



**ALIOR
BANK**

ALIOR BANK S.A.

Q1 2014 results presentation

May 8, 2014

AGENDA

- Highlights
- Recent Management Changes
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

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✓ **Volume growth in line with guidance**

- L/D < 96%
- + PLN 1.278 m of loans (+6,5% vs Q4'13)
- + PLN 1.040 m of deposits (+5,0% vs Q4'13)

✓ **Client acquisition on track to achieve 400k by EOY**

- +116 k of retail clients vs. Q4'13

✓ **T-Mobile**

- Launched with strong ATL campaign
- Business growth based on effective sales of non-collateralized loans to telco clients

✓ **NIM**

- Q1'14 at 4,5% - expected to achieve ~4,7% FY guidance

KEY FINANCIALS

| M PLN | Q1'14 | Q4'13 | Q1'13 | % (A/B)-1 | % (A/C)-1 |
|--|-------------|-------|-------|-----------|-----------|
| | A | B | C | D | E |
| Net interest income | 271 | 298 | 222 | -9,0 | 22,2 |
| Fee and commission expense | 84 | 88 | 55 | -5,4 | 50,6 |
| Trading result & other | 63 | 62 | 51 | 0,7 | 22,7 |
| Operating income | 417 | 448 | 328 | -6,9 | 27,1 |
| General Administrative Expenses | -215 | -233 | -198 | -7,9 | 8,7 |
| Impairment losses | -117 | -118 | -74 | -1,0 | 59,5 |
| Write off on non-current asset held for sale | 0 | -24 | 0 | | |
| Gross profit | 85 | 73 | 57 | 17,3 | 48,9 |
| Net profit | 68 | 58 | 45 | 17,8 | 53,2 |

| M PLN | Q1'14 | Q4'13 | Q1'13 | % (A/B)-1 | % (A/C)-1 |
|--------------|---------------|--------|--------|-----------|-----------|
| Loans | 20 936 | 19 658 | 15 619 | 6,5 | 34,0 |
| Deposits | 21 883 | 20 842 | 17 236 | 5,0 | 27,0 |
| Total equity | 2 718 | 2 185 | 2 010 | 24,4 | 35,2 |
| Total assets | 26 518 | 25 550 | 20 875 | 3,8 | 27,0 |

| M PLN | Q1'14 | Q4'13 | Q1'13 | A-B pp | A-C pp |
|------------------------|---------------|-------|-------|--------|--------|
| ROE (%) | 11,2 | 11,0 | 9,0 | 0,2 | 2,2 |
| ROA (%) | 1,1 | 1,0 | 0,8 | 0,1 | 0,2 |
| C/I (%) | 51,5 | 52,0 | 60,2 | -0,5 | -8,7 |
| CoR (%) | 2,2 | 2,2* | 1,9 | 0,1 | 0,3 |
| L/D (%) | 95,7 | 94,3 | 90,6 | 1,4 | 5,1 |
| NPL ratio (%) | 8,1 | 6,9 | 6,0 | 1,2 | 2,1 |
| NPL coverage ratio (%) | 52,3 | 57,3 | 59,2 | -5,1 | -6,9 |
| CAR (%) | 13,5** | 12,1 | 13,4 | 0,3 | -0,9 |
| Tier 1 (%) | 11,9** | 10,3 | 11,2 | 0,4 | -0,4 |

*excluding impairment on non-current asset held for sale

** with 2013 net profit included

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RECENT MANAGEMENT CHANGES

Alior Bank current management structure

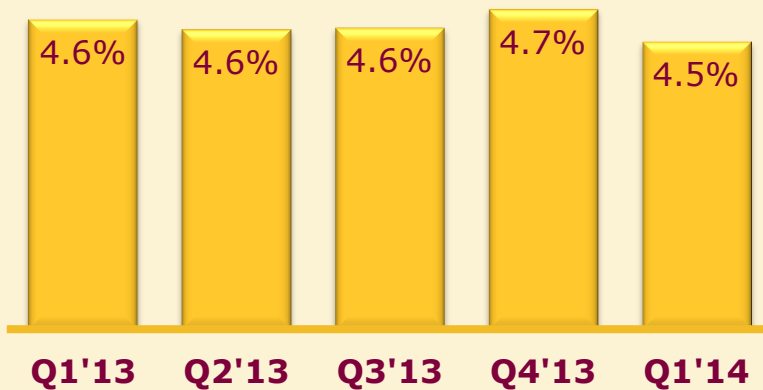


All Management members in Alior from day one.
25 of 27 unit heads in Alior for more than 5 years.

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Alior NIM development



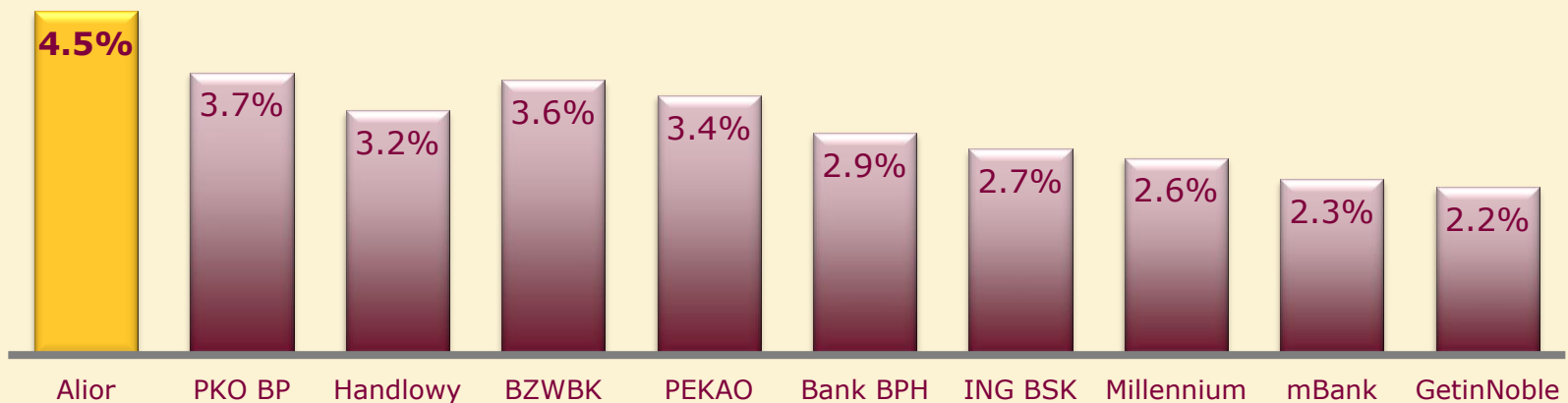
Q1'14 NIM drivers:

**Successful price promotion
for cash loans**

**Intermediaries sale
intensification**

Competition

NIM in selected Polish banks (Alior, Millennium, mBank, BZWBK - Q1'14, other Q4'13)

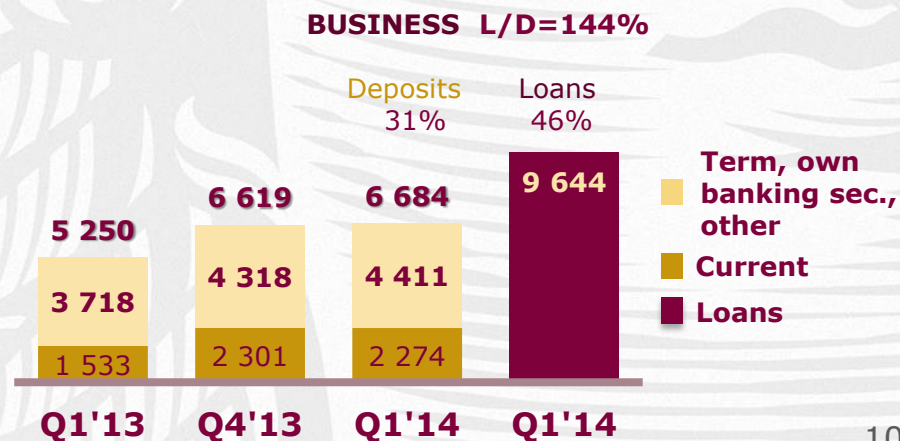
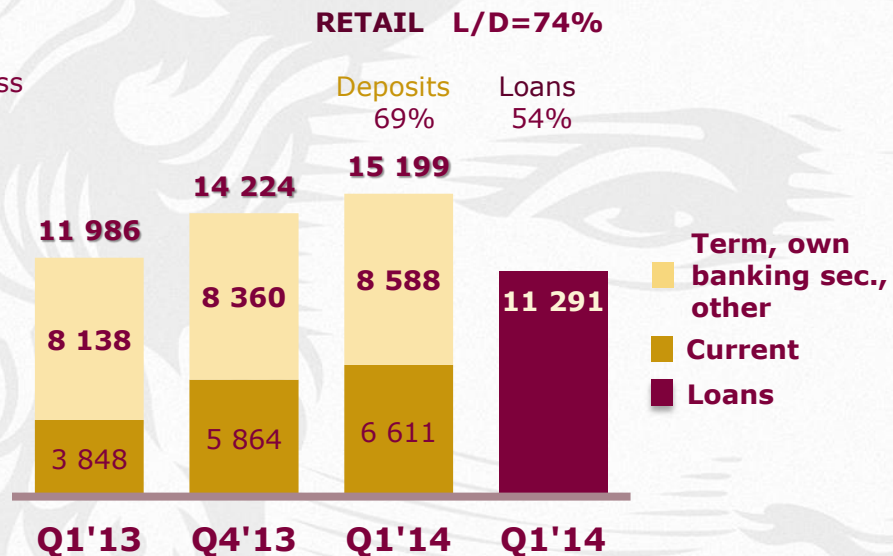
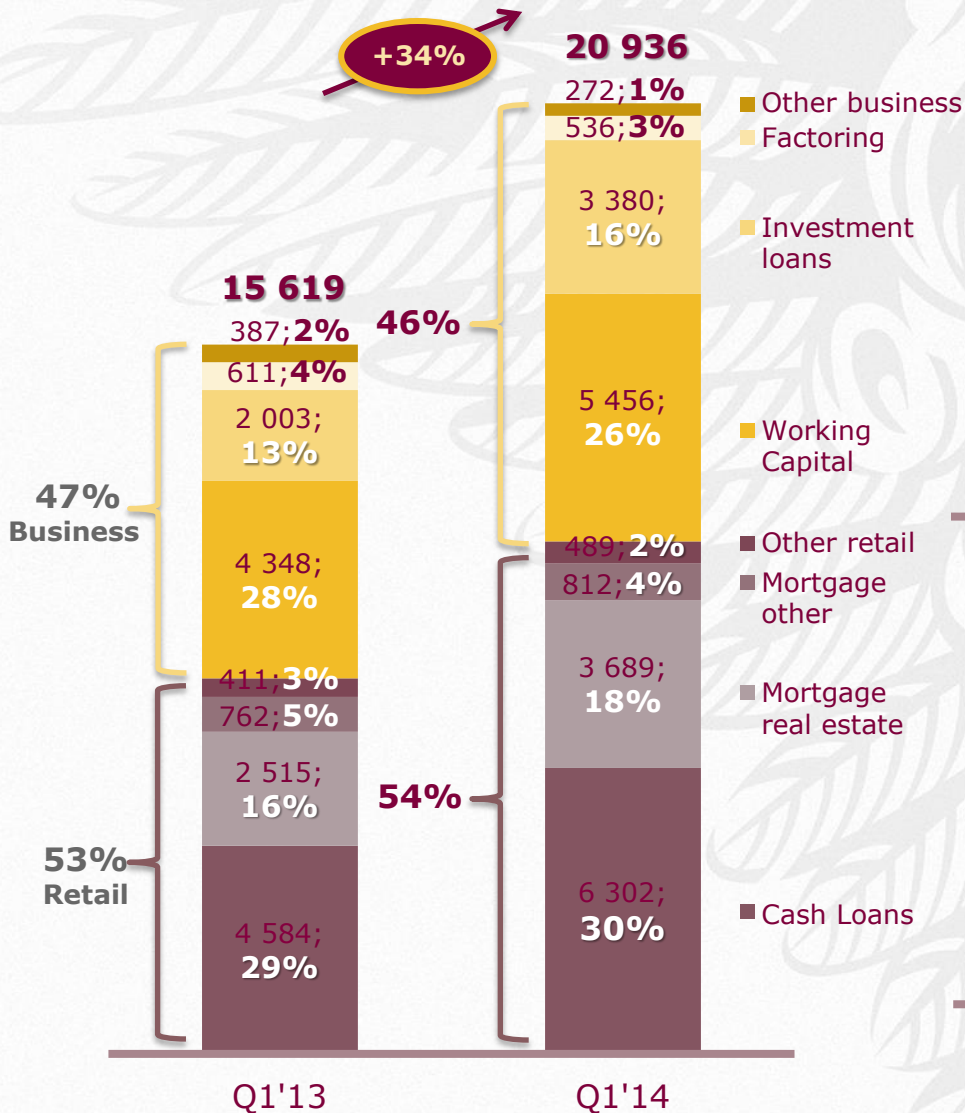


CONTINUED STRONG LOAN BOOK GROWTH PAIRED WITH CONSERVATIVE DEPOSIT LEVEL

Loan book split

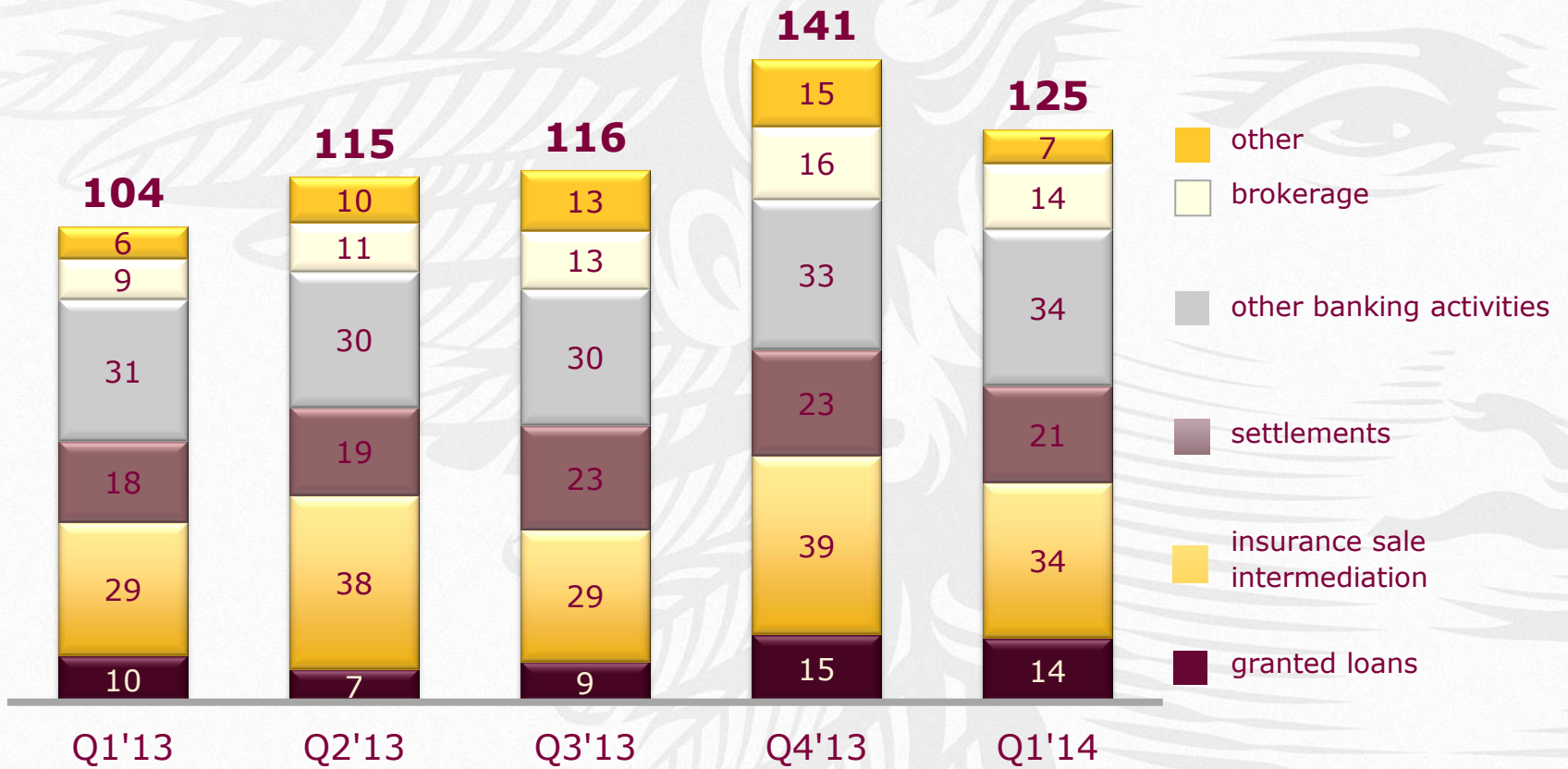
L/D = 96%

in PLN m



FEE INCOME PERFORMANCE

Fee income split (in PLN m, structure)



CREDIT RISK OVERVIEW

NPL total (%)

■ Q1'13 ■ Q2'13 ■ Q3'13 ■ Q4'13 ■ Q1'14



Coverage ratio (%)

■ Q1'13 ■ Q2'13 ■ Q3'13 ■ Q4'13 ■ Q1'14

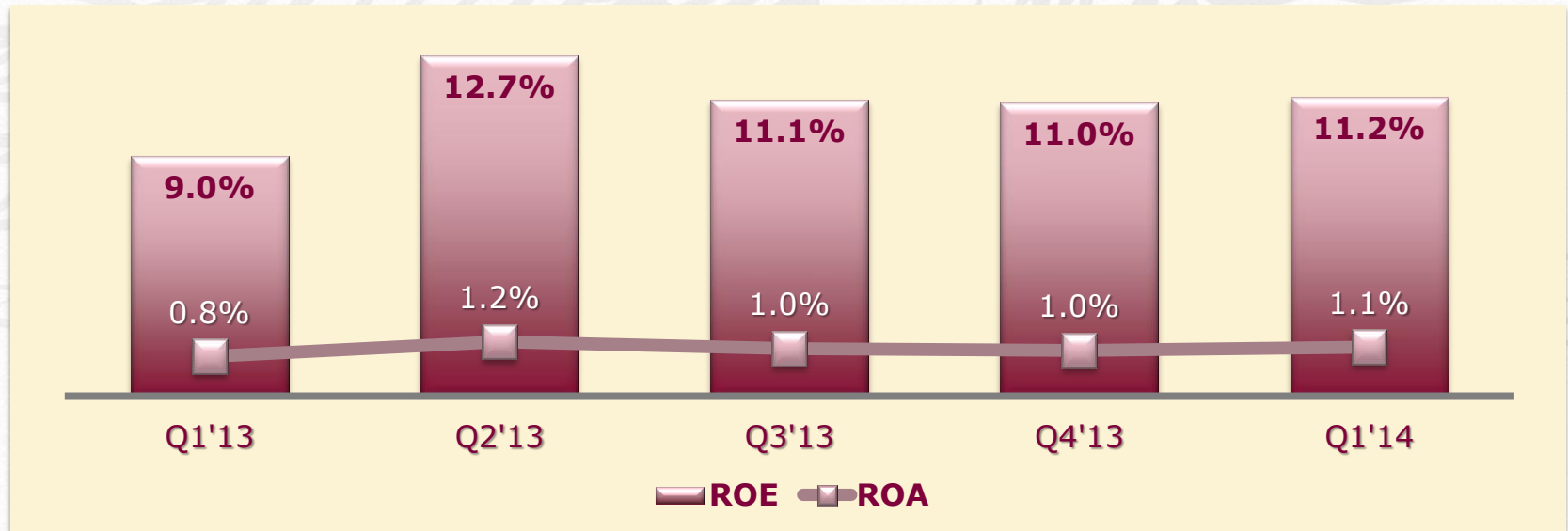


| Loan portfolio structure (%) | Corporate | Retail | Mortgage |
|------------------------------|-----------|--------|----------|
| Alior | 46 | 36 | 18 |
| Banking sector* | 34 | 26 | 40 |

Retail means the total retail portfolio – mortgages for real estates portfolio

*Market avg.: ratios calculated on the basis of figures on sector receivables published monthly by National Bank of Poland. Sector Corporate line excluding budget entities, data as of February 2014.

STRONG CAPITAL POSITION ALLOWS FOR CONTINUOUS PROFITABLE GROWTH



* including 2013 net profit

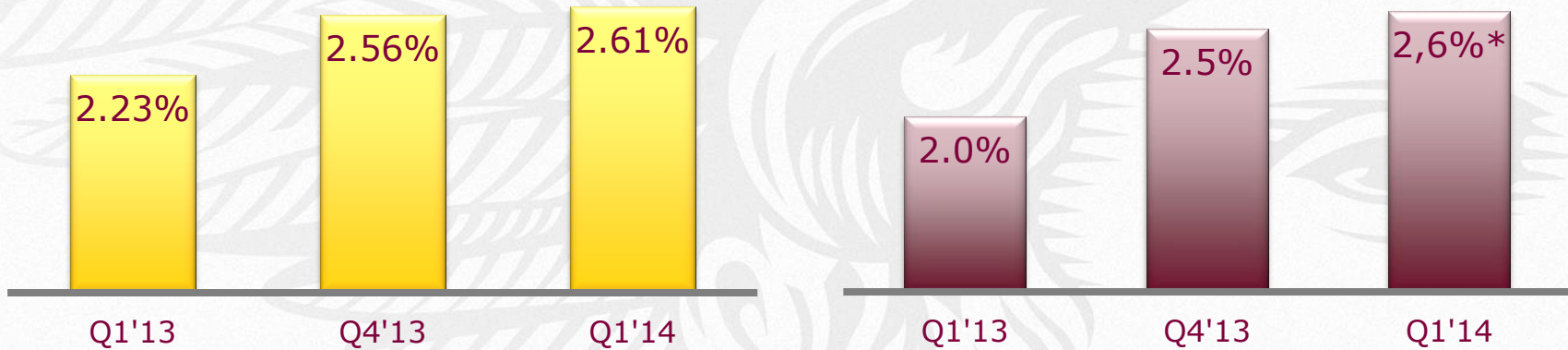


ON TRACK TO CAPTURE 4% MARKET SHARE BY 2016

Deposits

MARKET SHARE

Loans



Deposits

MONTHLY GROWTH (%)

Loans

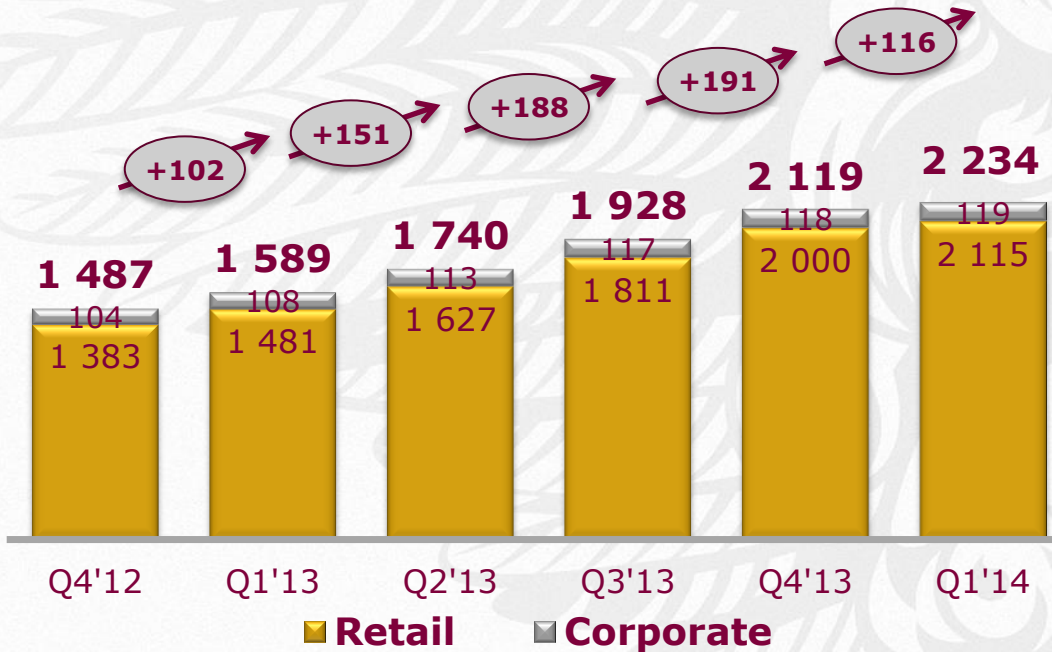
| | Total | | Retail | | Corporate | |
|------------|-------------|--------|-------------|--------|-------------|--------|
| | ALIOR | Market | ALIOR | Market | ALIOR | Market |
| OCT | 5,2 | 0,6 | 5,9 | 0,2 | 3,6 | 1,9 |
| NOV | 0,7 | 0,4 | 2,6 | 0,4 | -3,5 | 0,5 |
| DEC | 4,5 | 3,0 | 3,5 | 1,9 | 6,9 | 6,6 |
| JAN | 0,2 | -1,1 | 4,3 | 1,2 | -9,4 | -7,1 |
| FEB | -0,1 | 0,7 | -0,7 | 1,0 | 1,6 | -0,5 |
| MAR | 2,2 | 0,8 | 1,4 | 0,5 | 4,1 | 1,7 |

| | Total | | Retail | | Corporate | |
|-------------|------------|--------|------------|--------|------------|--------|
| | ALIOR | Market | ALIOR | Market | ALIOR | Market |
| OCT | 2,9 | -0,3 | 3,3 | -0,1 | 2,5 | -0,8 |
| NOV | 2,2 | 0,7 | 2,4 | 0,6 | 2,0 | 1,0 |
| DEC | 1,6 | -0,6 | 2,0 | -0,3 | 1,3 | -1,3 |
| JAN | 1,3 | 1,2 | 2,1 | 1,0 | 0,2 | 1,7 |
| FEB | 1,7 | 0,0 | 1,5 | -0,2 | 2,0 | 0,4 |
| MAR* | 2,9 | 0,2 | 1,9 | 0,4 | 4,2 | 0,4 |

*On the basis of estimations for market data

ALIOR REMAINS A TOP PICK FOR INCREASING NUMBER OF CUSTOMERS

Acceleration of customer acquisition



Current accounts growth Q4'13 vs. Q4'12 (ths)



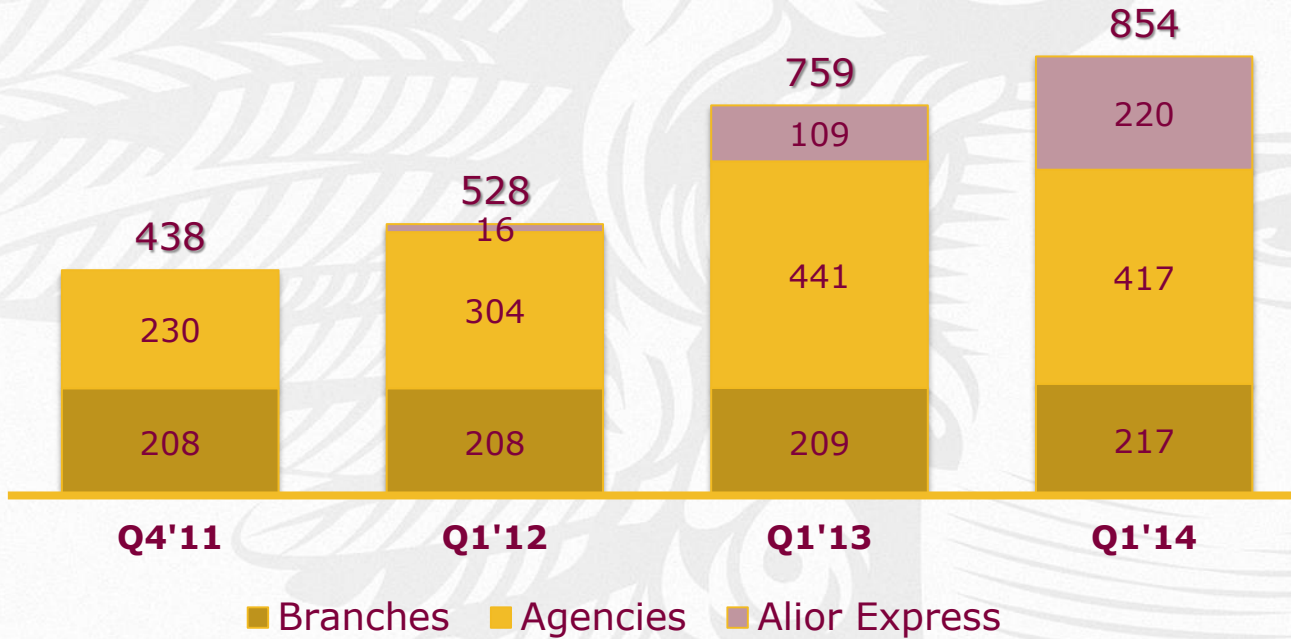
Customers' segmentation acquisition channel for retail

| | Q4'12 | Q1'13 | Q2'13 | Q3'13 | Q4'13 | Q1'14 |
|------------|-------|-------|-------|-------|-------|-------|
| Branches | 1 185 | 1 204 | 1 252 | 1 300 | 1 346 | 1 388 |
| AEX | 29 | 40 | 51 | 63 | 78 | 94 |
| CF | 23 | 70 | 136 | 232 | 337 | 369 |
| Alior Sync | 146 | 168 | 189 | 216 | 238 | 263 |



WIDE RANGE AND DIVERSIFIED DISTRIBUTION NETWORK

4th largest distribution network in Poland



| | |
|-------------------------------------|-------|
| Intermediaries | 3 000 |
| Retailers offering Consumer Finance | 705 |

Since May 7th we are in ~840 outlets of T-Mobile

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T-MOBILE BANKING SERVICES LAUNCHED ON MAY 6TH



T...
USŁUGI BANKOWE
dostarczane przez Alior Bank

LEWANDOWSKA
T...

500 ZŁ ZA TRANSFER
PRZENIEŚ NUMER I ZAŁÓŻ KONTO

T... CHWILE, KTÓRE ŁĄCZA,

© 2015 T-Mobile Polska Sp. z o.o. Wszelkie prawa zastrzeżone. Usługi bankowe świadczone przez Alior Bank S.A. w ramach umowy o świadczenie usług, o której mowa w art. 181 § 1 pkt 2 ustawy z dnia 22.07.2015 r. o ochronie danych osobowych (Dz. U. z 2015 r., poz. 1364) i art. 6 ust. 1 pkt 1 lit. a) i b) ustawy z dnia 17.07.2001 r. o dostępie do informacji publicznej (Dz. U. z 2001 r., poz. 97).

Sales started!

- **Strongest T-Mobile ATL campaign this year**
- **Offering available in ~840 T-Mobile outlets**
- **Hook product: best-in-class current account with instant pre-scored overdraft**
- **Our target in the following months: 250.000 customers**

CLOSE COOPERATION BETWEEN BANK AND TELCO COMPANY



USŁUGI BANKOWE

dostarczane przez Alior Bank



Focus on effective and swift execution:

- **Regular meetings on board level and dozens of B-1 and B-2 meetings every week**
- **Thousands of employees involved in business, IT and sales**

True telco bank not only partnership

- **Alior provides IT, credit risk assessment and cross sell experience (non-collateralized loans)**
- **Cooperation not only branded by T-Mobile but also strongly driven by them**

AMBITIOUS TARGETS FOR THE PROJECT

Alior ambition: acquisition of ~2 M clients within 5 years

- **Mainly from 16 M strong T-Mobile client base**
- **Taking advantage of synergies in T-Mobile distribution and marketing**

Strong profitability

- **Planned ROE in year 3 of 16% growing to ~40% in year 5**
- **Estimated 5%-10% of Alior Bank capital will be assigned to business within T-Mobile partnership**

Creating an option to expand the cooperation to other T-Mobile markets worldwide

White label POS in 700+ shops

Installment loans

24 month maturity

PLN 674 m of loans as of Q1'14

Target 2016: PLN 1 bln

Low margin (<1%)

Cross-sell loans

60 month maturity

PLN 183 m of loans as of Q1'14

Target 2016: PLN 3 bln

Regularly priced cash loans

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Growth

Loan growth > **PLN 400 m net monthly**

NIM

~**4,7%**

Costs

C/I 2014 below 50% EOY

Risk

CoR 2014 – 2,2%

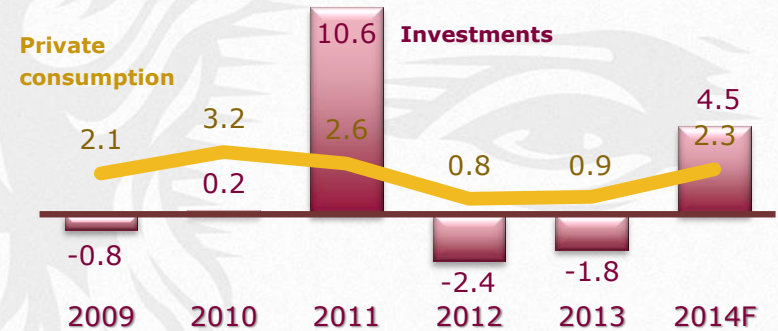
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- Strategic Initiatives
- Outlook
- **Appendix**

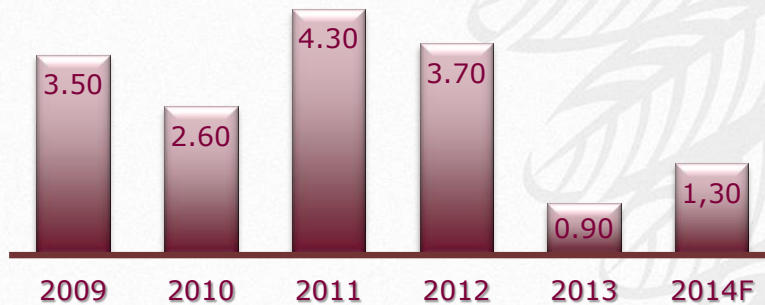
GDP growth (% yoy)



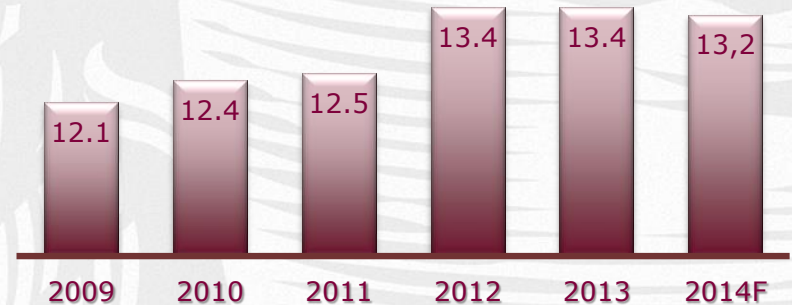
Investments and private consumption (% yoy)



Inflation (CPI % yoy)



Unemployment rate (%)

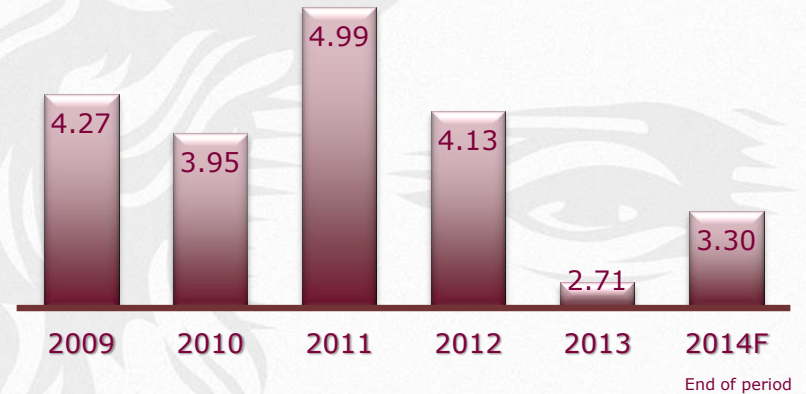


POLISH MACRO OUTLOOK

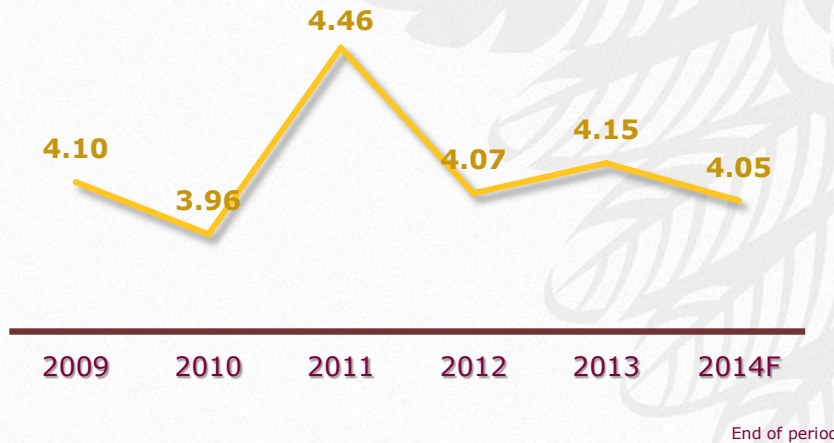
NBP reference rate (%)



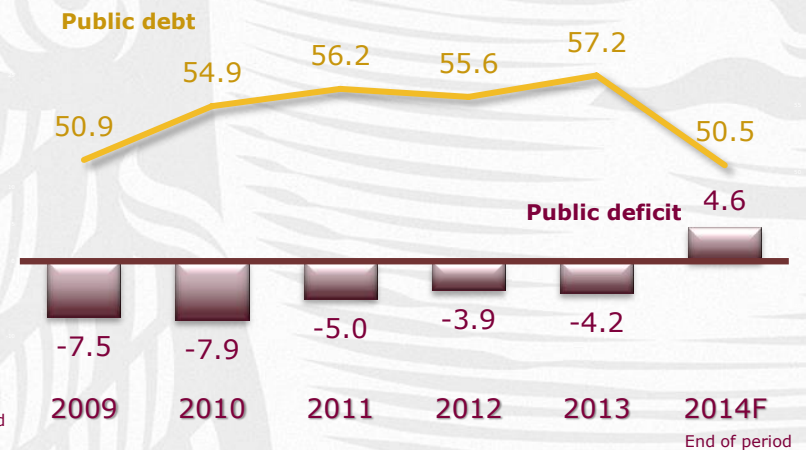
WIBOR 3M (%)



FX rate (EUR/PLN)

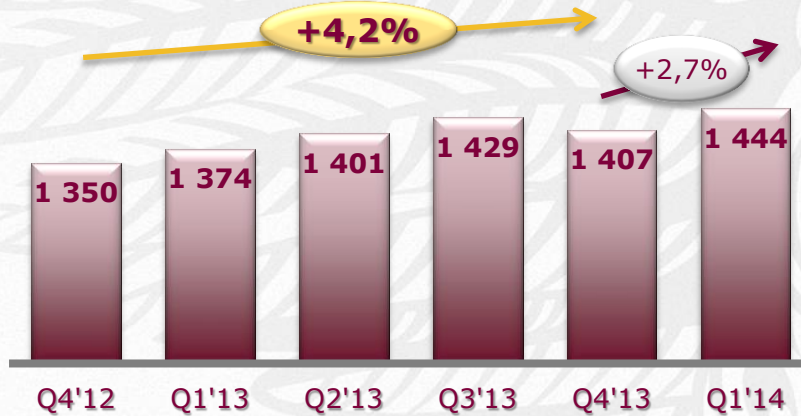


Fiscal policy (% of GDP)

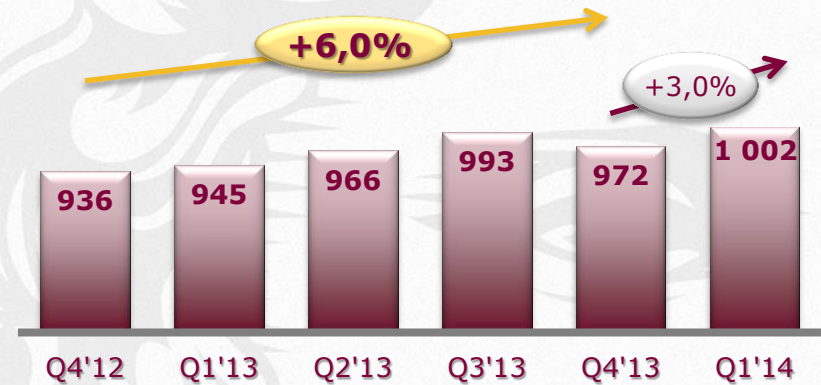


POLISH BANKING SECTOR – MODERATE GROWTH OF MAIN BALANCE SHEET FIGURES

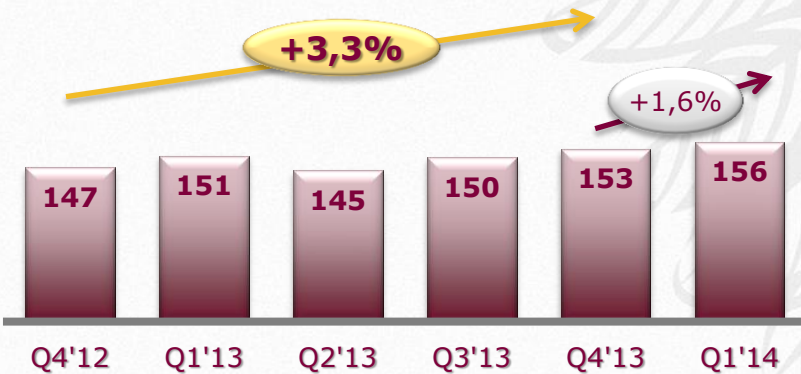
Assets



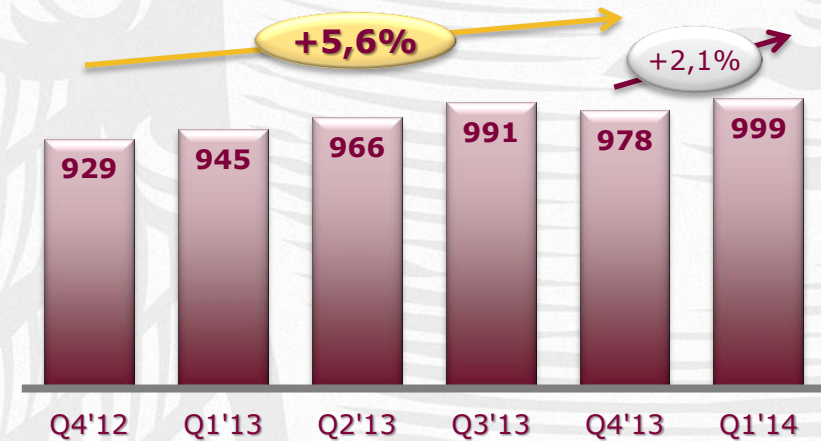
Loans



Equity

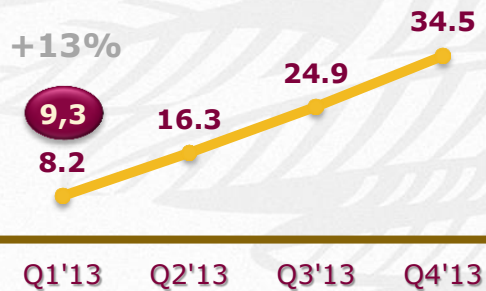


Deposits

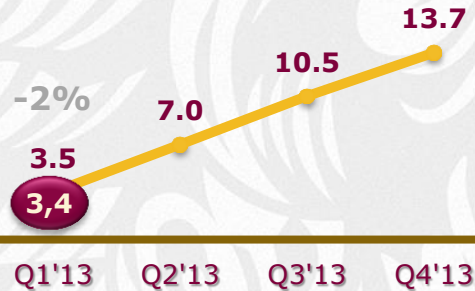


POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

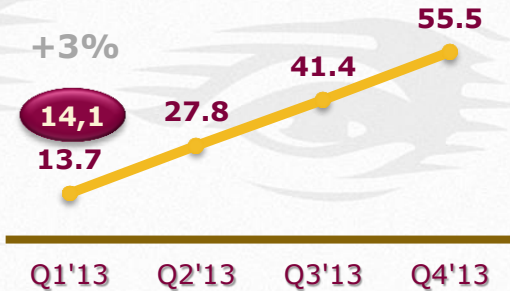
NII



NFC

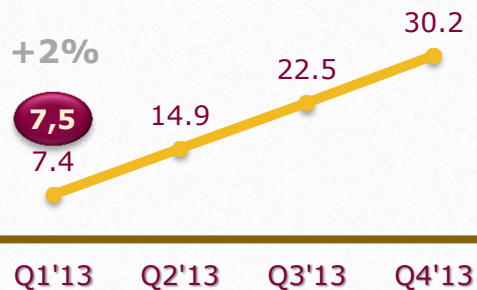


Result on banking activity

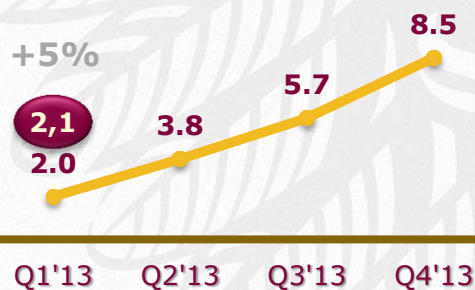


X - Q1'14

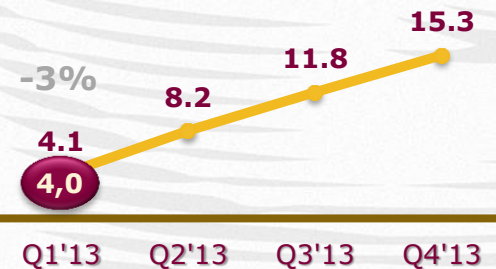
Expenses



Net impairment



Net profit



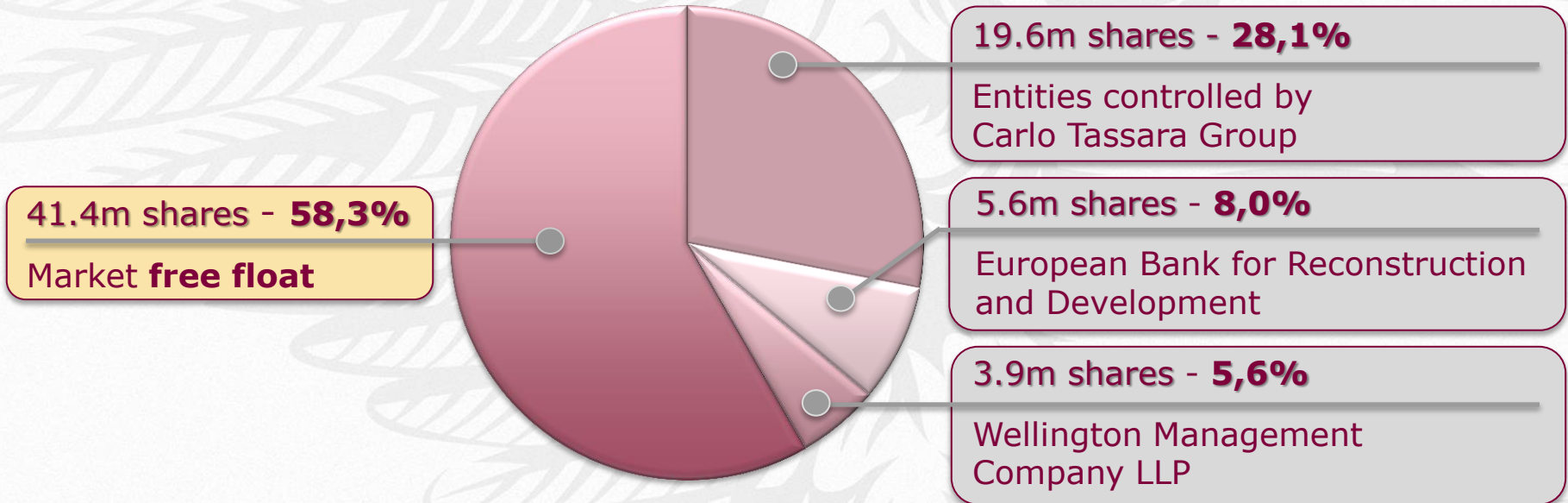
INCOME STATEMENT SNAPSHOT

| in PLN m | Q1'13 | Q2'13 | Q3'13 | Q4'13 | Q1'14 |
|---|-------|-------|-------|-------|-------|
| Interest income | 376 | 370 | 357 | 415 | 392 |
| Interest expense | -155 | -130 | -118 | -117 | -121 |
| Net interest income | 222 | 240 | 239 | 298 | 271 |
| Dividend | 0 | 0 | 0 | 0 | 0 |
| Fee and commission income | 104 | 115 | 116 | 141 | 125 |
| Fee and commission expense | -49 | -55 | -45 | -52 | -42 |
| Net fee and commission income | 55 | 60 | 71 | 88 | 84 |
| Trading result | 49 | 78 | 53 | 46 | 56 |
| Net gain (realized) on other financial instruments | 1 | 6 | 0 | 5 | 0 |
| Other operating income | 9 | 15 | 8 | 17 | 12 |
| Other operating costs | -9 | -5 | -3 | -6 | -5 |
| Net other operating income | 1 | 11 | 5 | 11 | 7 |
| General administrative expenses | -198 | -204 | -213 | -233 | -215 |
| Impairment losses | -74 | -87 | -102 | -142 | -117 |
| Gross profit (loss) | 57 | 104 | 54 | 73 | 85 |
| Income tax | -13 | -21 | -12 | -15 | -17 |
| Net profit from continuing operations | 45 | 84 | 41 | 58 | 68 |
| - attributable to equity holders of the parent | 45 | 84 | 41 | 58 | 68 |
| - attributable to non-controlling interests | 0 | 0 | 0 | 0 | 0 |
| Net profit attributable to equity holders of the parent | 45 | 84 | 41 | 58 | 68 |

BALANCE SHEET SNAPSHOT

| | Q1'13 | Q2'13 | Q3'13 | Q4'13 | Q1'14 |
|---|---------------|---------------|---------------|---------------|---------------|
| Cash and balances with Central Bank | 729 | 722 | 755 | 1 067 | 1 078 |
| Financial assets held for trading | 215 | 265 | 234 | 243 | 208 |
| Financial assets available for sale | 3 259 | 3 447 | 2 929 | 3 389 | 3 172 |
| Hedging derivatives | 0 | 0 | 3 | 12 | 21 |
| Receivables from banks | 138 | 170 | 182 | 254 | 278 |
| Receivables from customers | 15 619 | 17 370 | 18 310 | 19 658 | 20 936 |
| Tangible fixed assets | 208 | 207 | 206 | 215 | 208 |
| Intangible assets | 158 | 167 | 169 | 188 | 188 |
| Investments in subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Non-current asset held for sale | 62 | 62 | 62 | 38 | 38 |
| Current income tax receivables | 138 | 129 | 118 | 144 | 147 |
| Current | 4 | 4 | 0 | 0 | 3 |
| Deferred | 134 | 125 | 118 | 144 | 144 |
| Other assets | 350 | 282 | 299 | 341 | 244 |
| TOTAL ASSETS | 20 875 | 22 823 | 23 269 | 25 550 | 26 518 |
| Financial liabilities held for trading | 146 | 157 | 154 | 184 | 178 |
| Financial liabilities measured at amortized cost | 17 643 | 19 591 | 20 084 | 21 660 | 22 528 |
| Hedging derivatives | 0 | 11 | 5 | 0 | 0 |
| Provisions | 9 | 5 | 4 | 11 | 4 |
| Other liabilities | 723 | 640 | 560 | 1 129 | 748 |
| Income tax liabilities | 0 | 3 | 0 | 32 | 0 |
| - Current | 0 | 3 | 0 | 32 | 0 |
| Subordinated loans | 344 | 352 | 344 | 349 | 343 |
| Liabilities, total | 18 865 | 20 759 | 21 151 | 23 365 | 23 800 |
| Equity | 2 010 | 2 064 | 2 118 | 2 185 | 2 718 |
| Equity attributable to equity holders of the parent | 2 010 | 2 064 | 2 118 | 2 185 | 2 715 |
| Share capital | 636 | 636 | 636 | 636 | 699 |
| Supplementary capital | 1 277 | 1 435 | 1 435 | 1 435 | 1 829 |
| Revaluation reserve | 2 | -32 | -23 | -17 | -14 |
| Other capital | 167 | 170 | 174 | 177 | 178 |
| Undistributed result from previous years | -116 | -274 | -274 | -274 | -46 |
| Current year profit/loss | 45 | 128 | 170 | 228 | 68 |
| Non-controlling interests | 0 | 0 | 0 | 0 | 2 |
| TOTAL LIABILITIES AND EQUITY | 20 875 | 22 823 | 23 269 | 25 550 | 26 518 |

Free float



Management incentive shares

2012 incentive scheme

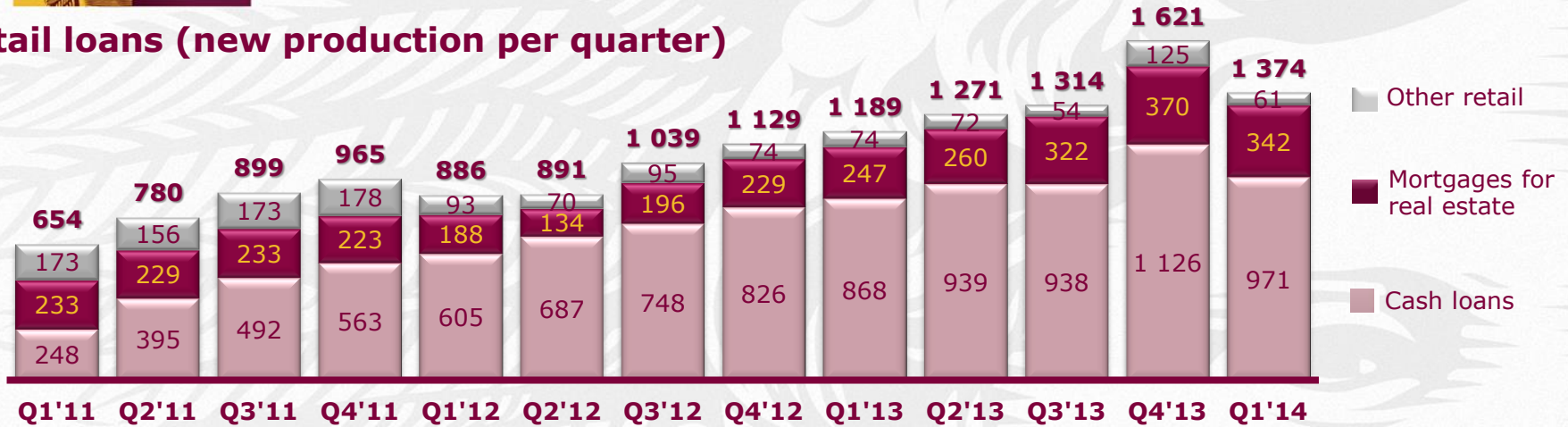
- still 1,4 m shares to be granted with lock-up expiring Dec 2014

Option scheme

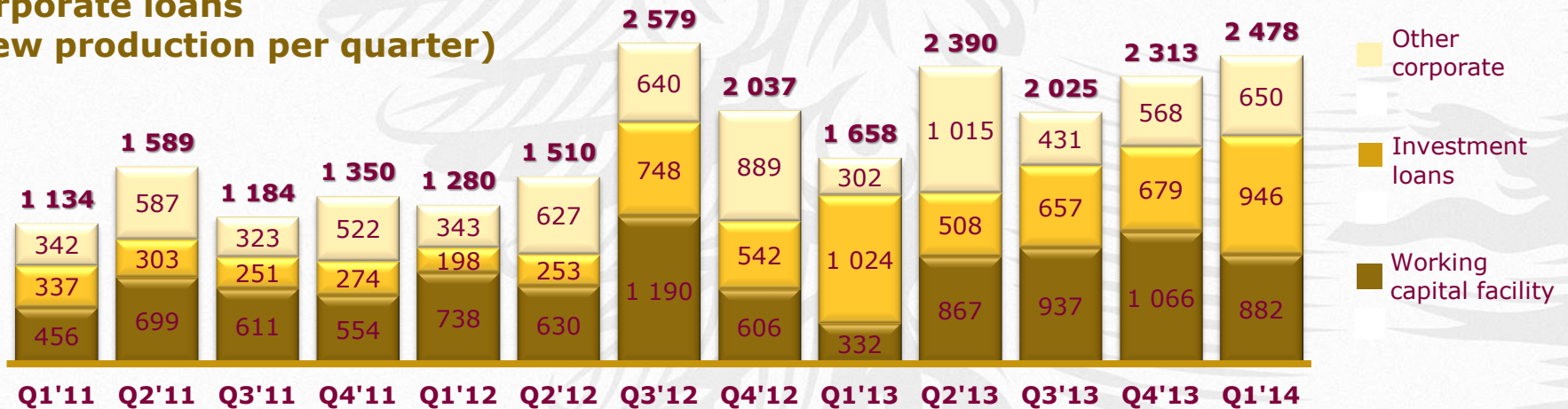
- 0,7 m options granted for 2013
- 0,3 m subject to conditional allocation in 2015

CONTINUED STRONG LOAN GROWTH ACROSS EACH SEGMENT

Retail loans (new production per quarter)



Corporate loans (new production per quarter)



Bancassurance cross-sell strategy unchanged

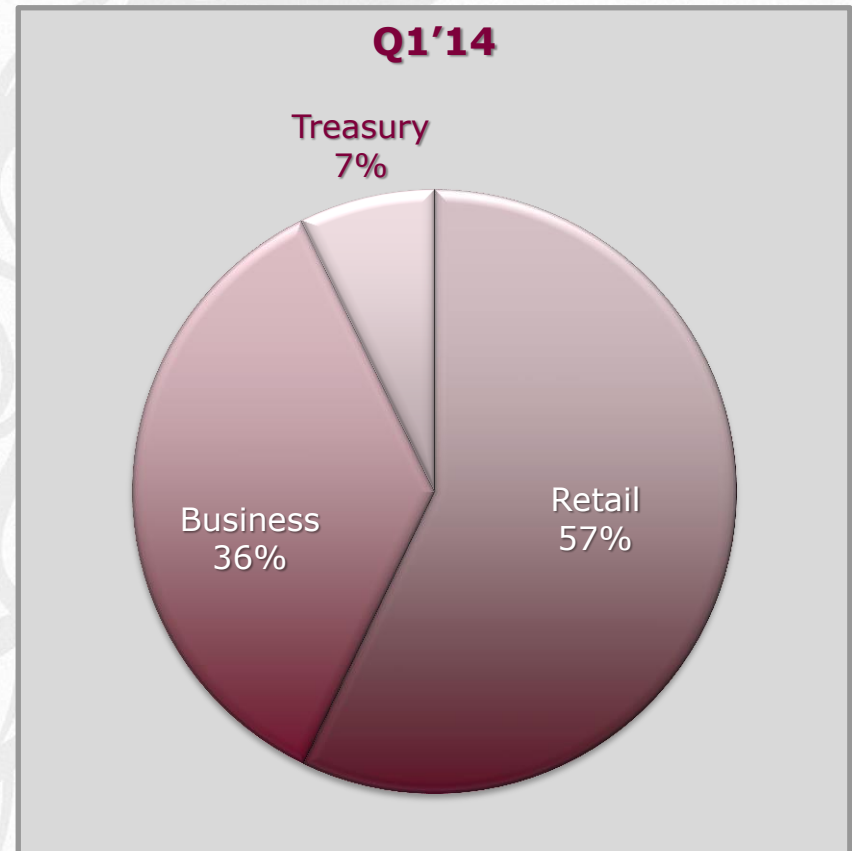
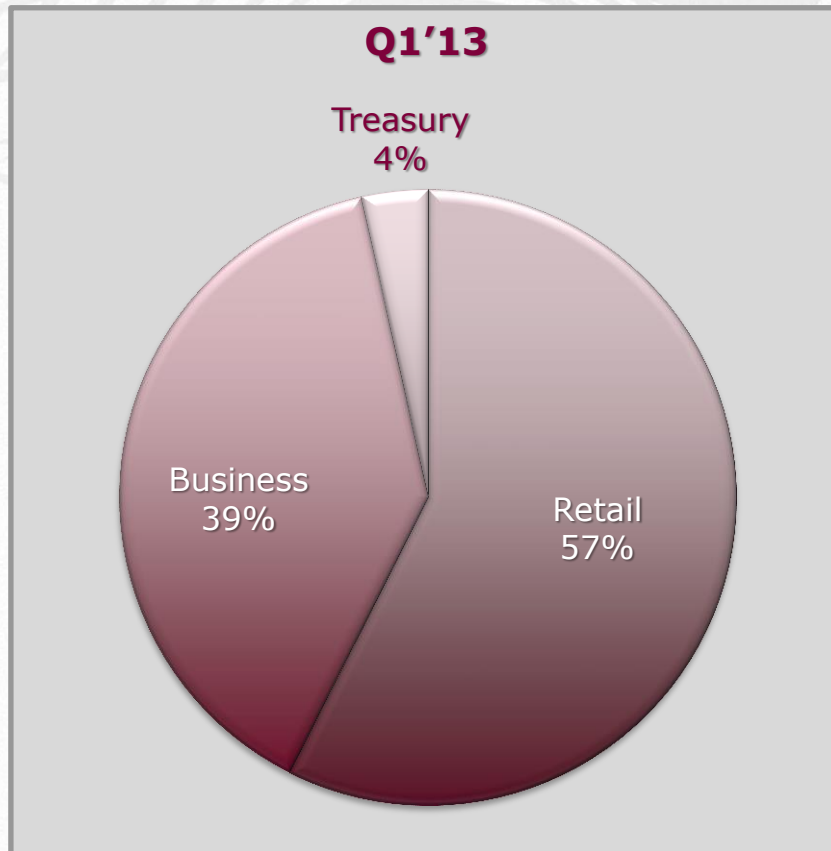
New production defined as any opening of a new credit account / credit line. Renewals are excluded.

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.

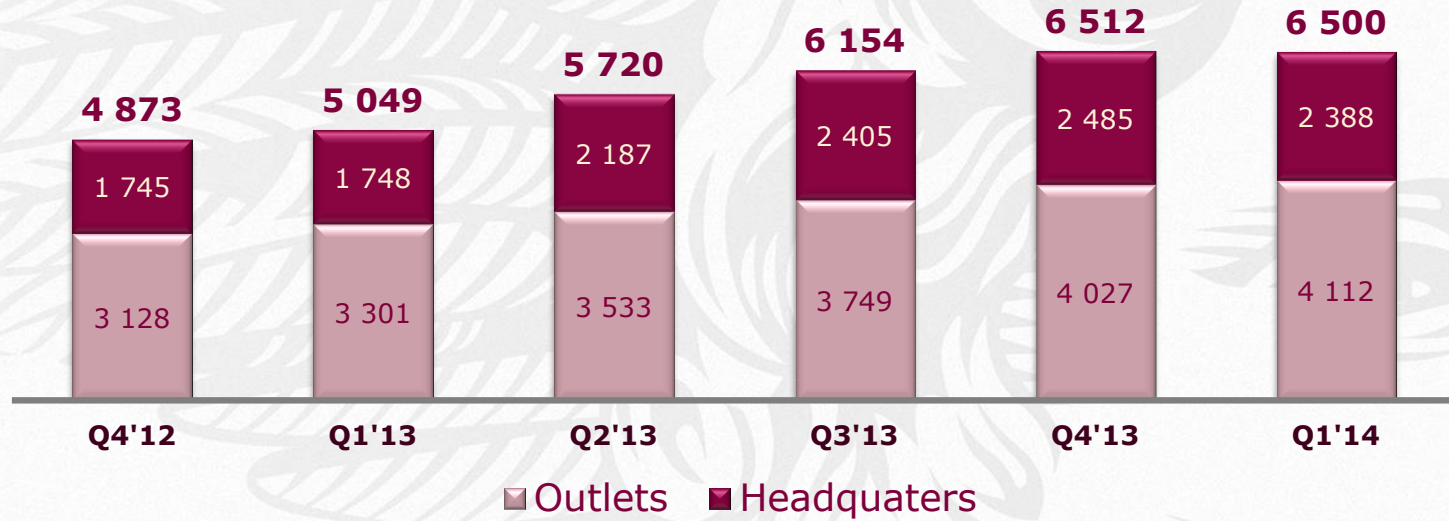
All the figures were restated in Q1'14 to be more in line with the „receivables by type“ note included in financial statement.

Net revenue split before impairment charges (%)

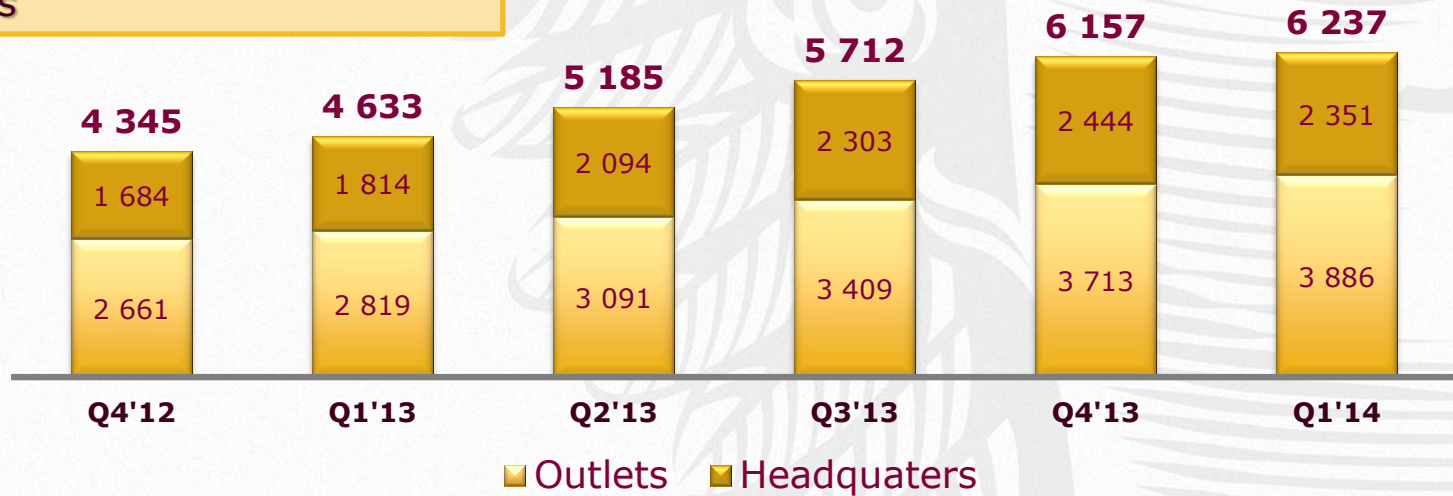


EMPLOYEES

Persons



FTEs



ECB 2014 Asset Quality Review

April 2014 Stress scenarios distributed to banks

October 2014 Regulator review

Publication of AQR results and recommendations

Bancassurance

- ✓ Draft Recommendation U still under consultation (banks, insurers, PFSA)
- ✓ Alior is actively involved in the discussion along with other financial institutions via Polish Banking Association
- ✓ Alior prepared to swiftly adjust to potentially new bancassurance guidelines

SECURED

**New Cost saving program
savings of 25 M in 2014 + 25 M in 2015, structure:**

| | |
|------------------------|------------|
| HR | 45% |
| External services | 15% |
| IT & telecommunication | 14% |
| Other | 26% |

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