



ALIOR BANK S.A.
1H'2018 RESULTS PRESENTATION

9 August 2018



KEY HIGHLIGHTS

OPERATIONAL PERFORMANCE

2018 GUIDANCE

APPENDIX



KEY HIGHLIGHTS (1/3)

- Q2'18 net profit above market expectations – PLN 196 M (vs. PAP consensus: PLN 189 M). Growth of PLN 31 M qoq*. Net profit yoy dynamics of +96%.
- ROE at the level of 12.6% (150 bps increase vs. Q1'18*).
- 6% increase of operational revenue qoq primarily due to NII improvement of over 3% in Q2'18 vs. Q1'18.
- NFC: fee income increase of 1.8% (vs. Q1'18) attributed to increase in fees from cards and loans, 7.9% higher fee costs (vs. Q1'18) related to client acquisition and mandatory mailings of client documentation.
- C/I at the level of 44.45% in 1H'18 (vs. 55.87% in 1H'17**).

*Annualized ratios, including the number of calendar days.
CoR: numerator – LLP excl. write-offs incl. NPL sale; denominator – avg gross loans.

** restated



KEY HIGHLIGHTS (2/3)

- CoR decrease to the level of 1.7% (vs. 1.8% in Q1'17)
- Capital adequacy ratios significantly higher than assumed in the strategy: Tier 1 of 12.20% and TCR of 15.43%.
- Gross loan book growth 1H'18 of PLN 3 B, of which PLN 1.5 B in Q2'18.
- New client acquisition amounted to 159 thousand (of which 153 thousand are retail clients and over 6 thousands are business clients).



KEY HIGHLIGHTS (3/3)

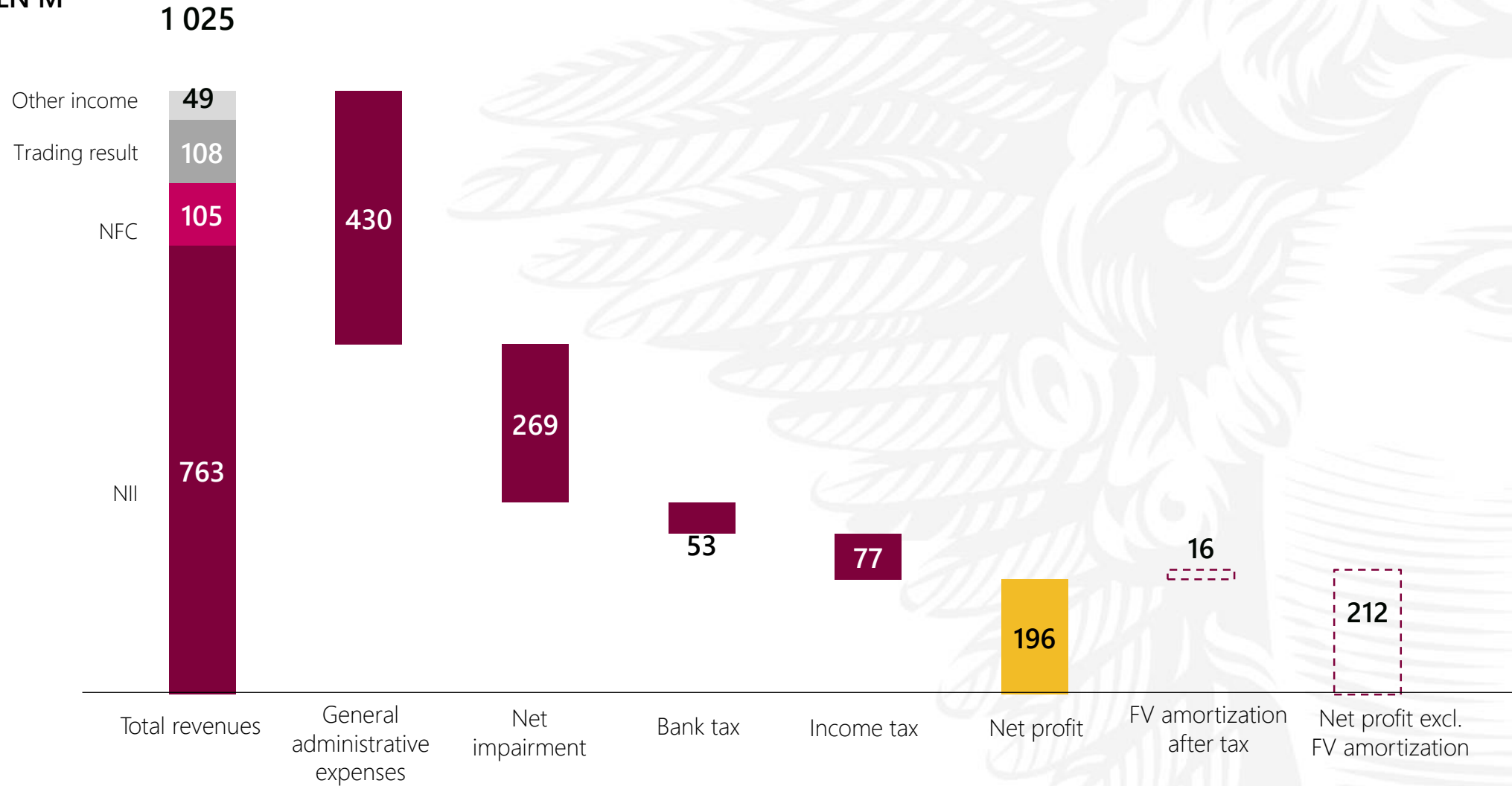
New product offering development in line with Digital Disruptor Strategy:

- Retail clients:
 - New savings account „Konto Mocno Oszczędnościowe” (PLN 2 B new deposits and 43 thousand accounts in Q2'18)
 - Apple Pay (77 thousand transactions amounting to PLN 3.1 M since launch in mid June)
 - Pre-approved loan volume increase of 189% in Q2'18 vs. Q1'18 as a result of end-to-end online process of cash loan sales
- Micro and SME:
 - 4x4 account (41% of clients opt for additional fee based product),
 - VAT split payment functionality full implementation,
 - New functionality available on zafirmowani.pl platform such as online debt collection and micro-factoring.



Q2'18 BOTTOM LINE DECOMPOSITION (IN PLN M)

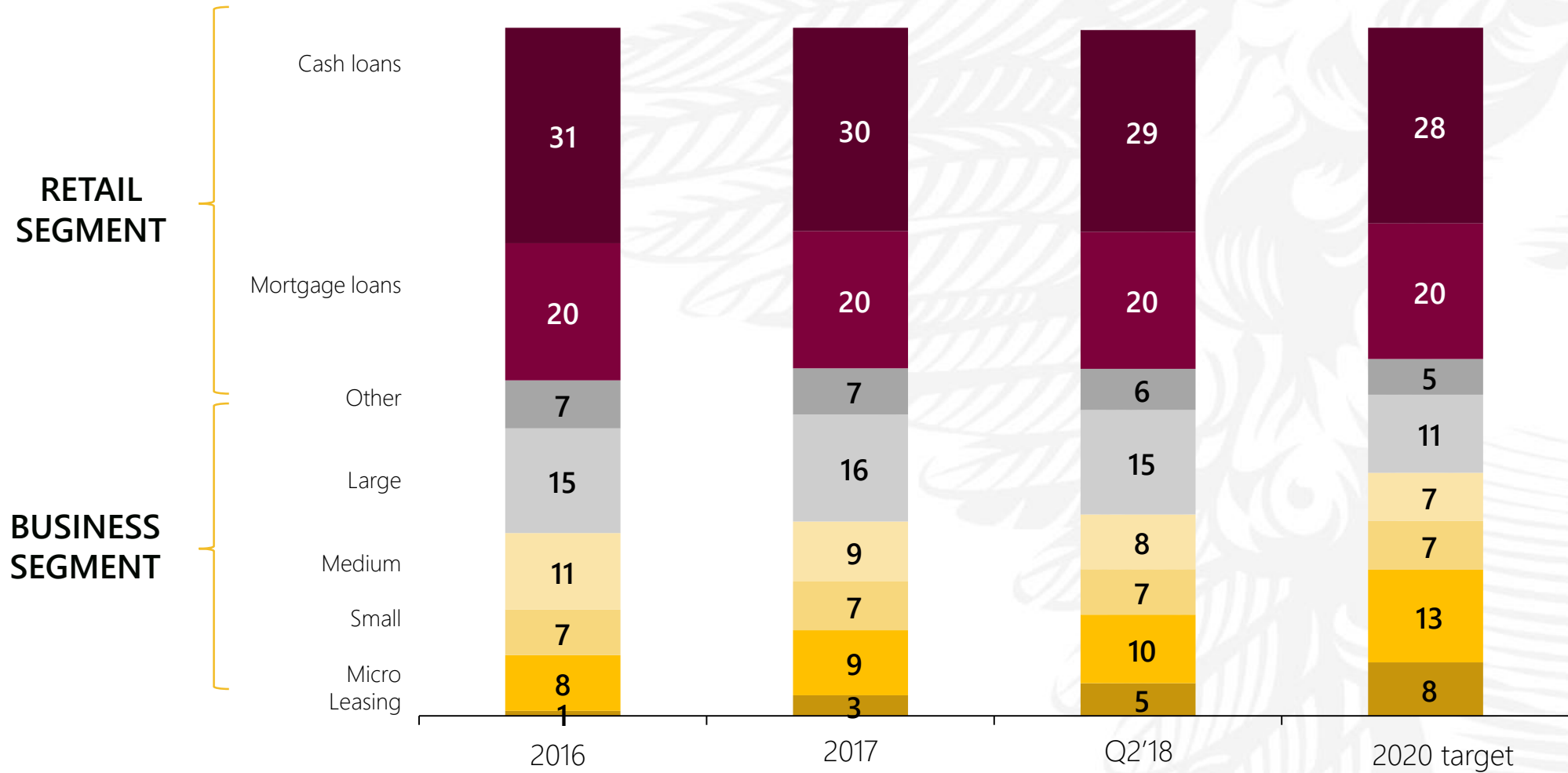
QTD in PLN M





LOAN PORTFOLIO STRUCTURE DEVELOPMENT ON TRACK TO ACHIEVE STRATEGIC TARGETS

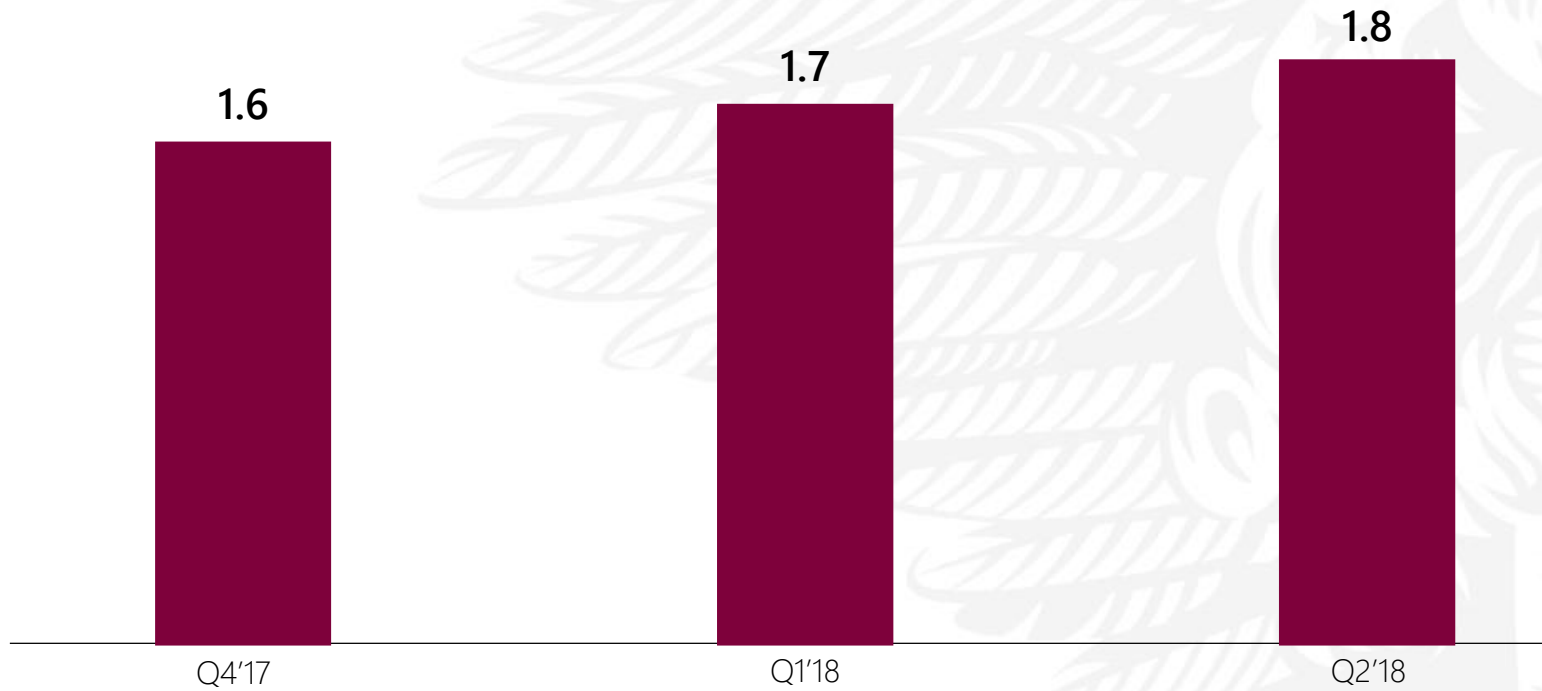
GROSS LOAN BOOK COMPOSITION [%]





ALIOR BANK AMONG LEADERS IN CASH LOAN SALE...

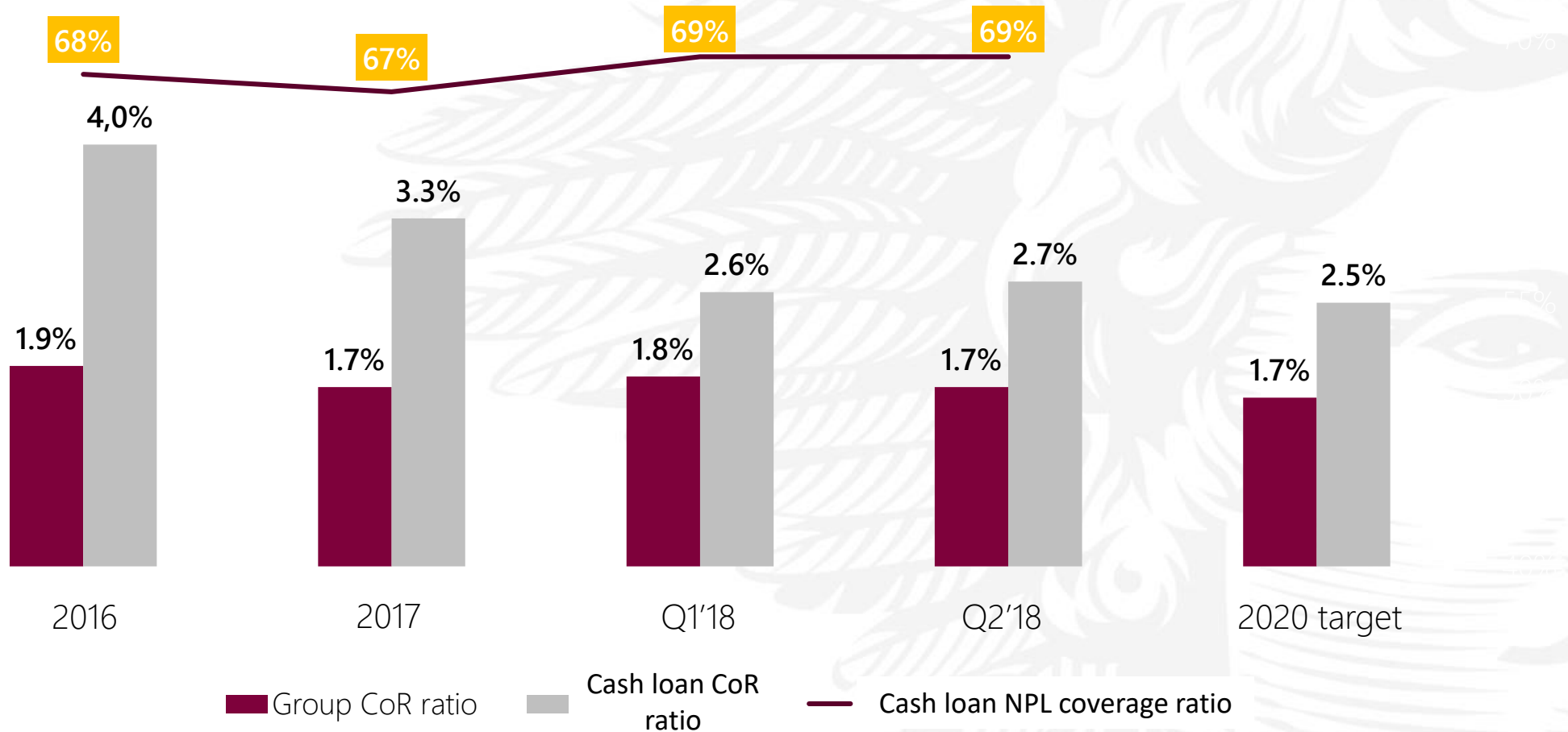
NEW SALES OF CASH LOANS [PLN B]



Over 90% of loan volume in Q2'18 sold in either own branches or agencies



... CONCURRENTLY IMPROVING CREDIT QUALITY THAT RESULTS IN THE DROP OF PORTFOLIO COST OF RISK



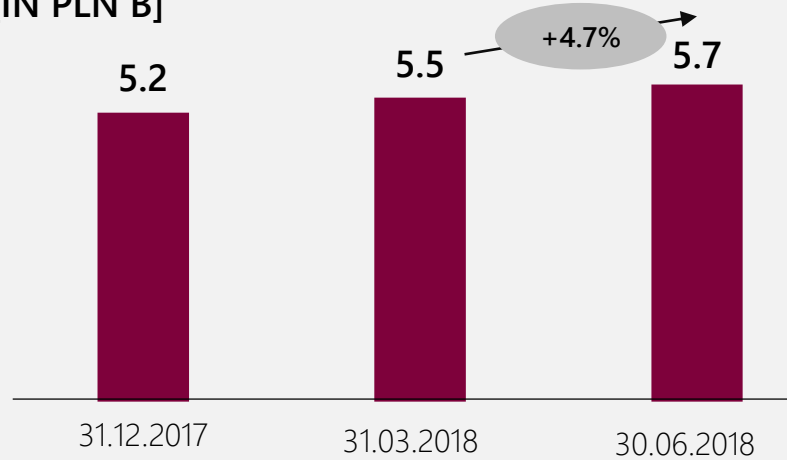
Effective client relations lead to loan quality improvement of cash loans granted (~80% of sales directed to existing client base).

Higher effectiveness of cash loan monitoring processes successively reduces the share of NPL portfolio exposures (2016: 1.85%; 2017: 1.69%; Q2'18: 1.53%).

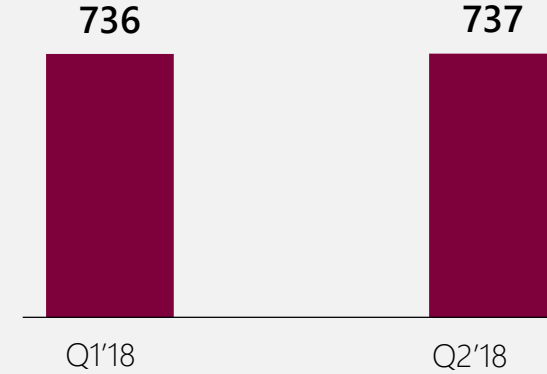


FURTHER GROWTH OF LOAN VOLUMES IN MICRO AND LEASING SEGMENTS

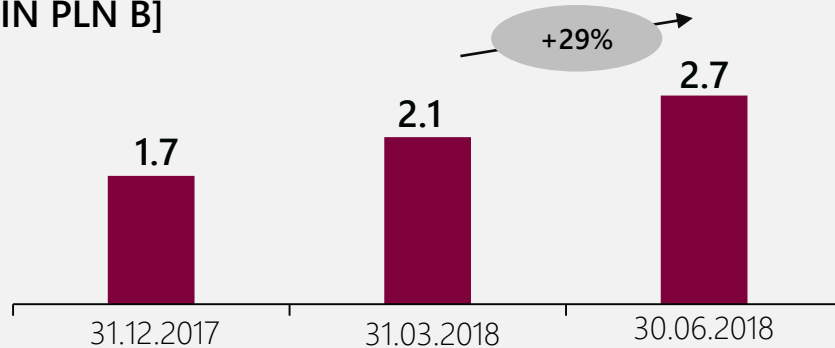
LOAN BOOK – MICRO
[IN PLN B]



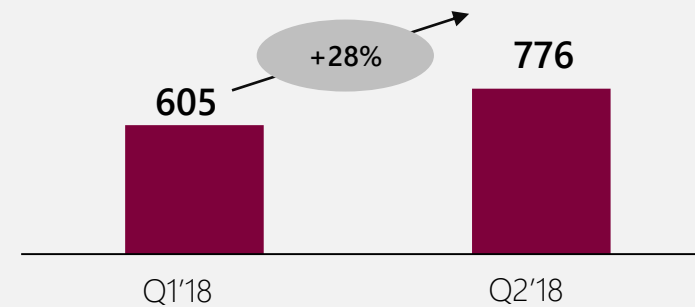
NEW SALE – MICRO*
[IN PLN M]



LEASING LIABILITIES*
[IN PLN B]



NEW SALE – LEASING
[IN PLN M]





DIGITAL DISRUPTOR - FURTHER DEVELOPMENT OF A MODERN OFFER AND PROCESSES FOR RETAIL CLIENTS

Cash loan

- **Increase in sales volumes of pre-approved offers by 189%** (Q2 vs. Q1) supported by the implementation of the fully on-line process
- "Oferta dla duetów " - **increase in new loan volumes by 5%** (Q2 vs. Q1)



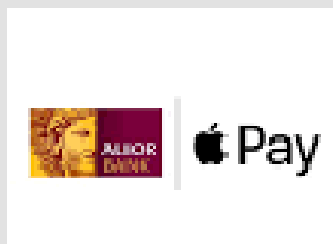
New „Mocno Oszczędnościowe” account

- **2 billion new funds in Q2'18**
- **43 thousand accounts, including 11 thousand new customers**
- Fully remote process for new and existing customers
- Free online transfer without limits (to the personal account at Alior Bank)



Apple Pay

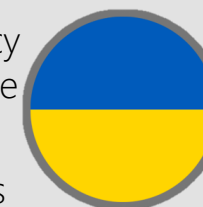
- **From 19/06/2018, customers have made 77 thousand transactions for the amount of PLN 3.1 M**
- The service is provided free of charge
- All new cards issued to Alior Bank clients support Apple Pay technology



Service and offer for Ukrainian citizens

- Reduced spread compared to the standard offer for customers of Alior Bank
- 1 foreign transfer free of charge
- The Ukrainian version of the currency exchange website and support in the contact centre
- The bank currently provides services to 13 thousand Ukrainians

Вітаємо в Alior Bank!

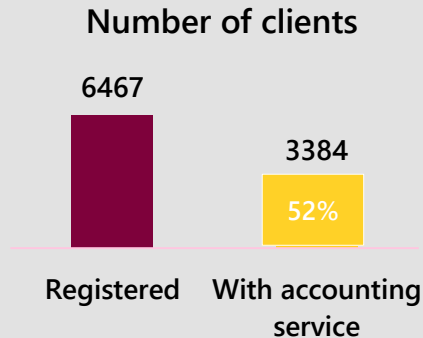




DIGITAL DISRUPTOR - FURTHER DEVELOPMENT OF A MODERN OFFER AND PROCESSES FOR BUSINESS CLIENTS

Enrichment of the offer for Business Clients

- **Zafirmowani.pl** enriched and integrated with services such as:
 - **Online debt collection**
 - **Microfactoring**
- New functionalities in on-line accounting service



Mechanism of split payment

- The Bank implemented the product infrastructure to support the split payment mechanism
- As part of the factoring, clients were provided with the possibility of adjusting to individual needs, financing the net or gross amount, also proportionally and at a later date



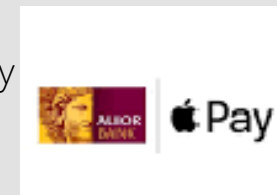
New „4x4” account

- **4 invariable benefits:**
 - PLN 0 for account maintenance
 - PLN 0 for ZUS / US transfers
 - PLN 0 for on-line accounting
 - PLN 0 for debit card
- **4 packages of services to choose from:**
 - national
 - foreign
 - cash
 - saving

41% of clients opt for additional fee based product

ApplePay

- **As one of the first Banks in Poland, we have provided an ApplePay digital service for Business Customers**
- All newly issued cards for Alior Bank customers support ApplePay technology
- The service is free





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KEY FINANCIALS – P&L

PLN M	Q2 2018	Q1 2018	ch. qoq. (%)	ch. qoq. (PLN M)
Total revenue	1 025	969	5.7	55
General administrative expenses	-430	-456	-5.7	26
Impairment losses & provisions	-269	-241	11.7	-28
Bank tax	-53	-50	6.3	-3
Profit before tax	273	223	22.5	50
Income tax	-77	-58	32.4	-19
Net profit	196	164	19.0	31



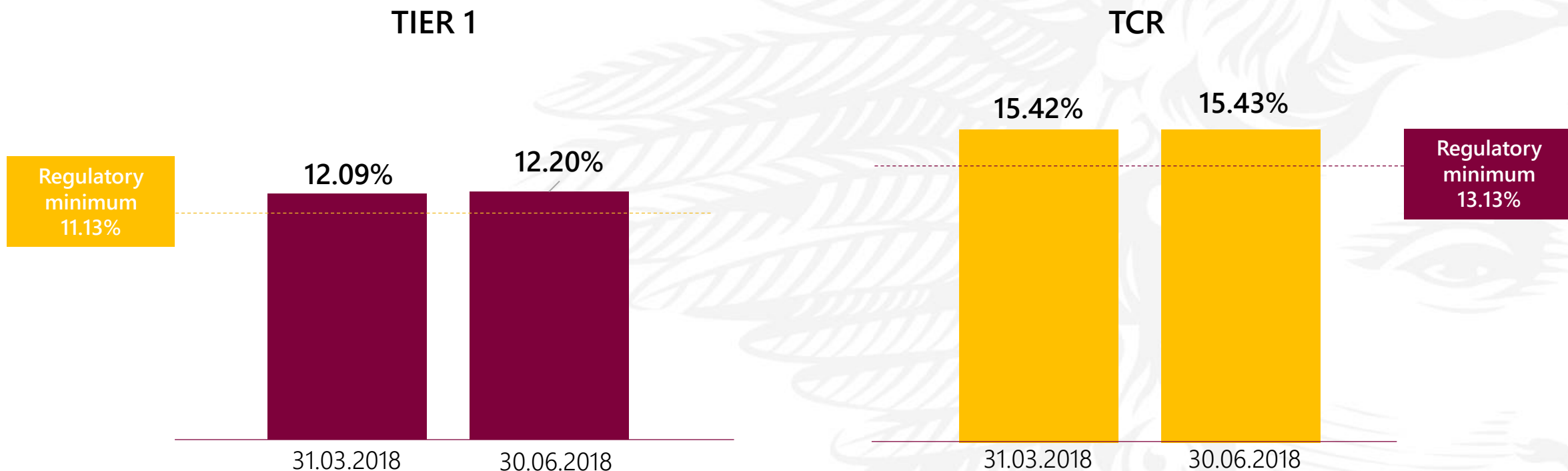
KEY FINANCIALS – VOLUMES AND RATIOS

PLN M	30.06.2018	31.12.2017	change (PLN M)	change (%)
Loans	52 674	51 267	1 408	2.7
Deposits	59 645	57 657	1 988	3.4
Total equity	6 336	6 691	-355	-5.3
Total assets	70 538	69 516	1 022	1.5

% quarterly	Q2 2018	Q1 2018	ch. qoq. (p.p.)	ch. qoq. (%)
ROE	12.6	11.1	1.5	13.1
ROA	1.1	1.0	0.1	16.3
C/I	42.0	47.1	-5.1	-10.8
CoR	-1.7	-1.8	0.0	-2.1
L/D	88.3	87.3	1.0	1.2
NPL ratio	10.8	10.7	0.1	0.9
NPL coverage ratio	51.6	52.3	-0.7	-1.3
TCR	15.4	15.4	0.0	0.0
TIER 1	12.2	12.1	0.1	2.1



CAPITAL POSITION



The current level of capital ratios TIER1 and TCR ratios leaves a comfortable buffer above regulatory minimum of 107 bp and 230 bp, respectively

The current capital plan assumes reaching TIER1 and TCR in 2020 at 15% and 17%, respectively

The level of capital ratios significantly higher than assumed in the strategy

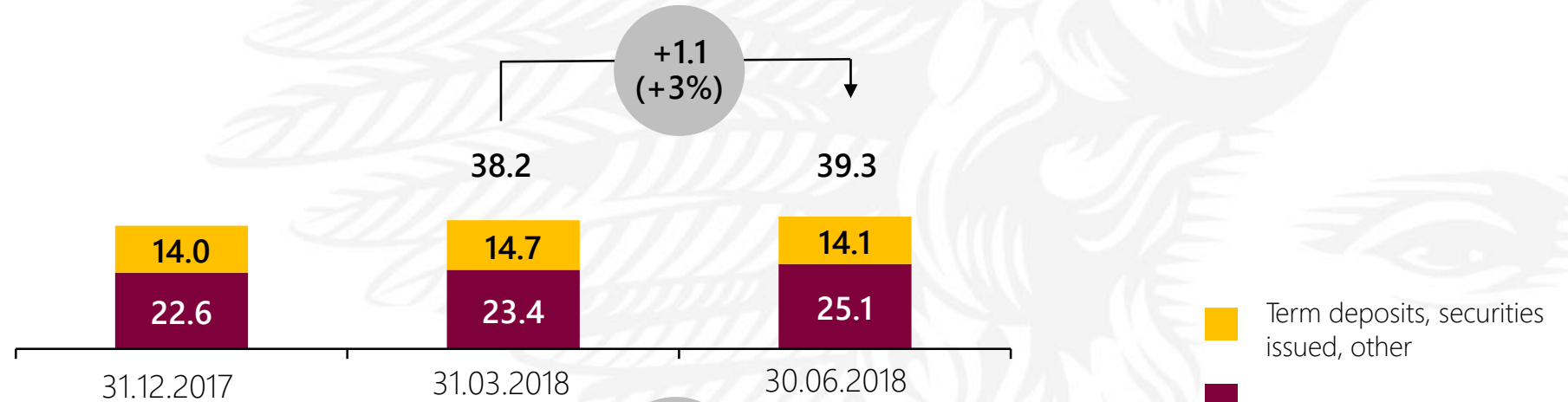


DEPOSITS – CURRENT ACCOUNTS AND TERM DEPOSITS STRUCTURE (IN PLN B)

BANK: L/D = 88.3%

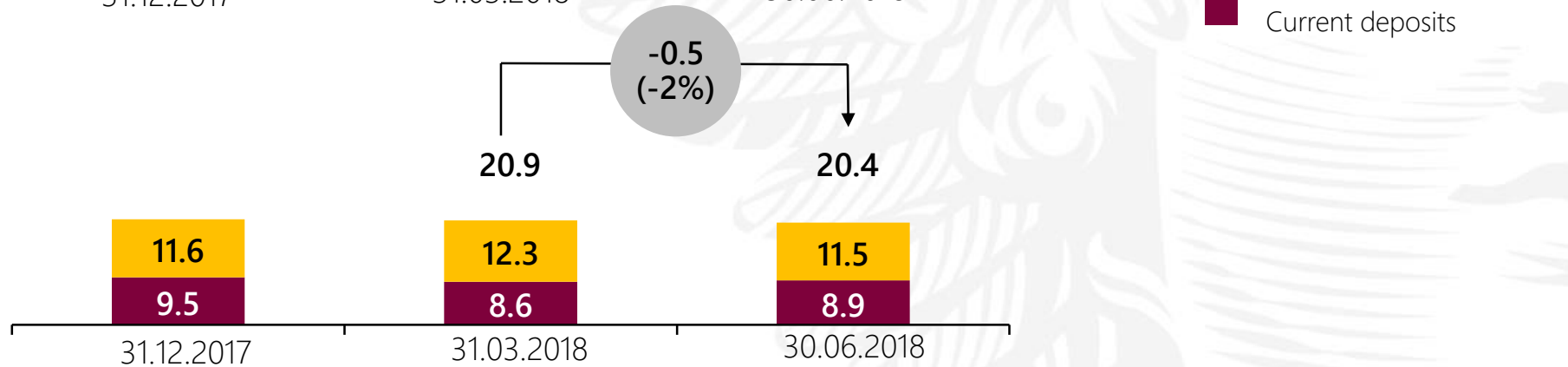
Retail

L/D = 71.6%



Business

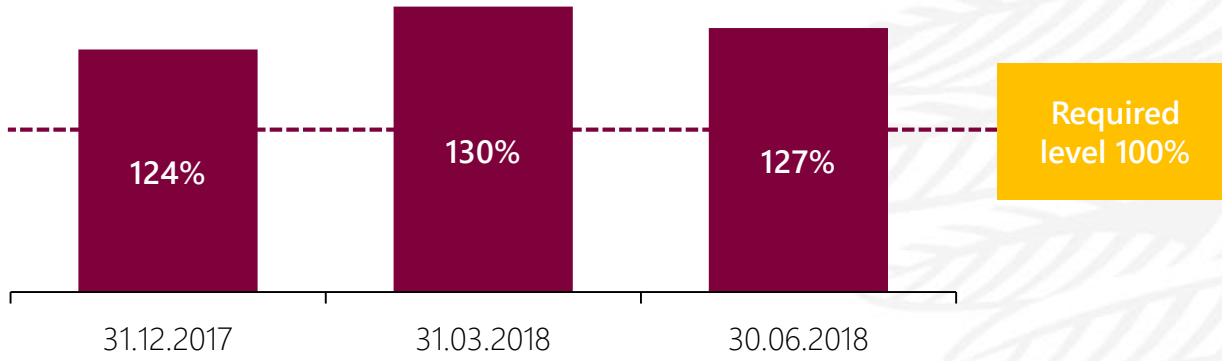
L/D = 115.1%



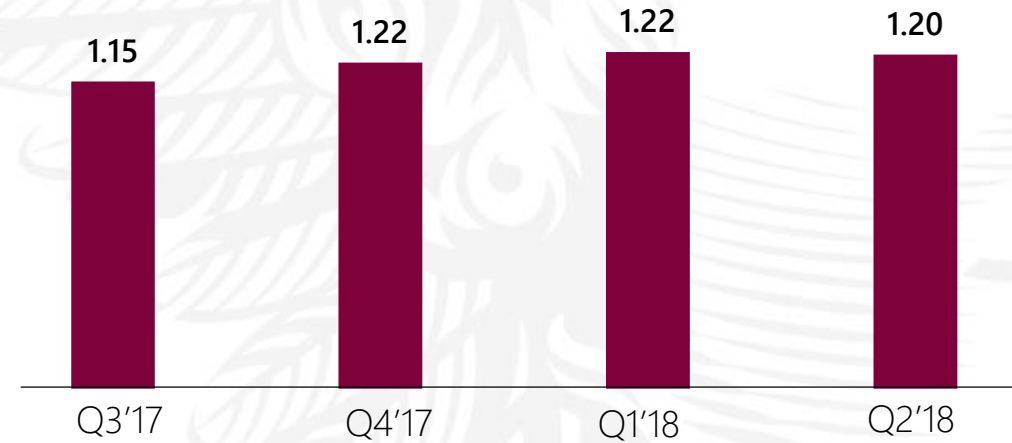


STABILIZATION OF LIQUIDITY POSITION ALLOWS FOR NIM IMPROVEMENT

LCR RATIO



COST OF FINANCING* [%]



All data presented on a quarterly basis.

*Cost of financing; interest expense excl. cost of derivative instruments/interest liabilities (deposits, bonds, subdebt, banking securities).



PROFITABILITY

NIM
(YTD)*

4.8%

4.7%

4.6%

4.5%

4.6%

Q2'17

Q3'17

Q4'17

Q1'18

Q2'18

CoR
(YTD)

-1.8%

-1.7%

-1.7%

-1.8%

-1.7%

Q2'17

Q3'17

Q4'17

Q1'18

Q2'18

NIM – CoR
(YTD)

3.0%

3.0%

2.9%

2.8%

2.8%

Q2'17

Q3'17

Q4'17

Q1'18

Q2'18

*2017 data not restated



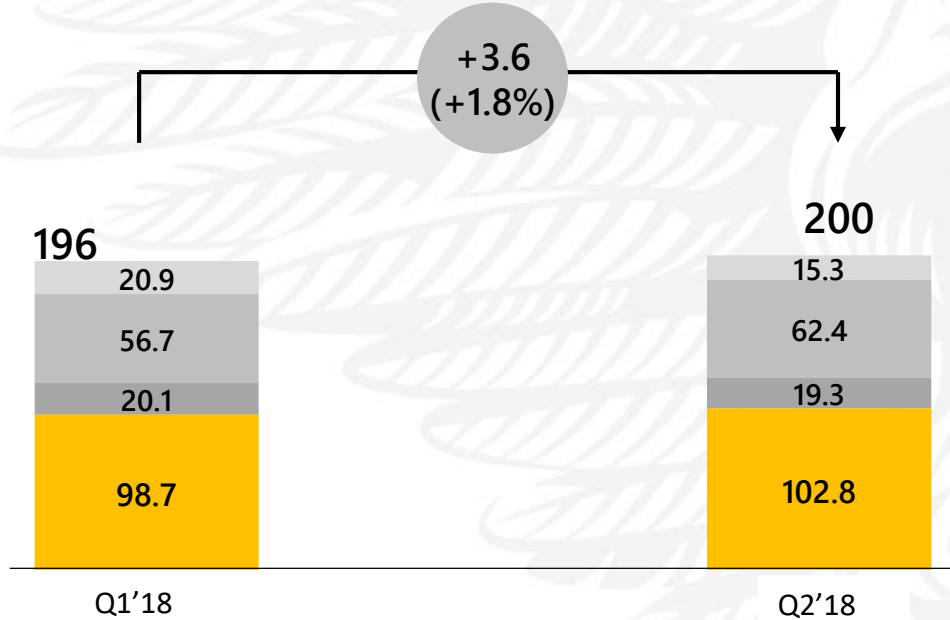
FEEs AND COMMISSION BREAKDOWN (IN PLN M)

NET F&C



F&C INCOME

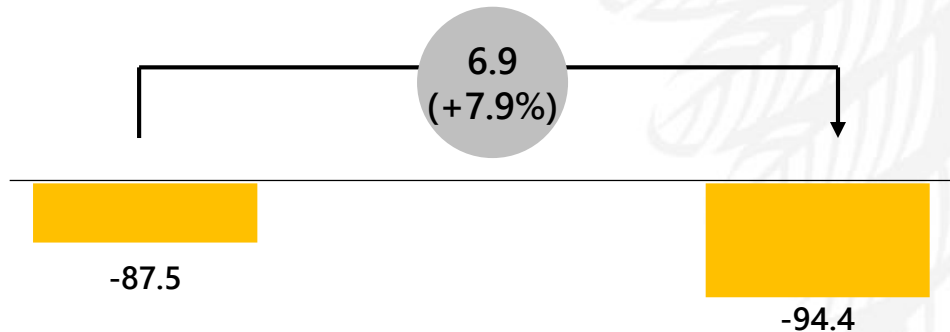
- bancassurance
- payment and credit cards servicing
- brokerage fees
- fees related to C/A, loans, transfers



Increases in fee and commission income due to growth related to cards and loans

Higher commission costs related to cost of acquiring customer and customer documentation mailing

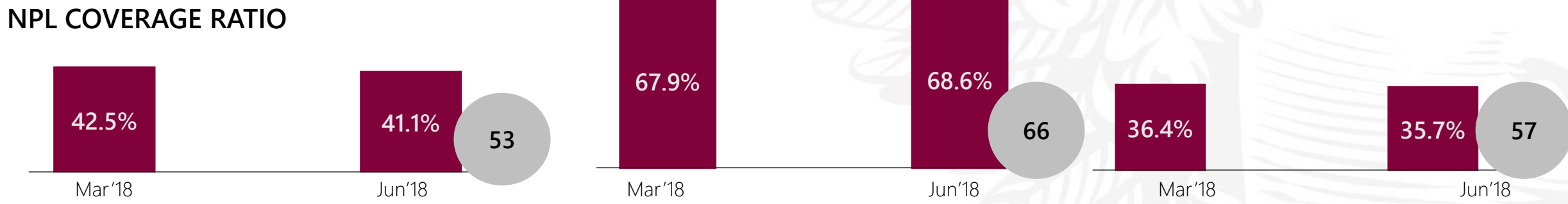
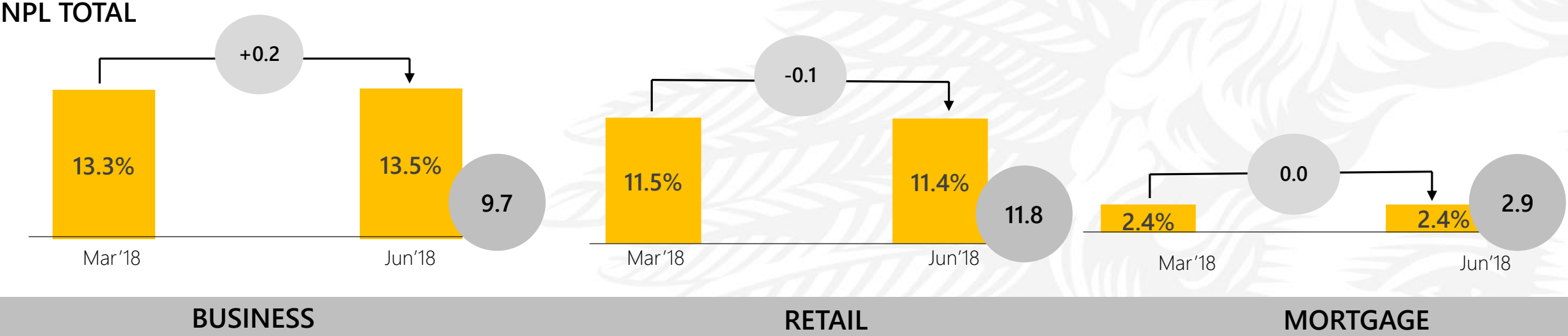
F&C EXPENSES





KEY CREDIT RISK RATIOS

Market average*



Loan portfolio structure (%)	Business	Retail	Mortgage
Alior Bank	45.5	36.7	17.8
Banking sector**	34.7	26.8	38.5

*Ratios (as of the end of December 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.



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2018 GUIDANCE

	1H'18 ACTUAL	2018 GUIDANCE
NIM net interest margin	4.6%	4.6%
C/I* cost/income	44.4%	44%
CoR cost of risk	1.7%	1.8%
Gross loan book growth**	PLN 3.0 B	PLN 5.5-6.5 B

*Cost/Income ratio: numerator – costs (excl. banking tax), denominator – revenue (NII, NFC, trading and other)

**Gross volume growth excld. LLP, NPL sales, BSB (Buy-Sell-Back) and securitization and incl. loan portfolio amortization



AGENDA

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OPERATIONAL PERFORMANCE

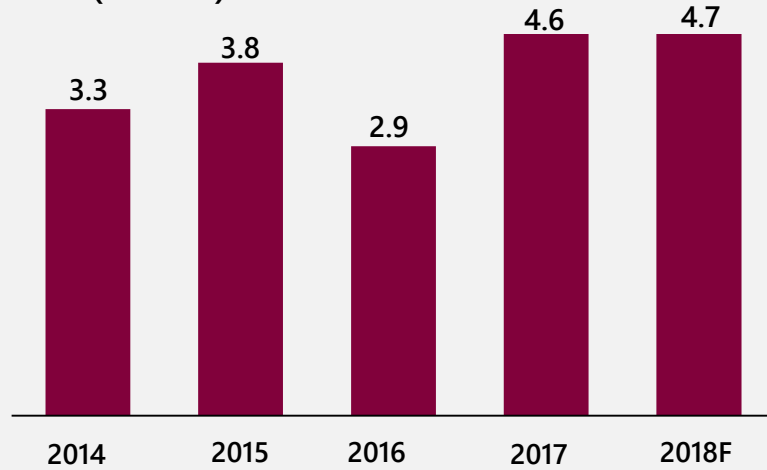
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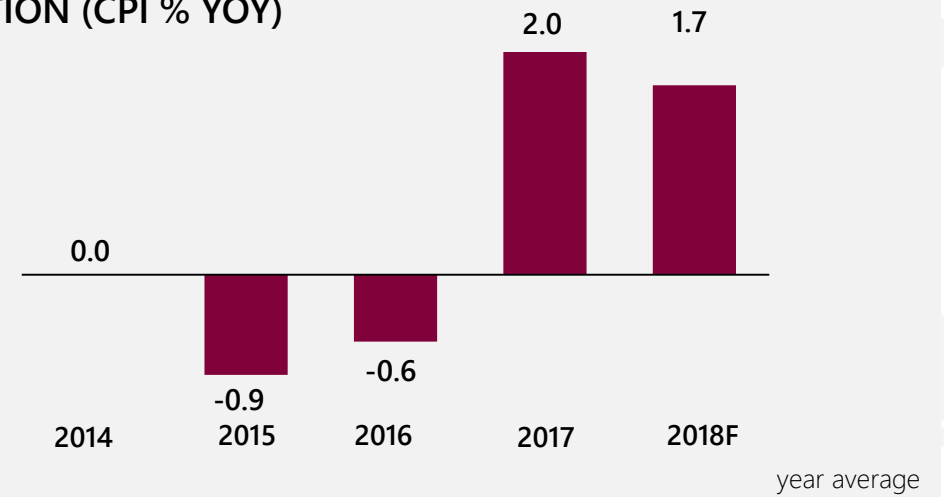


POLISH MACRO OUTLOOK

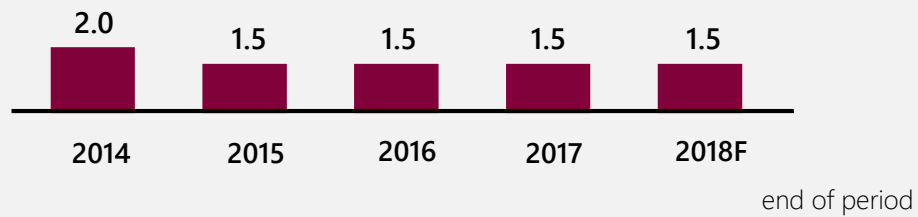
GDP GROWTH (% YOY)



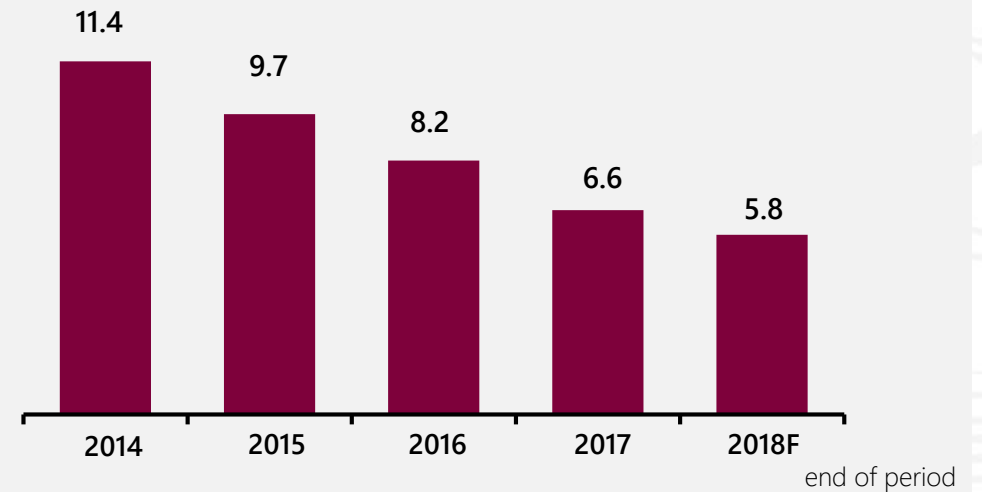
INFLATION (CPI % YOY)



NBP REFERENCE RATE (%)



UNEMPLOYMENT RATE (%)





INCOME STATEMENT SNAPSHOT

in PLN M	Q2'18	Q1'18
Interest income*	991	948
Interest expense	-228	-210
Net interest income	763	737
Fee and commission income	200	196
Fee and commission expense	-94	-87
Net fee and commission income	105	109
Net gain (realized) on other financial instruments	108	78
Net gain on discontinued fair value valuation through P&L	46	16
Other operating income	24	55
Other operating costs	-21	-25
Net other operating income	3	30
General administrative expenses	-430	-456
Net impairment charges and write-downs	-269	-241
Banking tax	-53	-50
Profit before tax	273	223
Income tax	-77	-58
Net profit	196	164
Net profit attributable to equity holders of the parent	196	164

*Interest income incl. income of a similar nature



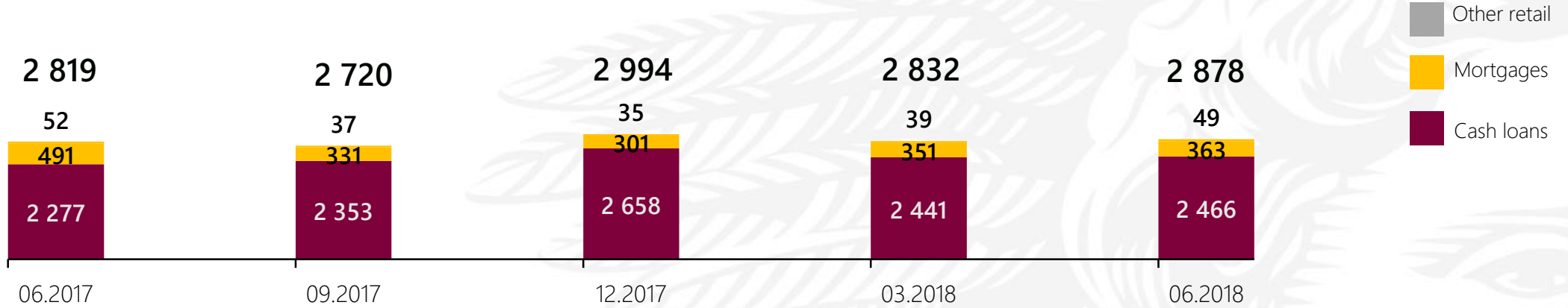
BALANCE SHEET SNAPSHOT

in PLN M	30 Jun'18	31 Dec'17
Cash and balances with the Central Bank	1 480	965
Financial assets	12 881	13 643
Derivative hedging instruments	72	88
Amounts due from banks	743	902
Loans and advances to customers	52 674	51 267
Assets pledged as collateral	336	409
Property, plant and equipment	441	476
Intangible assets	551	549
Income tax asset	860	592
Differed	860	592
Other assets	500	626
Total assets	70 538	69 516
Amounts due to banks	698	892
Amounts due to customers	59 645	57 657
Derivative hedging instruments	446	436
Provisions	9	5
Other liabilities	185	90
Income tax liabilities	1 149	1 694
Amounts due to banks	151	136
Current	150	135
Subordinated loans	1 919	1 915
Total liabilities	64 202	62 825
Equity	6 336	6 691
Equity attributable to equity holders of the parent	6 336	6 761
Share capital	1 305	1 293
Supplementary capital	5 385	4 820
Revaluation reserve	64	14
Other reserves	172	184
Retained earnings (accumulated losses)	-950	-93
Profit for the year	360	471
Total liabilities and equity	70 538	69 516

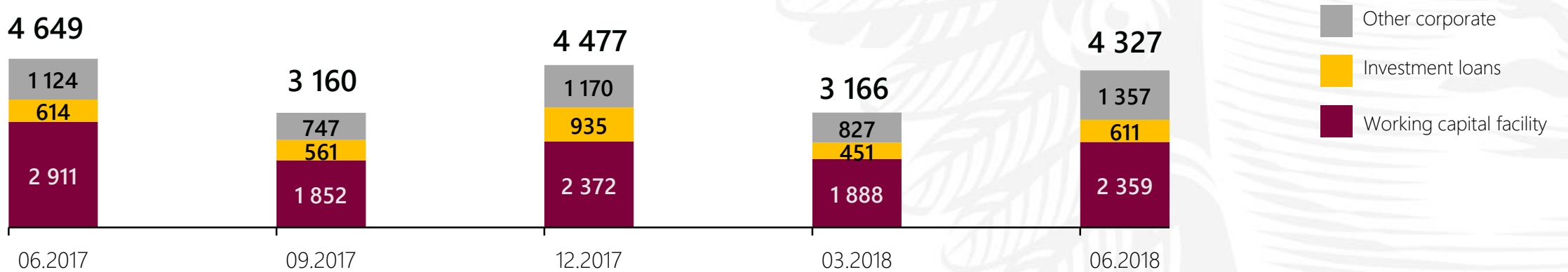


NEW LOANS SALES

RETAIL LOANS (NEW SALES PER QUARTER)



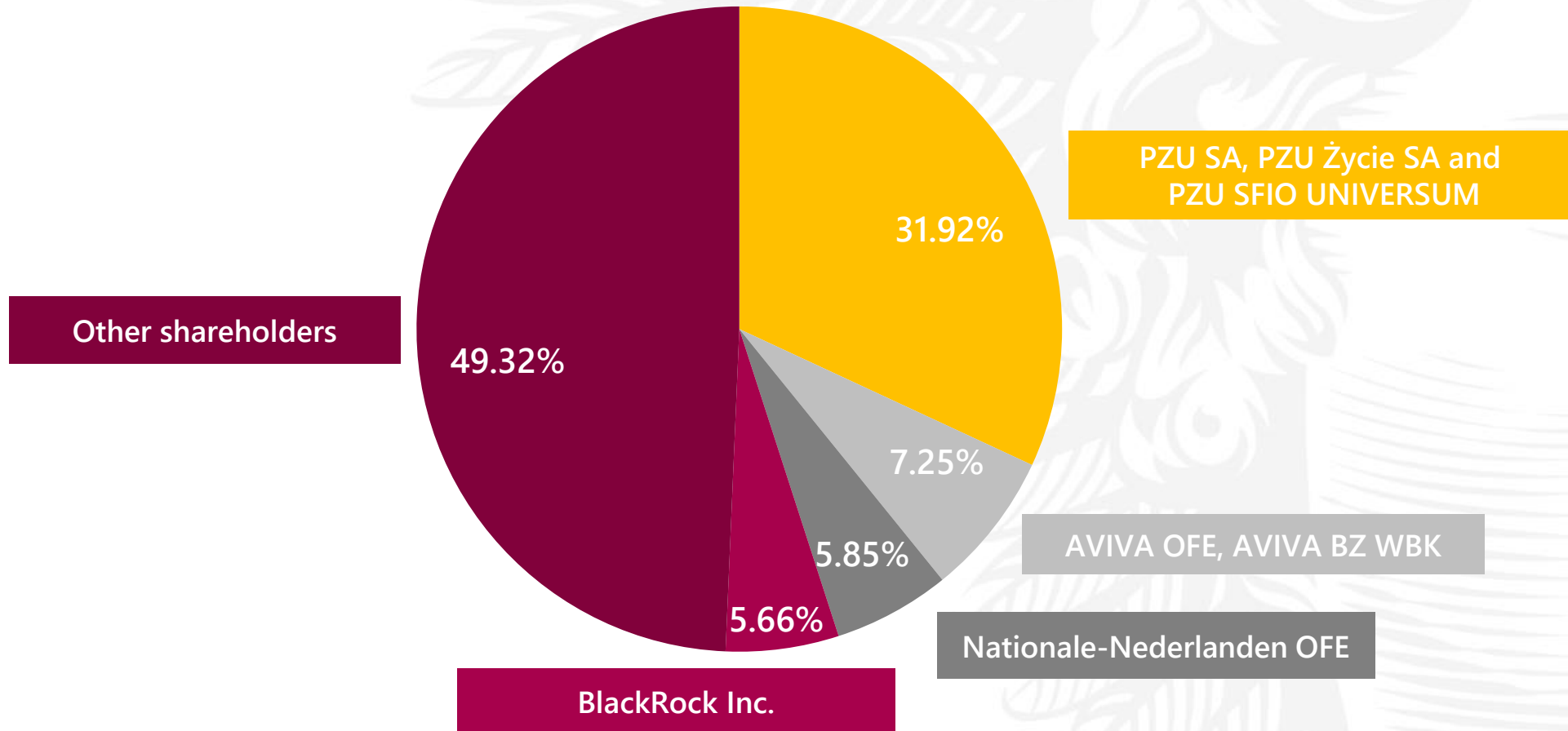
CORPORATE LOANS (NEW SALES PER QUARTER)



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: other receivables and factoring



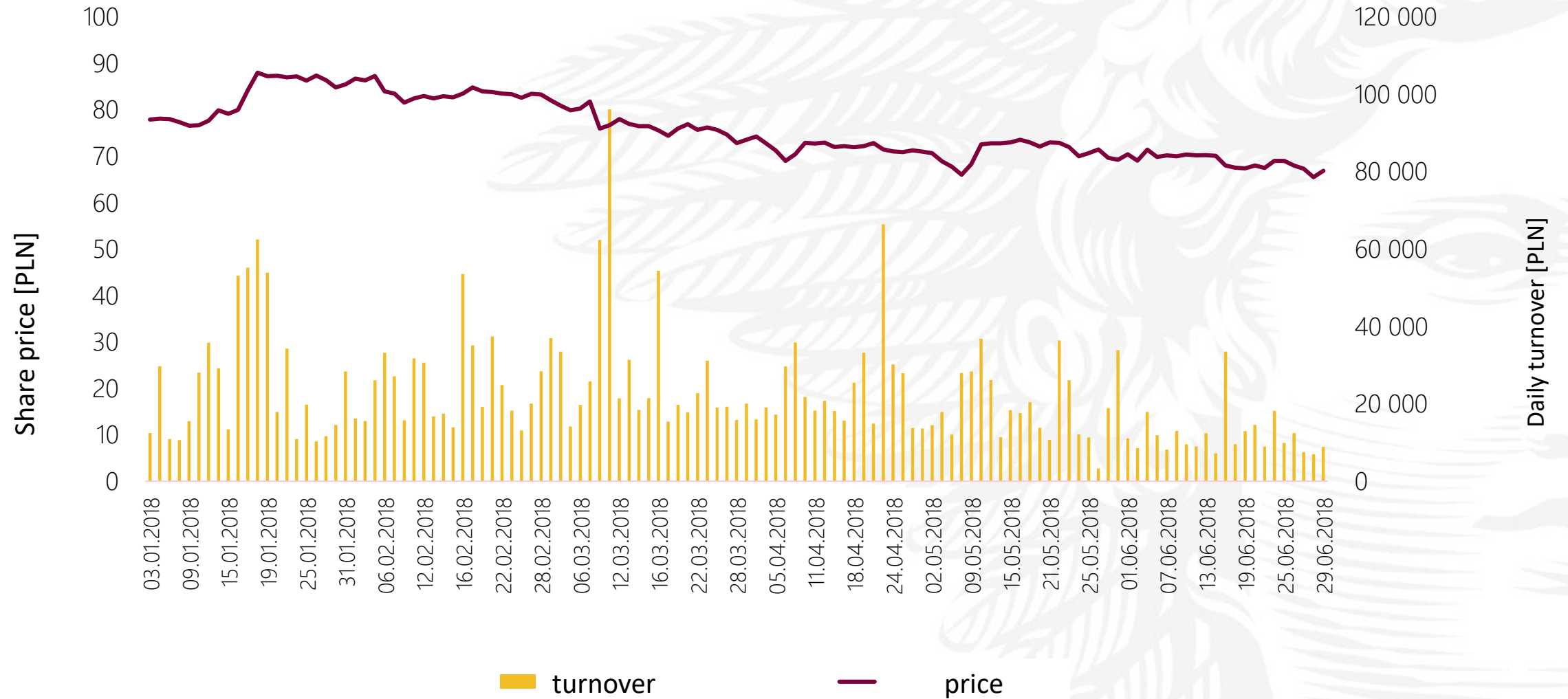
LARGEST FREE FLOAT AMONG POLISH FINANCIAL INSTITUTIONS



*based on the number of shares registered on AGM held on 22 June 2018 and received notifications.

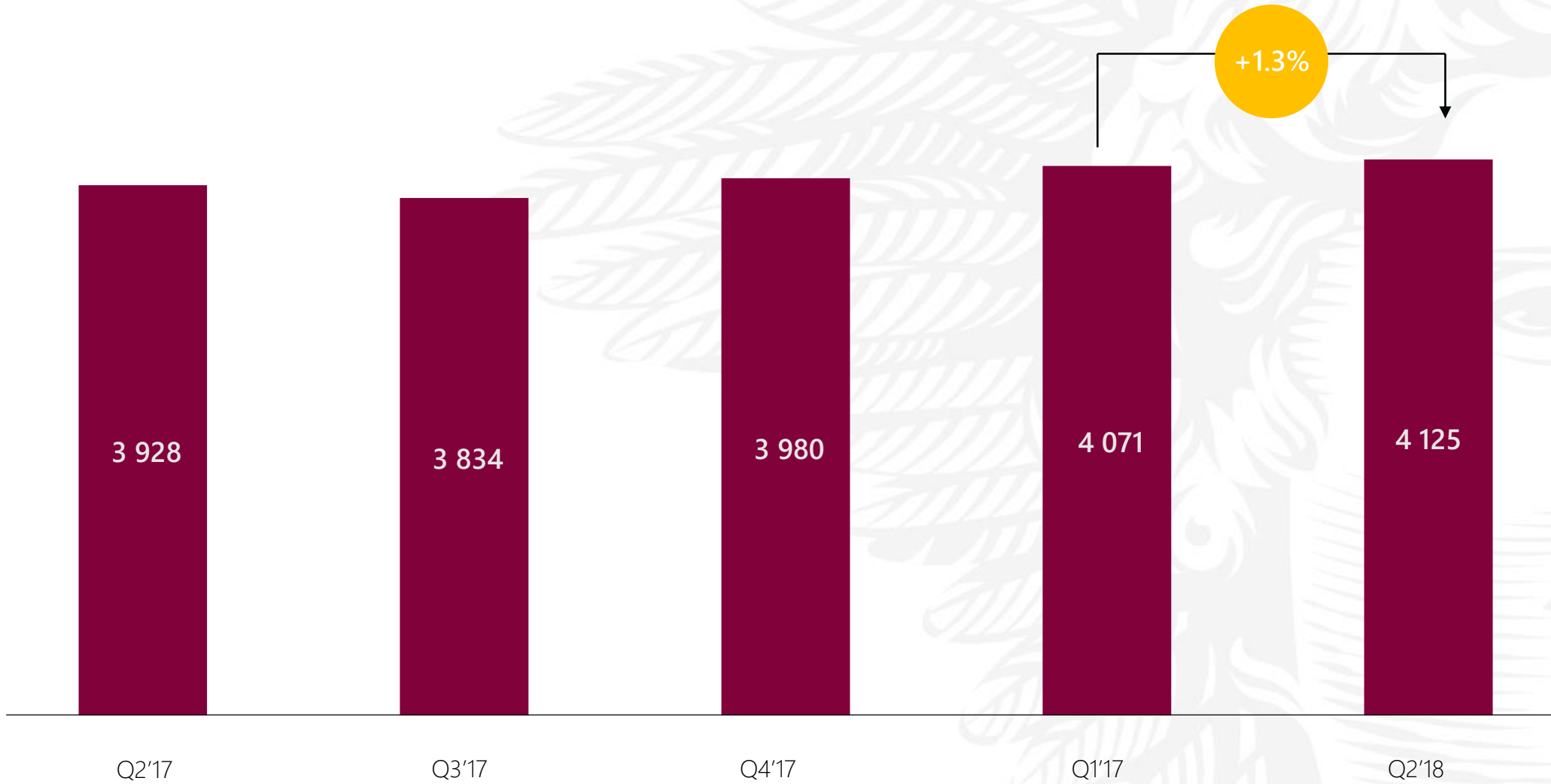


ALIOR SHARE PRICE PERFORMANCE IN 1H'18





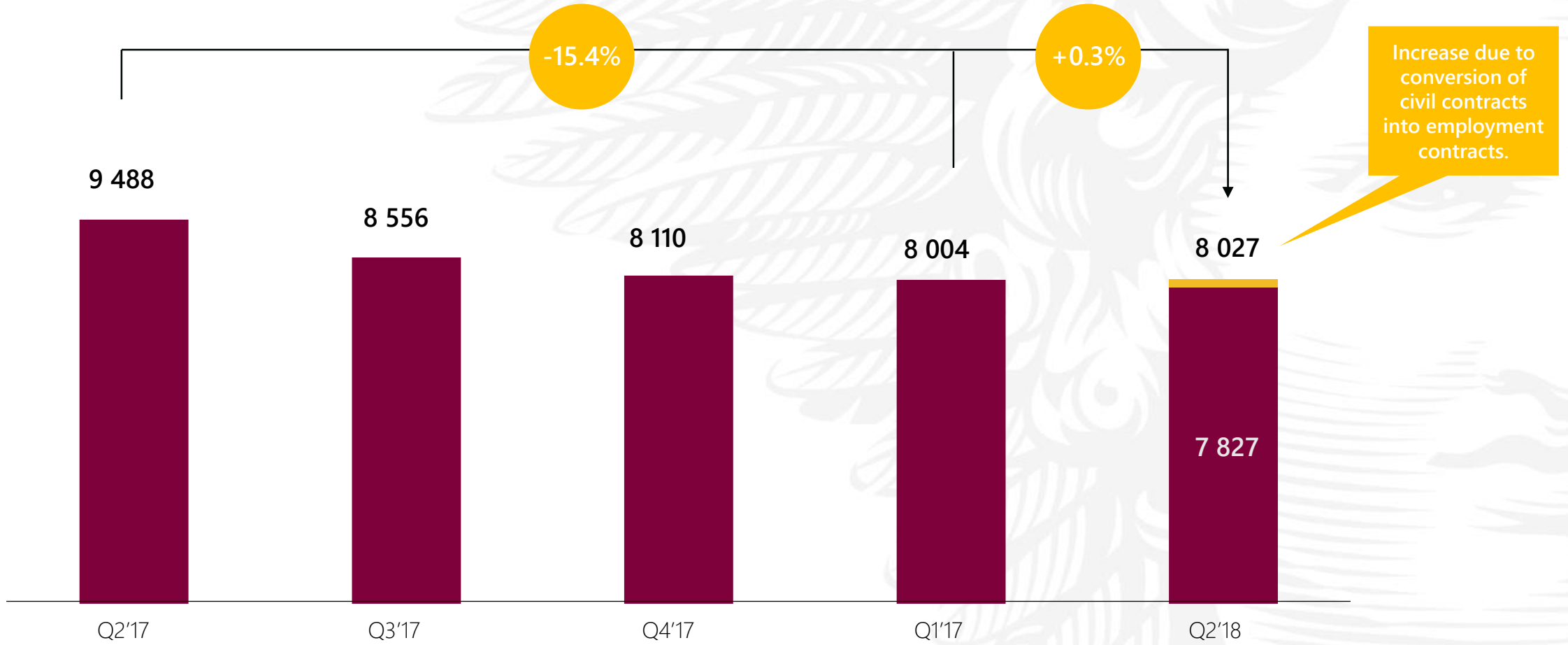
ALIOR BANK CUSTOMER BASE (IN T)



*In Q3'17 Alior Bank terminated 156 thousand inactive accounts.

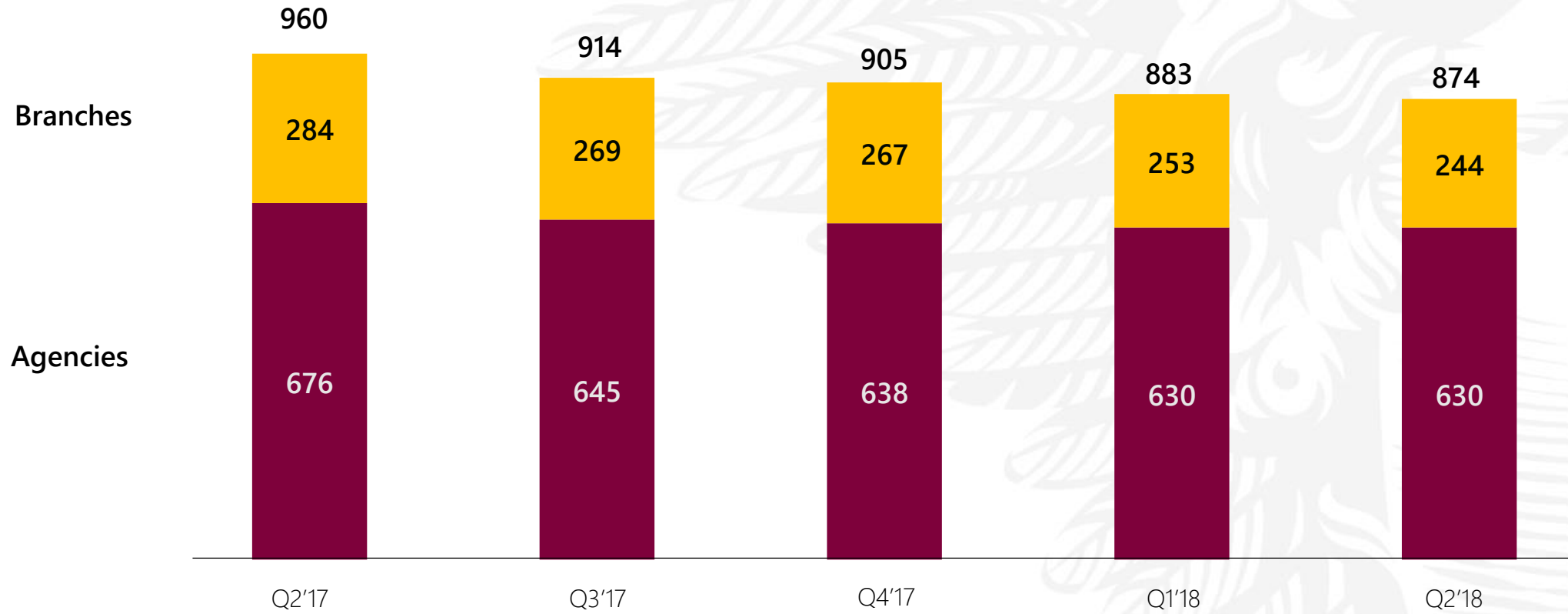


FTE EVOLUTION





NUMBER OF BRANCHES





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