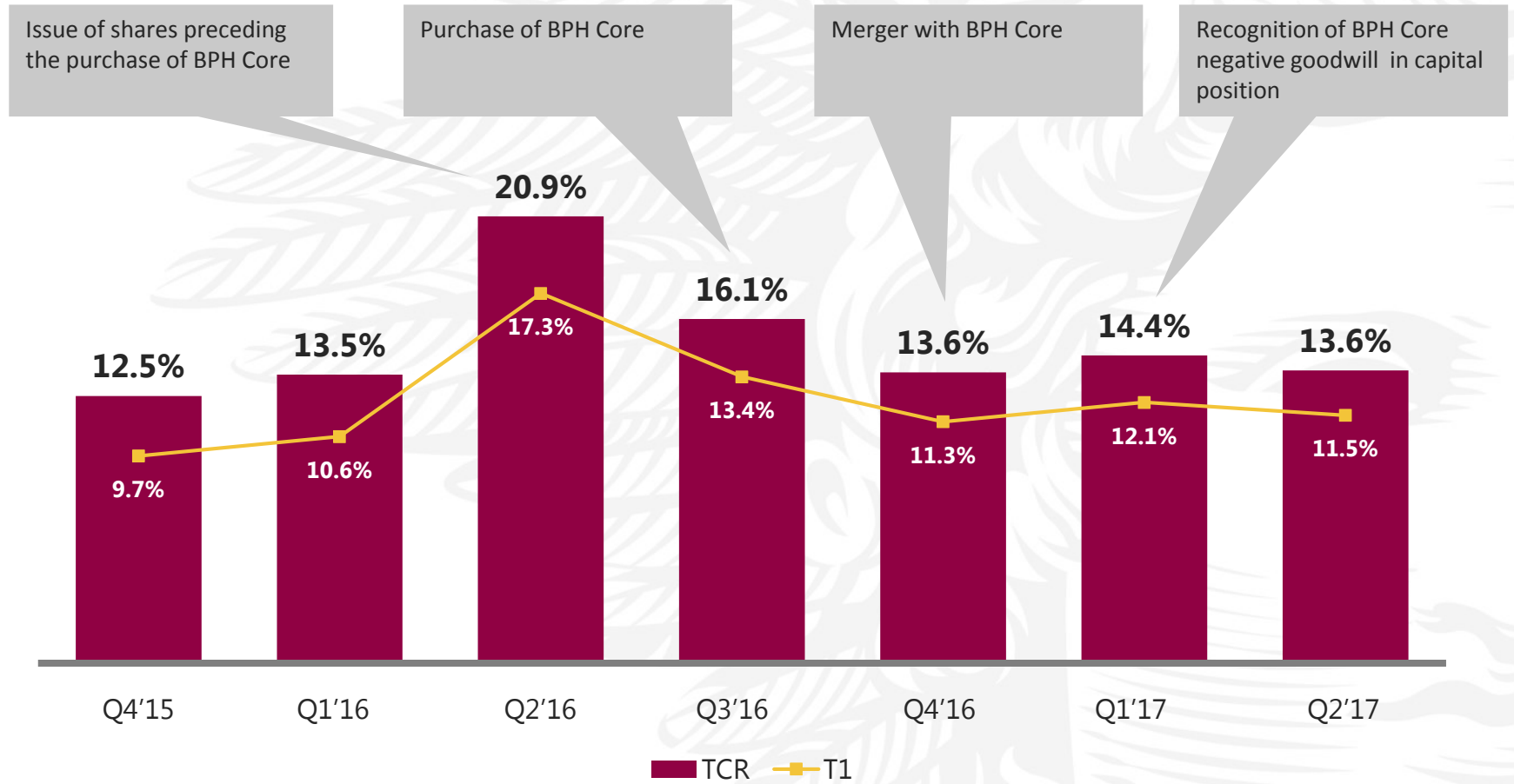


NIM formula for 1H'16: NII for 1H'16 annualized, divided by average of IEA from 2015 and 1H'16; NIM formula for 2016: NII for 2016 divided by average IEA from 2015 and 2016; NIM formula for 1H'17 annualized, divided by average of IEA from 2016 and 1H'17.

FEEES 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

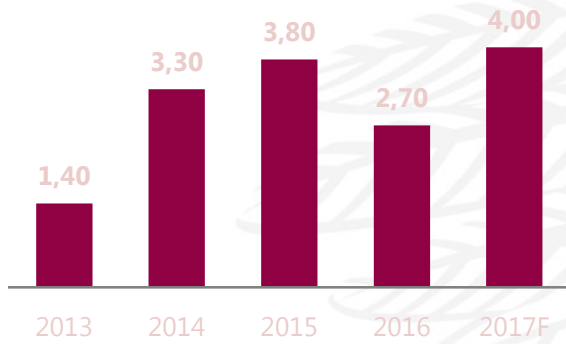
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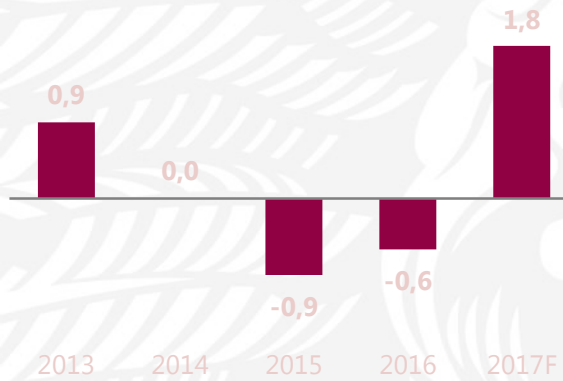
3.

APPENDIX

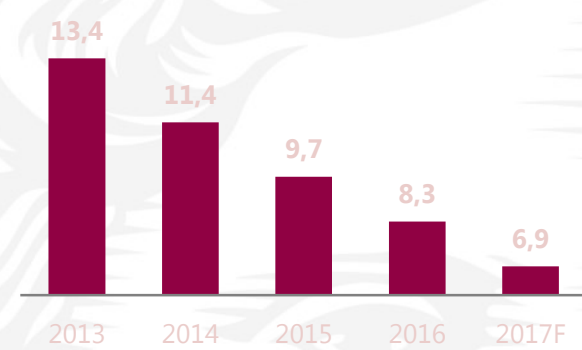
GDP growth (% yoy)



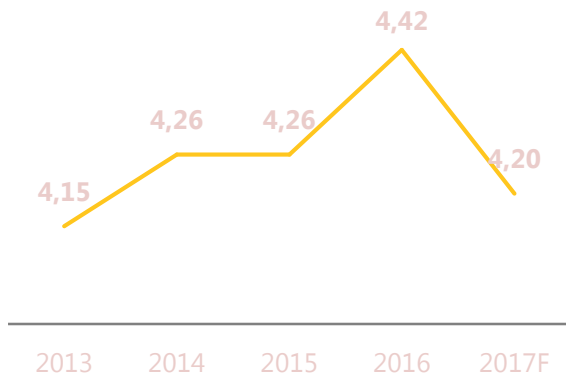
Inflation (CPI % yoy)



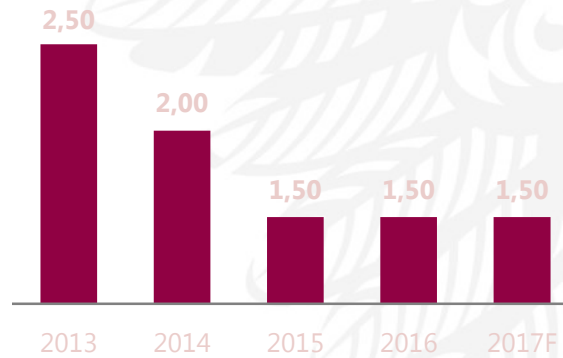
Unemployment rate (%)



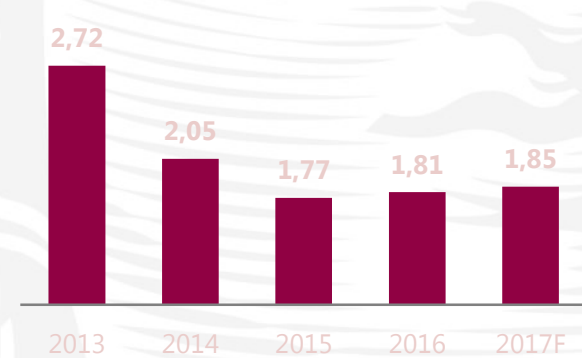
FX rate (EUR/PLN)



NBP reference rate (%)



WIBOR 6M (%)

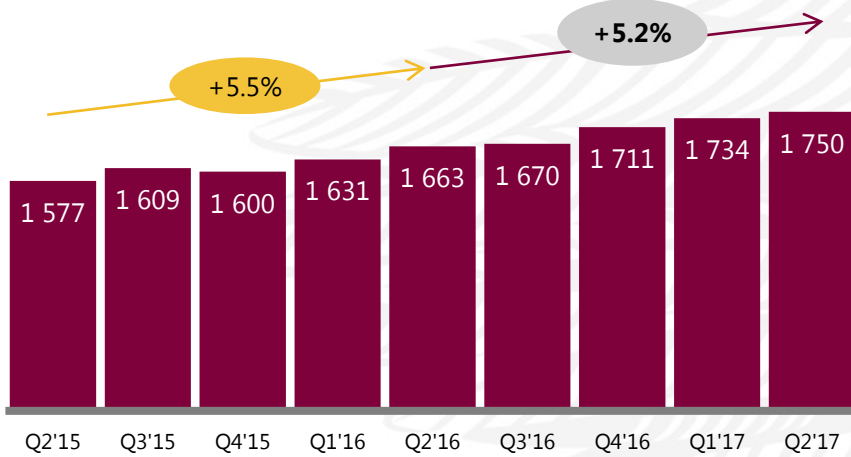


End of period

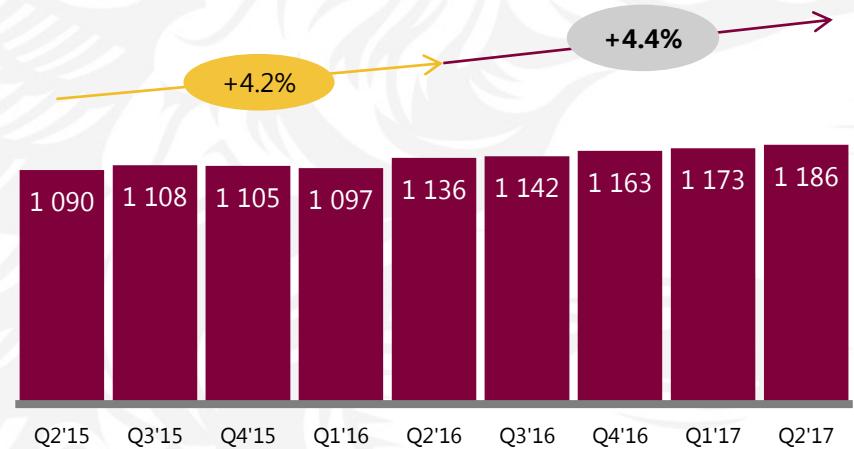
End of period

End of period

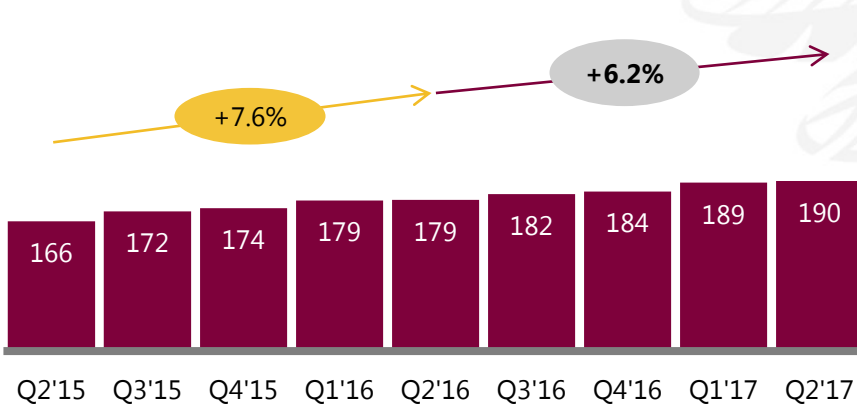
ASSETS



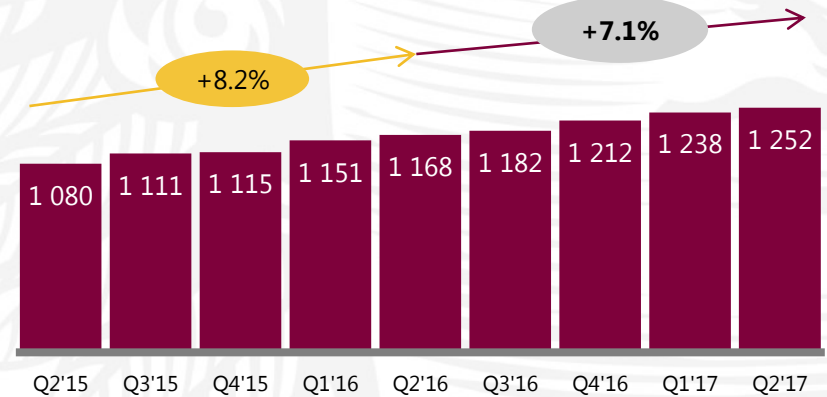
LOANS



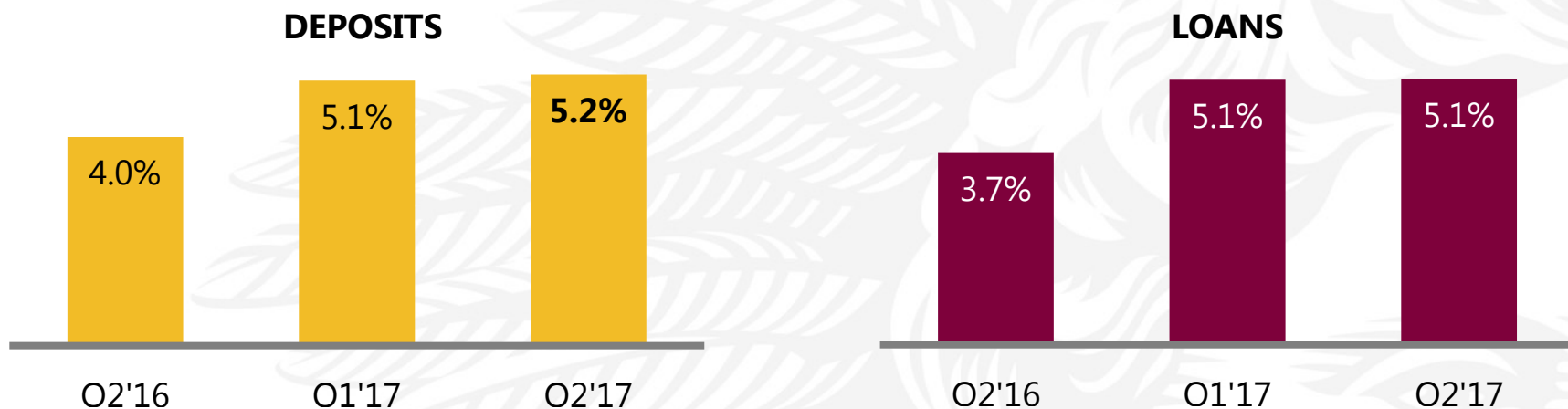
EQUITY



DEPOSITS



MARKET SHARE



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

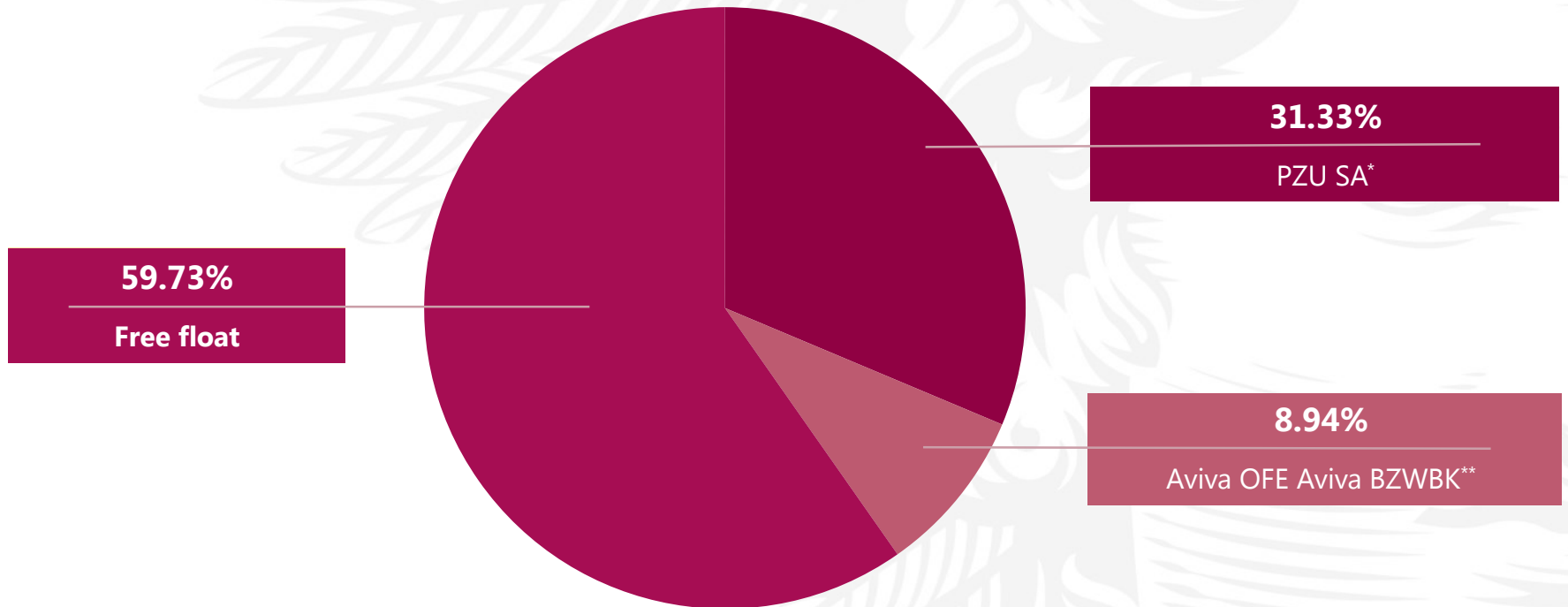
| | Total | | Retail | | Corporate | |
|--------|-------|--------|--------|--------|-----------|--------|
| | ALIOR | Market | ALIOR | Market | ALIOR | Market |
| MAR'16 | 6.1 | 1.3 | 5.7 | 0.6 | 6.6 | 2.7 |
| JUN'16 | 4.5 | 2.2 | 4.9 | 2.6 | 4.1 | 1.5 |
| SEP'16 | 3.1 | 1.0 | 3.8 | 0.5 | 2.1 | 1.9 |
| 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 |

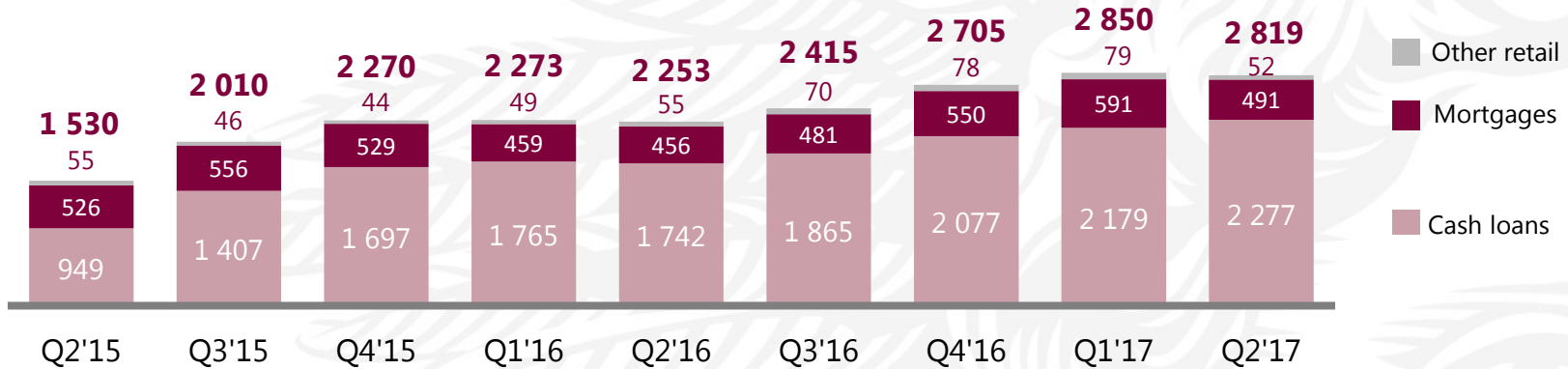
LARGEST FREE FLOAT AMONG POLISH FINANCIAL INSTITUTIONS



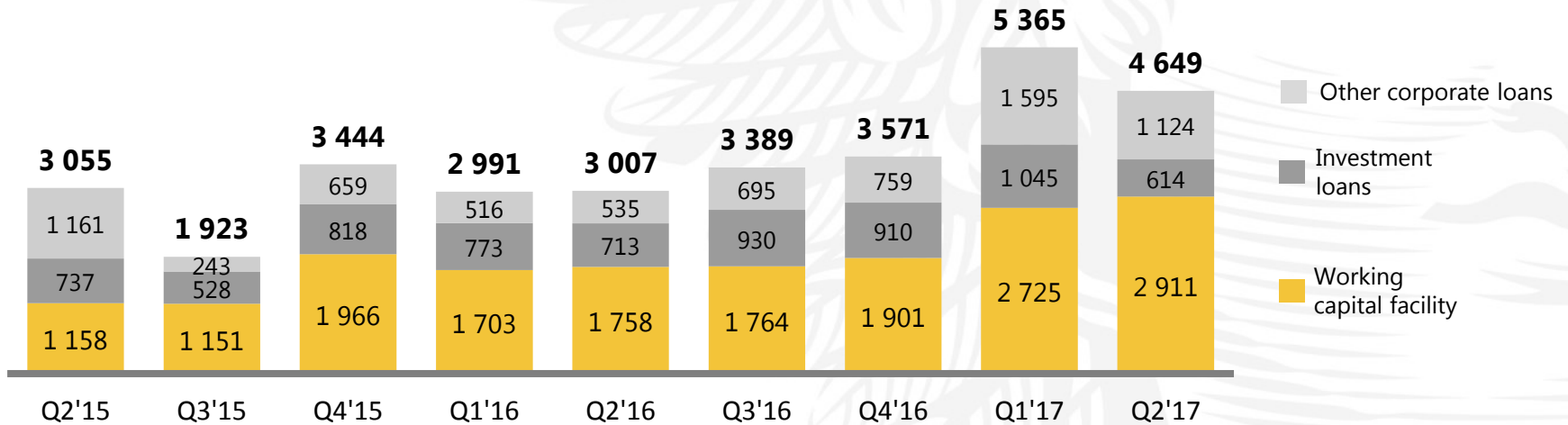
* based on the information presented in the current report no 36/2017.

** 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)



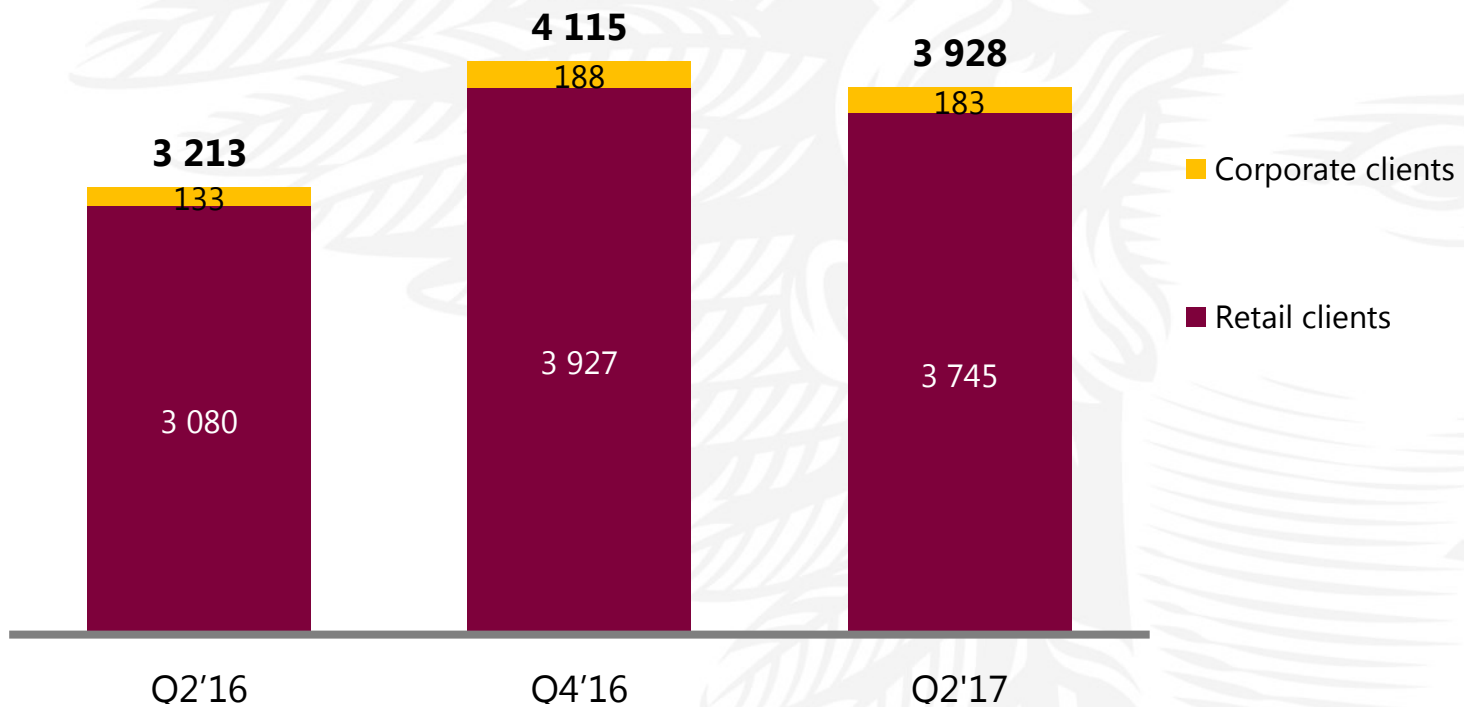
New production defined as any opening of a new credit account / credit line. Renewals are included in corporate loans new production.

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.

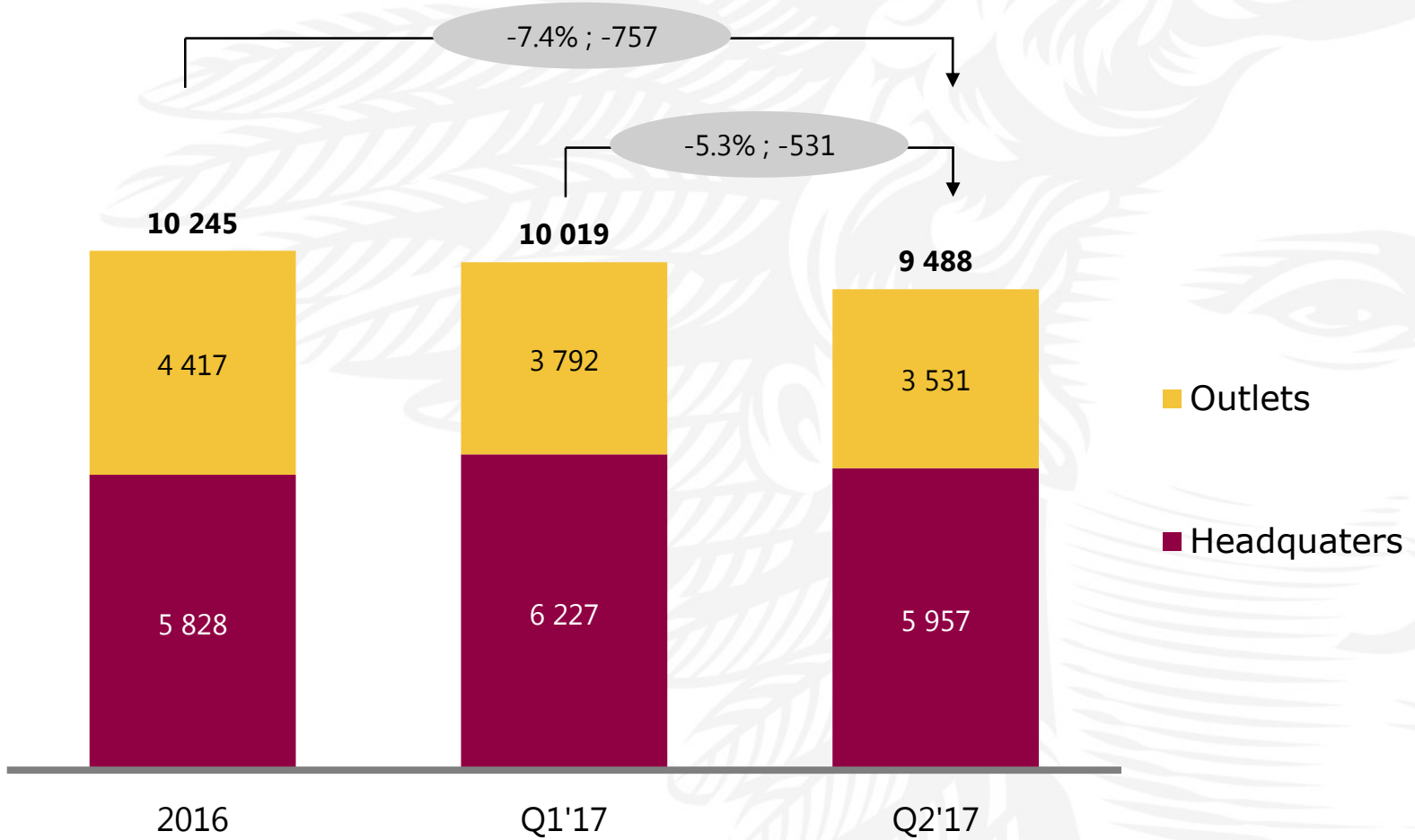
Meritum Bank loans included as from Q3'15. Q4'16 excluding CoreBPH, Q1'17 including CoreBPH.

ALIOR BANK CUSTOMER BASE (in thousands)



Slight decrease in number of clients in Q2'17 is of technical nature as a result of new definition of active client.

FTEs EVOLUTION



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