



**ALIOR  
BANK**

**ALIOR BANK S.A.**

**Q4 2014 results presentation**

**February 27, 2015**

# AGENDA

- Highlights
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

- **Highlights**
- Operational Performance
- Strategic Initiatives
- Outlook
- Appendix

## ✓ Continuous & profitable growth

- Robust profitability:
  - PLN 100 M net result in Q4'14
  - >40% growth in annual profit vs 2013,
- Best-in-class NIM maintained: 4,7%,
- Strict cost discipline: <50% C/I for 2014,
- Stable asset quality: 2,2% CoR (excluding Polbita),
- T-Mobile Banking Services: growth initiative on track,
- Zero potential impact from CHF exposure under any scenario.

## ✓ Acquisition of Meritum Bank

- Expedient approval process:
  - KNF approval Feb 10<sup>th</sup> 2015,
  - Transaction closed on Feb 19<sup>th</sup> 2015,
  - Merger motion filed on Feb 25<sup>th</sup> 2015.
- Starting Feb 19<sup>th</sup> two banks operating separately within Alior Capital Group – financial consolidation will take place in Q1 2014.
- Synergies and integration costs communicated in Oct 2014 confirmed.
- Full operational merger expected before end of 2015.

# KEY FINANCIALS

<i>M PLN</i>	2014	2013	(A/B)-1 (%)	Q4'14 QTD	Q3'14 QTD	Q4'13 QTD	(D/E)-1 (%)	(D/F)-1 (%)
	A	B	C	D	E	F	G	H
Net interest income	<b>1 216</b>	999	21,8	<b>319</b>	321	298	-0,6	7,3
Net fee and commissions	<b>348</b>	275	26,5	<b>96</b>	85	88	12,0	8,1
Trading result & other	<b>309</b>	266	16,1	<b>85</b>	83	62	2,2	36,4
Operating income	<b>1 873</b>	1 540	21,6	<b>500</b>	490	448	2,1	11,5
General Administrative Expenses	<b>-925</b>	-847	9,2	<b>-241</b>	-235	-233	2,3	3,3
Net impairment	<b>-547</b>	-405	35,0	<b>-133</b>	-167	-142	-20,2	-6,7
Net impairment (excluding Polbita)	<b>-509</b>	-381	33,5	<b>-133</b>	-129	-118	3,4	12,2
Gross profit	<b>401</b>	288	39,4	<b>126</b>	88	73	43,8	73,7
Gross profit (excluding Polbita)	<b>439</b>	312	40,9	<b>126</b>	126	97	0,3	30,5
Net profit	<b>323</b>	228	41,6	<b>101</b>	70	58	44,2	74,2
Net profit (excluding Polbita)	<b>354</b>	249	42,1	<b>101</b>	101	77	0,0	31,2

<i>M PLN</i>	2014	2013	(A/B)-1 (%)	Q4'14	Q3'14	Q4'13	(D/E)-1 (%)	(D/F)-1 (%)
Loans	<b>23 648</b>	19 654	20,3	<b>23 648</b>	22 789	19 654	3,8	20,3
Deposits	<b>24 428</b>	20 832	17,3	<b>24 428</b>	22 630	20 832	7,9	17,3
Total equity	<b>3 015</b>	2 185	38,0	<b>3 015</b>	2 919	2 185	3,3	38,0
Total assets	<b>30 168</b>	25 550	18,1	<b>30 168</b>	29 156	25 550	3,5	18,1

<i>M PLN</i>	2014	2013	A-B pp	Q4'14 QTD	Q3'14 QTD	Q4'13 QTD	D-E pp	D-F pp
ROE (%)	<b>12,4</b>	11,0	1,4	<b>13,5</b>	9,8	10,8	3,8	2,8
ROE (%) (excluding Polbita)	<b>13,4</b>	11,8	1,5	<b>13,3</b>	13,9	14,3	-0,6	-1,0
ROA (%)	<b>1,2</b>	1,0	0,2	<b>1,4</b>	1,1	1,0	0,3	0,4
ROA (%) (excluding Polbita)	<b>1,3</b>	1,1	0,2	<b>1,3</b>	1,4	1,3	-0,2	0,0
C/I (%)	<b>49,4</b>	55,0	-5,6	<b>48,2</b>	48,1	52,0	0,1	-3,8
CoR (%)	<b>2,4</b>	2,3	0,1	<b>2,2</b>	2,8	2,9	-0,7	-0,7
CoR (%) (excluding Polbita)	<b>2,2</b>	2,2	0,1	<b>2,2</b>	2,2	2,2	0,0	0,1
L/D (%)	<b>96,8</b>	94,3	2,5	<b>96,8</b>	100,7	94,4	-3,9	2,5
NPL ratio (%)	<b>8,9</b>	6,9	2,1	<b>8,9</b>	8,8	6,9	0,1	2,1
NPL coverage ratio (%)	<b>53,5</b>	57,3	-3,8	<b>53,5</b>	54,6	57,3	-1,1	-3,8
CAR (%)	<b>12,8</b>	12,1	0,7	<b>12,8</b>	13,8	12,1	-1,0	0,7
Tier 1 (%)	<b>11,2</b>	10,3	0,9	<b>11,2</b>	12,0	10,3	-0,8	0,9

# AGENDA

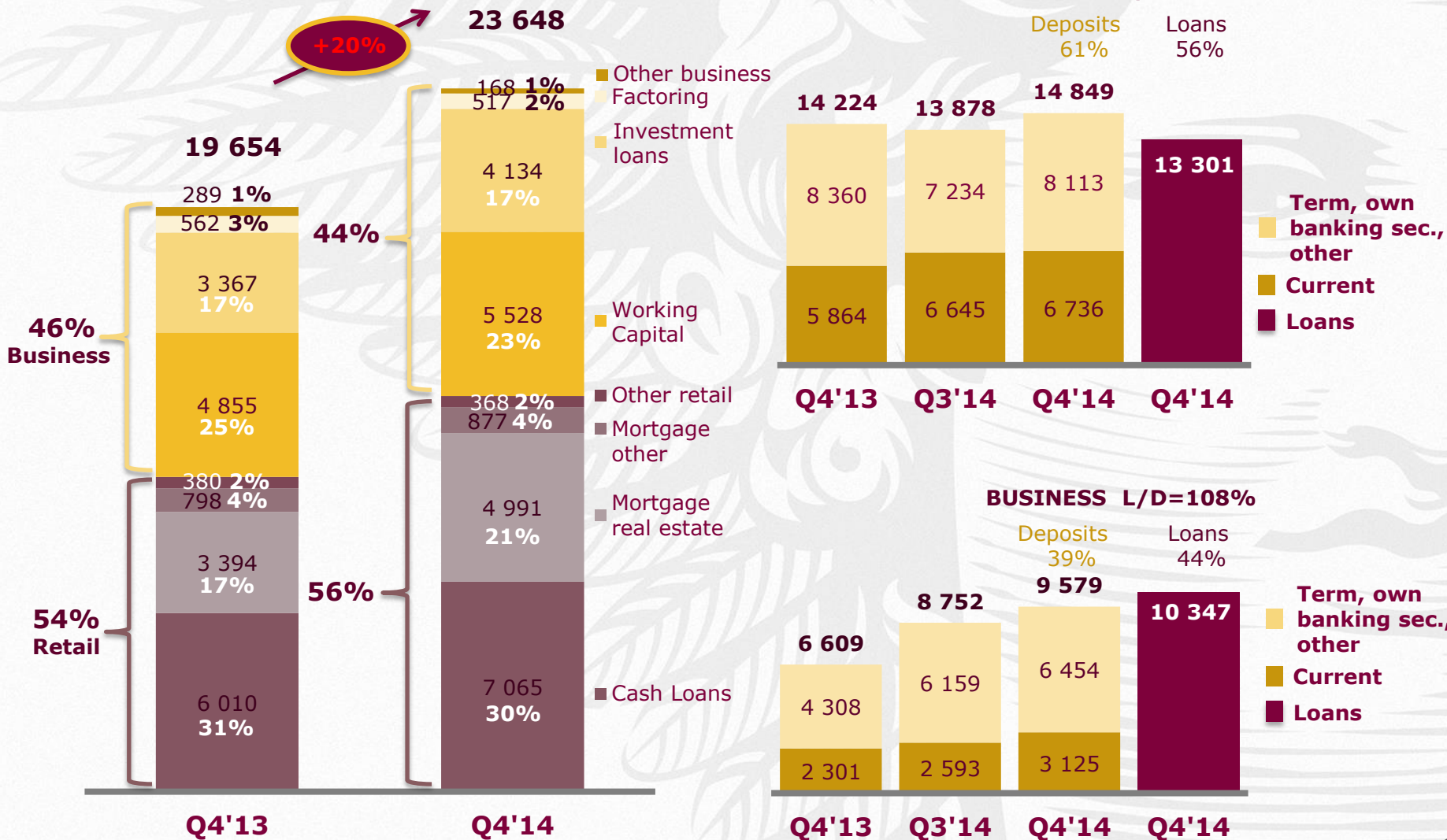
- Highlights
- **Operational Performance**
- Strategic Initiatives
- Outlook
- Appendix

# LOAN BOOK DEVELOPMENT AND FINANCING

## Loan book split

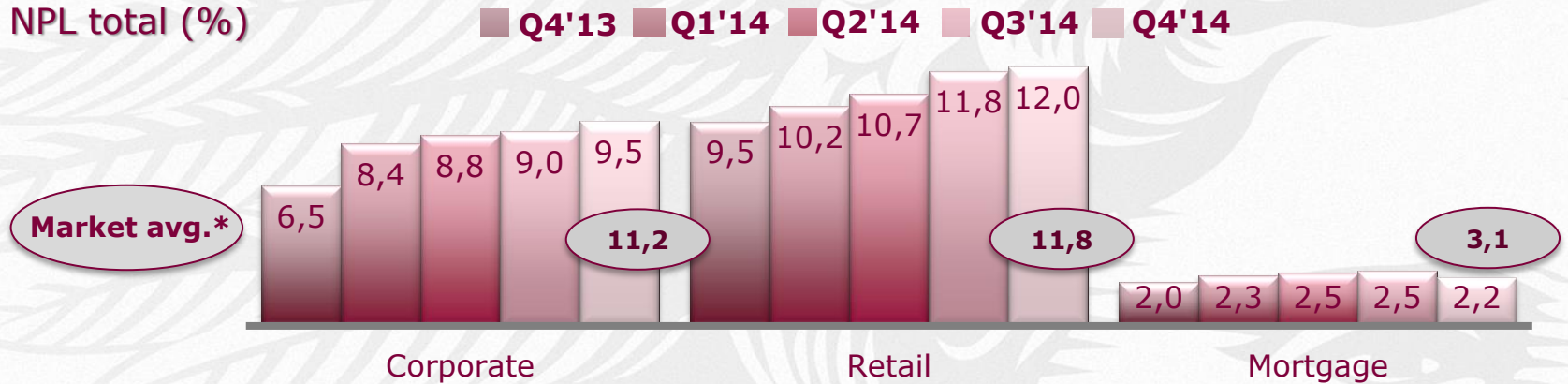
L/D = 96,8%

in PLN m



# CREDIT RISK OVERVIEW

NPL total (%)



Decrease of market average NPLs due to extensive sale of NPLs in Q4'14. Alior sold NPL portfolio amounting to PLN 89 m in Q4'14.

Coverage ratio (%)

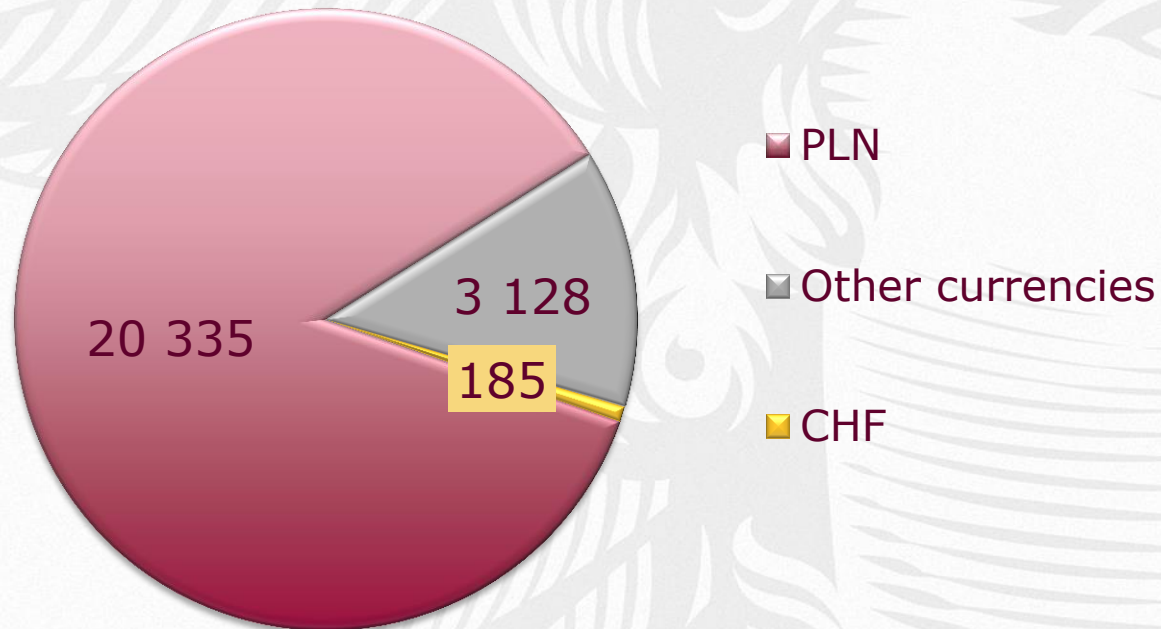


Loan portfolio structure (%)	Corporate	Retail	Mortgage
<b>Alior</b>	<b>45</b>	<b>35</b>	<b>20</b>
Banking sector	34	26	40

\*Ratios (as of Dec'14) 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 .

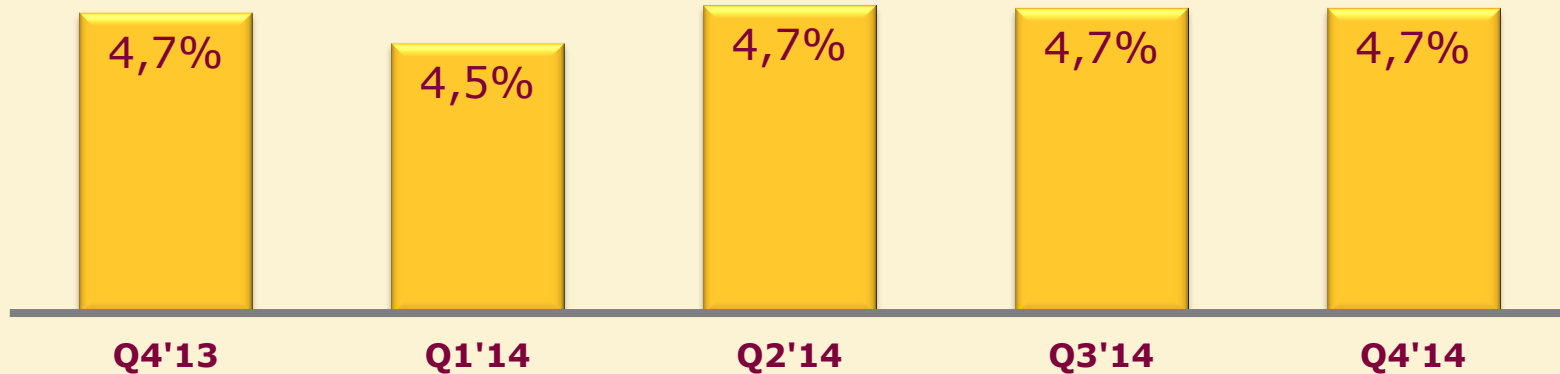
**CHF loans constitute less than 1% of the total net loans**

## 2014 loan portfolio by currency



**Zero potential impact from CHF exposure under any scenario.**

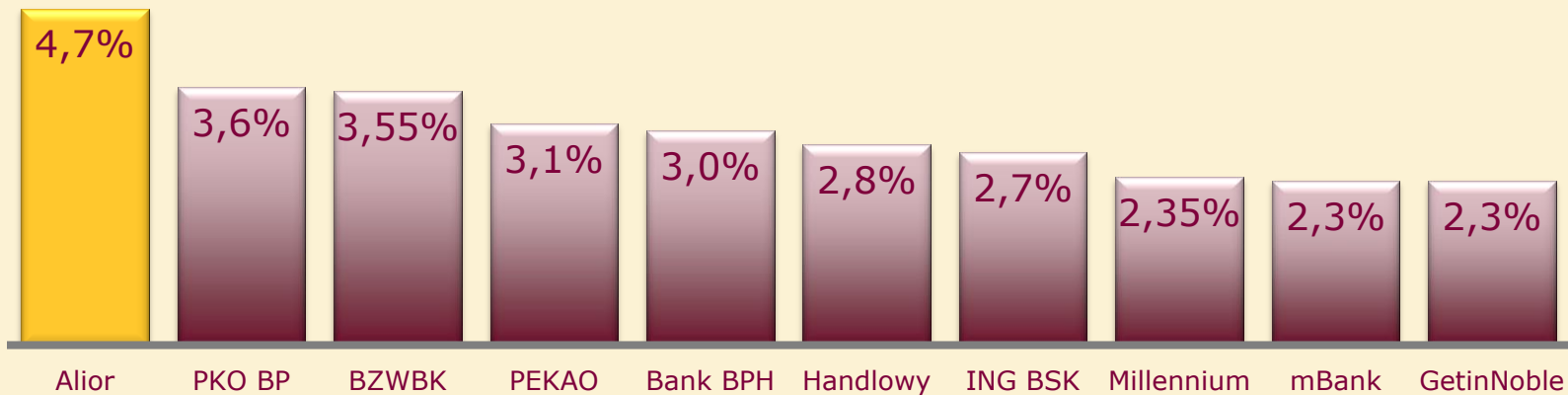
## Alior NIM development (YTD)



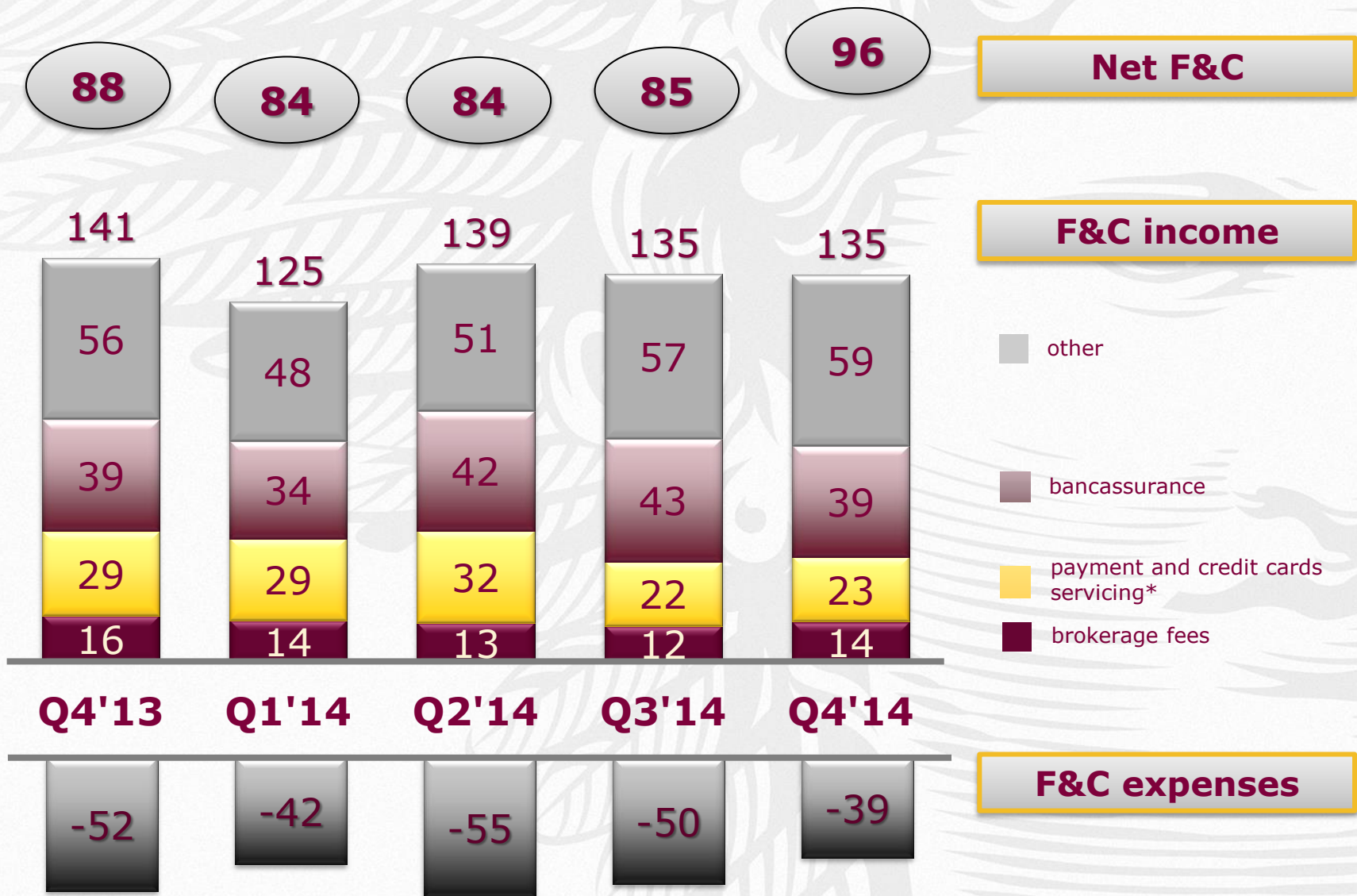
**NIM formula:** NII YTD for Q1'14, Q2'14, Q3'14 annualized divided by average IEA from Q4'13 and Q1'14, Q2'14 and Q3'14 respectively.

## NIM in selected Polish banks

(Alior, Millennium, mBank, BZWBK, Pekao, Bak Handlowy, ING – Q4'14, other – Q3'14)

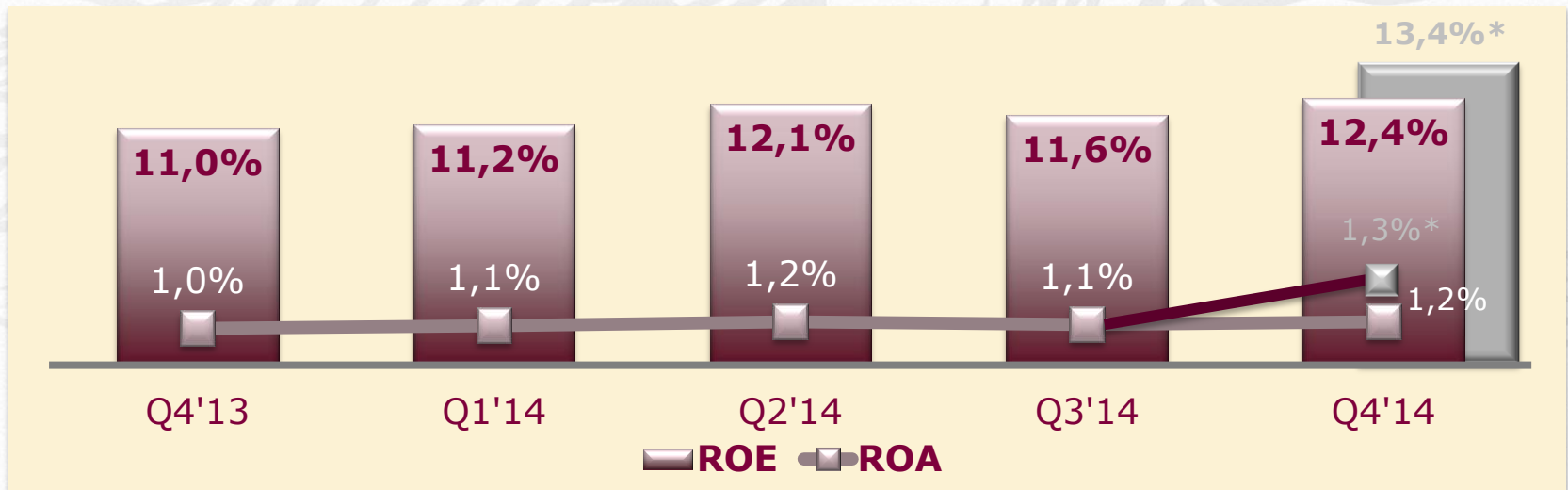


# FEES AND COMMISSIONS

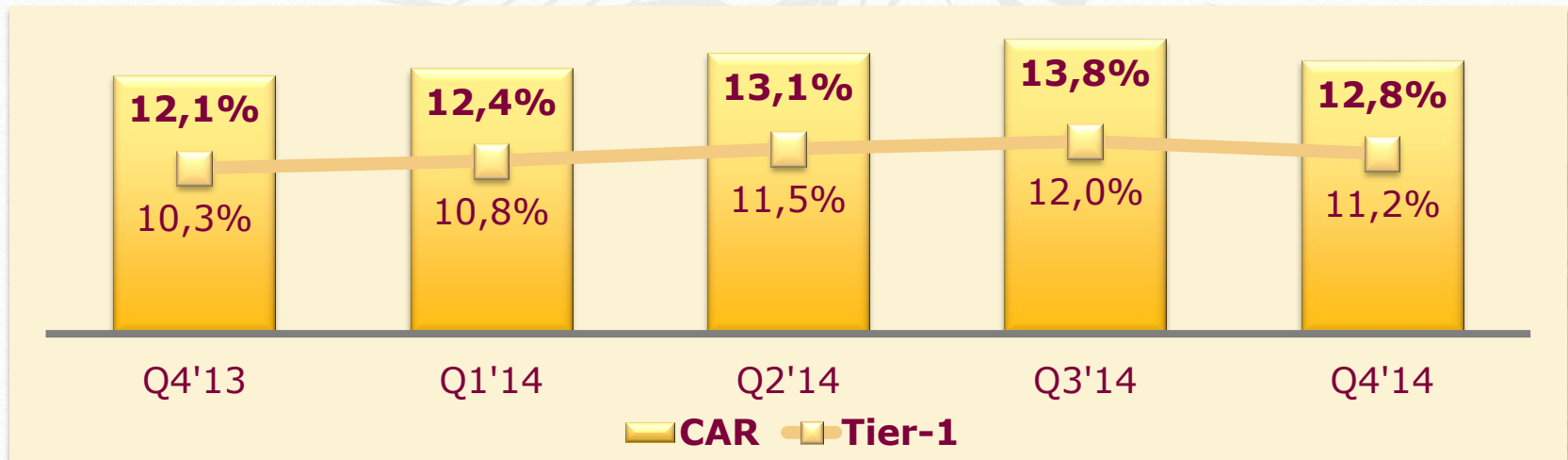


\* thereof interchange: Q1'14: 15,2 ; Q2'14: 18,7 ; Q3'14: 9,0

# STRONG CAPITAL POSITION ALLOWS FOR CONTINUOUS PROFITABLE GROWTH



\* excluding Polbita impact



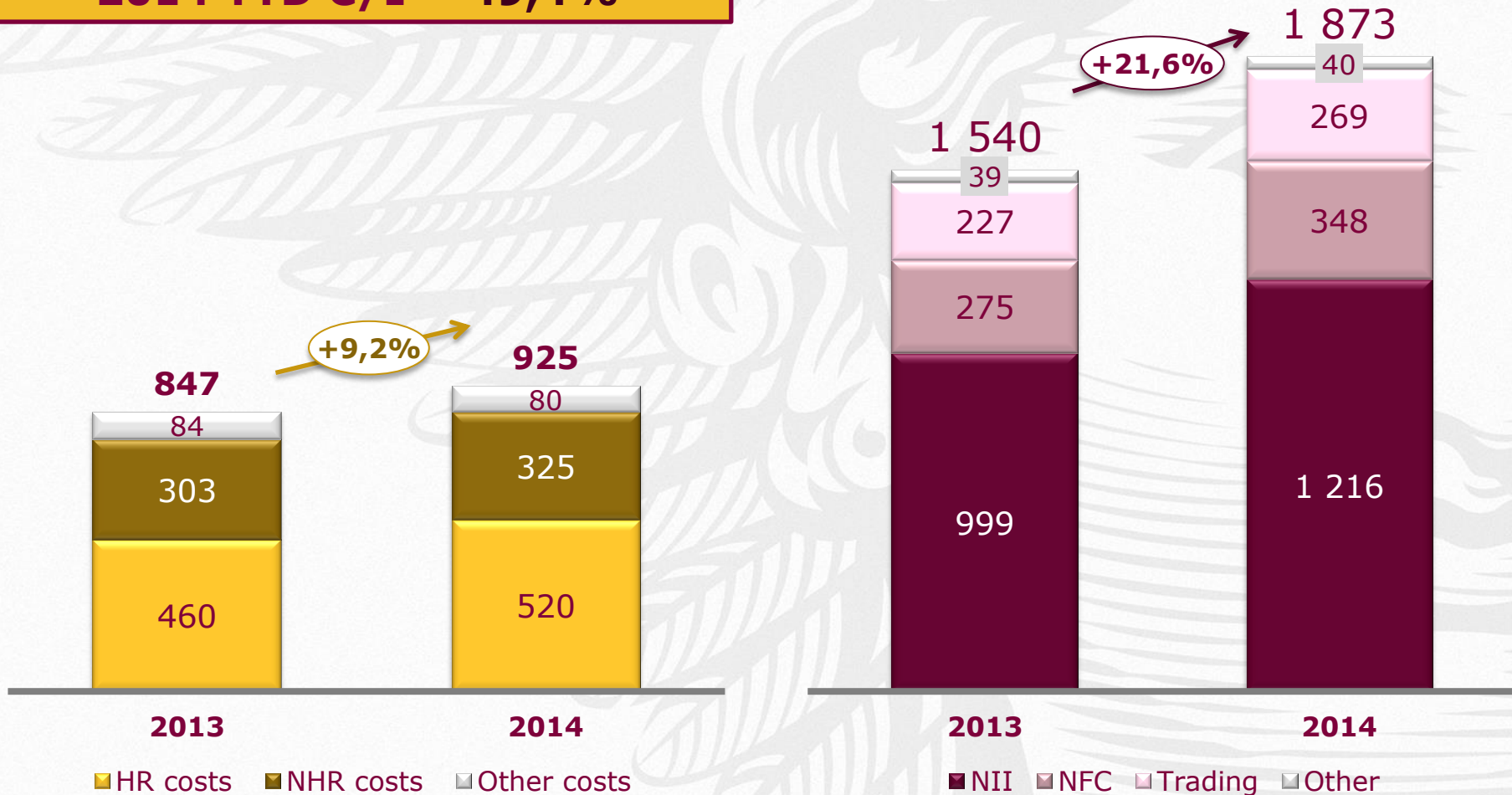
# STRICT COST DISCIPLINE MAINTAINED

in PLN m

## Costs

## Revenues

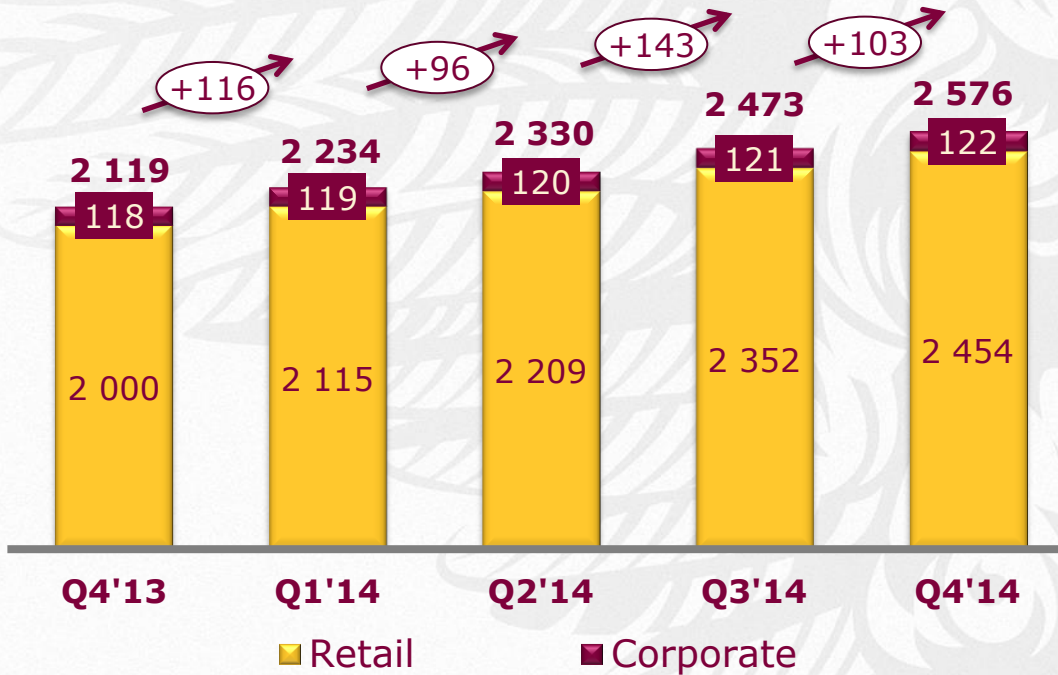
**2014 YTD C/I = 49,4%**



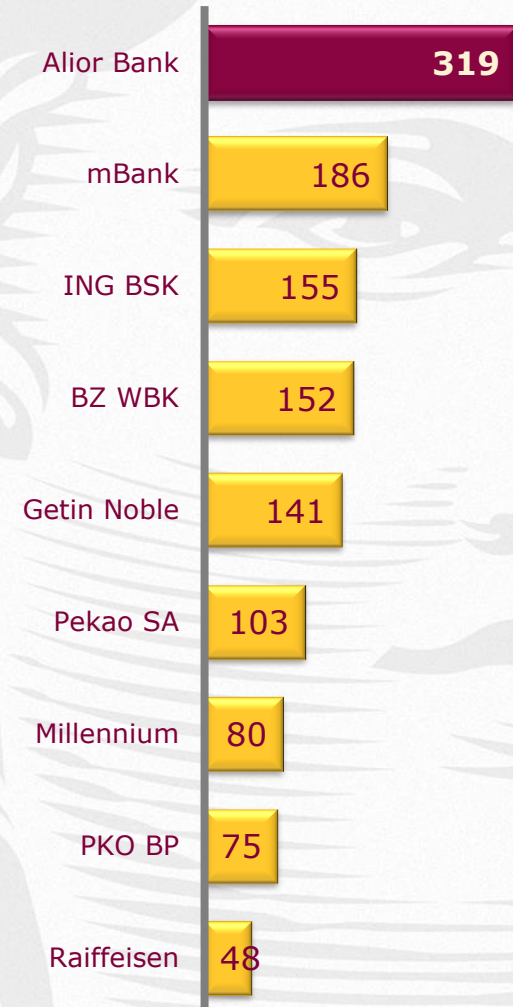
**Revenue growth considerably outperforms cost.**

# GROWING CUSTOMER BASE

## Customer acquisition on track



## Current accounts growth Q3'14 vs. Q3'13 (ths)

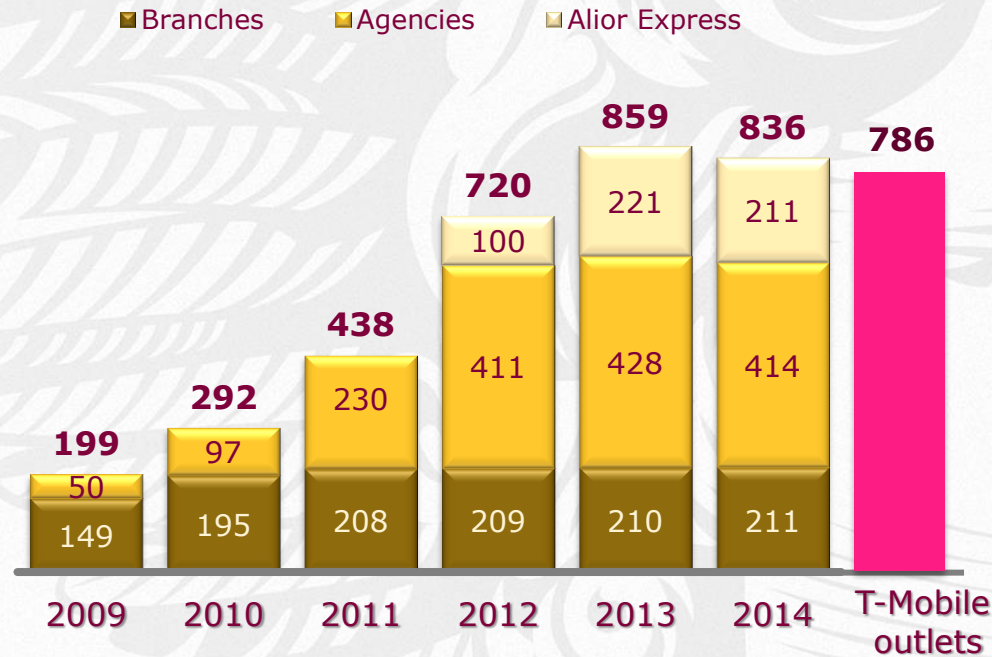


## Proportional growth in each of our channels

	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Branches	1 300	1 346	1 388	1 414	1 470	1 482
Alior Express	63	78	94	104	114	117
Consumer Finance	232	337	369	384	418	445
T-Mobile	216	238	263	308	350	410

# DIVERSIFIED DISTRIBUTION NETWORK

**4th largest distribution network in Poland**



**Post merger with Meritum Alior distribution network (incl. T-Mobile) may exceed 1800 sales outlets.**

	<b>Alior</b>	<b>Meritum</b>	<b>T-Mobile</b>	<b>Total</b>
Sales outlets	836	202	786	1824

# AGENDA

- Highlights
- Operational Performance
- **Strategic Initiatives**
- Outlook
- Appendix

## Client acquisition exceeds expectations

- 141 ths. clients acquired since launch in May'14

## Substantial increase in loan distribution capacity

- 72 store-in-store outlets till the end of December'14
- Additional 178 store-in-store outlets till the end of H1'15

## Cash loan campaign planned for April/May'15

- TV-driven roll-out of Dec'14 Internet campaign
- Product parameters and profitability similar to Alior branches' offer

## New mobile banking application in H1'15

# CONSUMER FINANCE PERFORMANCE

Increasing cross-sell volumes form CF customers

Instalment loans average monthly volumes (PLN m)

2014-04	2014-05	2014-06	2014-07	2014-08	2014-09	2014-10	2014-11	2014-12
684,9	673,7	675,1	689,6	696,6	709,8	721,7	717,8	736,7

**+3,8%**

cross-sell average monthly volumes (PLN m)

2014-04	2014-05	2014-06	2014-07	2014-08	2014-09	2014-10	2014-11	2014-12
186,8	206,1	231,0	256,2	278,8	299,1	318,9	340,3	365,4

**+22,2%**

# AGENDA

- Highlights
- Operational Performance
- Strategic Initiatives
- **Outlook**
- Appendix



## 2015 Outlook

2015 consensus of 360 m

### Key initiatives:

Distribution network remodelling

T-Mobile Banking Services

SME focus

CRM enhancement

Internet & mobile banking upgrade

**NIM** ~4,5%

**C/I** below 48%

**CoR** 2,2-2,3%

**Loan growth 2015** - PLN 4,5 billion net

### Outlook excluding Meritum impact

Consensus based on: Renaissance Capital - 11 /11/2014 ; Barclays - 1/12/2014; Deutsche Bank - 1/12/ 2014; Erste - 8/12/2014; Espirito Santo - 12/12/2014; Citi Research - 16/12/2014 ; PKO Dom Maklerski - 19/12/2014; DM Investors - 29/01/2015; IPOPEMA - 27/01/2015 ; Trigon - 2/02/15; BZWBK - 26/01/15

# AGENDA

- Highlights
- Operational Performance
- Strategic Initiatives
- Outlook
- **Appendix**

Alior Bank will ensure full compliance with Recommendation U from April 2015

Insurance products will be offered in two models

group  
(without commission)

individual

Alior Bank intends to expand insurance product range

# BANKING GUARANTEE FUND FEES IMPACT

Total estimated impact of BFG fund fees in 2015 amounts to **PLN 55 m, up by PLN 27 m**

	<b>2014</b>	<b>2015</b>	<b>+/-</b>
<b>Total BFG fee</b>	<b>28</b>	<b>55</b>	<b>27</b>
Annual premium	19	44	24
Prudential levy	9	12	3

**Annual premium & prudential levy will be booked in 2015 on a monthly basis**

# INCOME STATEMENT SNAPSHOT

in PLN m	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Interest income	370	357	415	392	429	456	436
Interest expense	-130	-118	-117	-121	-125	-135	-116
Net interest income	240	239	298	271	304	321	319
Dividend	0	0	0	0	0	0	0
Fee and commission income	115	116	141	125	139	135	135
Fee and commission expense	-55	-45	-52	-42	-55	-50	-39
Net fee and commission income	60	71	88	84	84	85	96
Trading result	78	53	46	56	65	77	70
Net gain (realized) on other financial instruments	6	0	5	0	2	-2	8
Other operating income	15	8	17	12	14	13	14
Other operating costs	-5	-3	-6	-5	-3	-5	-7
Net other operating income	11	5	11	7	11	7	7
General administrative expenses	-204	-213	-233	-215	-234	-235	-241
Impairment losses	-87	-102	-142	-117	-130	-167	-133
Gross profit (loss)	104	54	73	85	102	88	126
Income tax	-21	-12	-15	-17	-19	-18	-25
Net profit from continuing operations	84	41	58	68	83	70	101
- attributable to equity holders of the parent	84	41	58	68	83	70	101
- attributable to non-controlling interests	0	0	0	0	0	0	0
Net profit attributable to equity holders of the parent	84	41	58	68	83	70	100

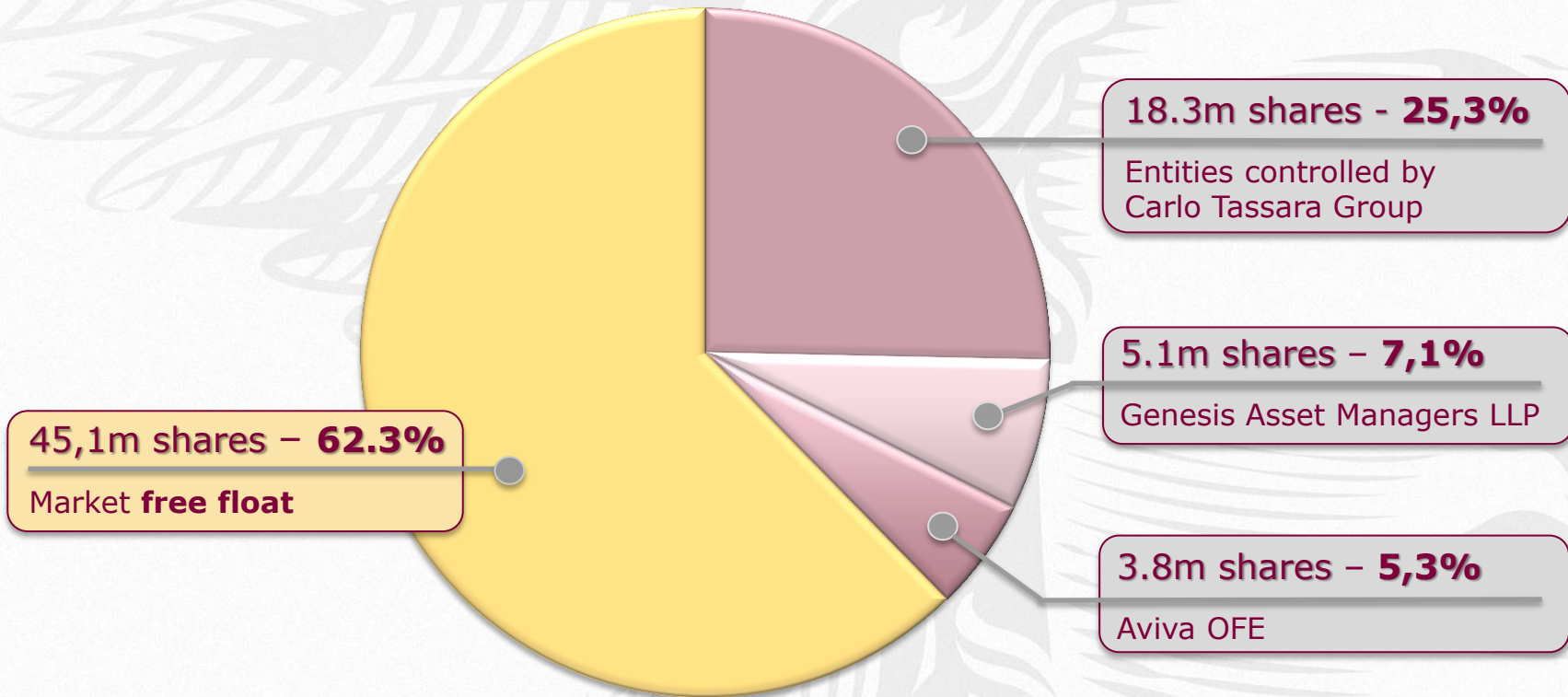
# BALANCE SHEET SNAPSHOT

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Cash and balances with Central Bank	729	722	755	1 067	1 078	1 057	1 019	1 158
Financial assets held for trading	215	265	234	243	208	285	421	477
Financial assets available for sale	3 259	3 447	2 929	3 389	3 172	2 784	3 796	3 569
Other financial instruments at fair value through profit or loss	0	0	0	0	0	0	4	0
Hedging derivatives	0	0	3	12	21	16	53	80
Receivables from banks	138	170	182	254	278	306	297	452
<b>Receivables from customers</b>	<b>15 619</b>	<b>17 370</b>	<b>18 310</b>	<b>19 658</b>	<b>20 936</b>	<b>21 883</b>	<b>22 789</b>	<b>23 656</b>
Tangible fixed assets	208	207	206	215	208	204	196	192
Intangible assets	158	167	169	188	188	190	209	216
Investments in subsidiaries	0	0	0	0	0	0	0	0
Non-current asset held for sale	62	62	62	38	38	38	0	1
Current income tax receivables	138	129	118	144	147	145	128	148
Current	4	4	0	0	3	0	2	0
Deferred	134	125	118	144	144	145	126	148
Other assets	350	282	299	341	244	216	245	219
<b>TOTAL ASSETS</b>	<b>20 875</b>	<b>22 822</b>	<b>23 269</b>	<b>25 550</b>	<b>26 518</b>	<b>27 124</b>	<b>29 156</b>	<b>30 168</b>
Financial liabilities held for trading	146	157	154	184	178	226	296	349
<b>Financial liabilities measured at amortized cost</b>	<b>17 643</b>	<b>19 591</b>	<b>20 084</b>	<b>21 660</b>	<b>22 528</b>	<b>22 983</b>	<b>24 550</b>	<b>25 477</b>
Hedging derivatives	0	11	5	0	0	0	0	5
Provisions	9	5	4	5	4	8	13	8
Other liabilities	723	640	560	1 135	748	718	830	747
Income tax liabilities	0	3	0	32	0	19	0	25
- Current	0	3	0	32	0	19	0	25
Subordinated loans	344	352	344	349	343	349	549*	542
Liabilities, total	18 865	20 759	21 151	23 365	23 800	24 302	26 238	27 152
<b>Equity</b>	<b>2 010</b>	<b>2 064</b>	<b>2 118</b>	<b>2 185</b>	<b>2 718</b>	<b>2 822</b>	<b>2 919</b>	<b>3 015</b>
Equity attributable to equity holders of the parent	2 010	2 064	2 118	2 185	2 715	2 820	2 916	3 013
Share capital	636	636	636	636	699	699	699	700
Supplementary capital	1 277	1 435	1 435	1 435	1 829	1 773	1 773	1 775
Revaluation reserve	2	-32	-23	-17	-14	6	30	21
Other capital	167	170	174	177	178	180	182	184
Undistributed result from previous years	-116	-274	-274	-274	-46	10	10	10
Current year profit/loss	45	128	170	228	68	152	222	323
Non-controlling interests	0	0	0	0	2	2	2	2
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>20 875</b>	<b>22 823</b>	<b>23 269</b>	<b>25 550</b>	<b>26 518</b>	<b>27 124</b>	<b>29 156</b>	<b>30 168</b>

The line of assets pledged as collateral for liabilities has not been separated.

\* Subordinated liabilities in the amount of PLN 382 M are taken into account as far as the CAR calculation as of Q3'14 is concerned.

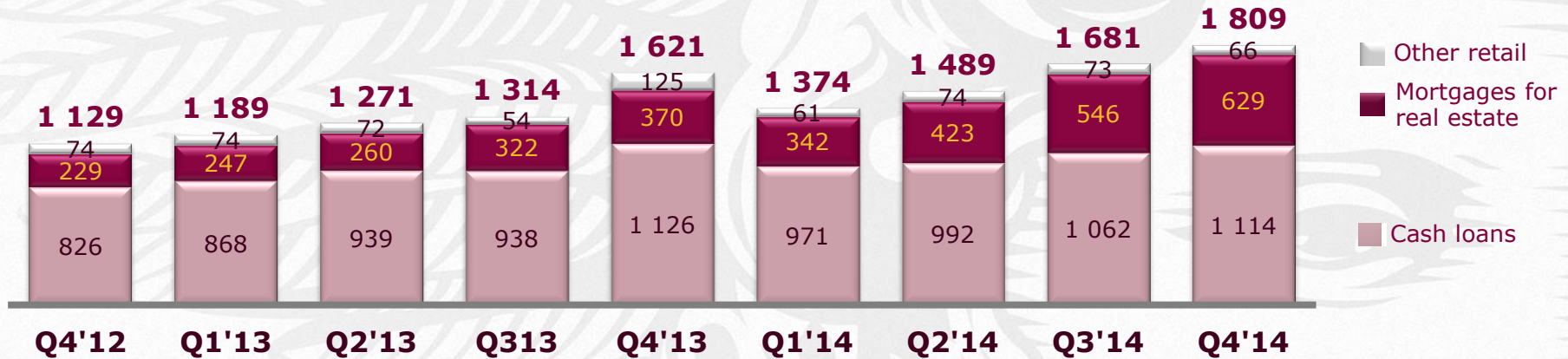
## Largest free float among Polish financials institutions



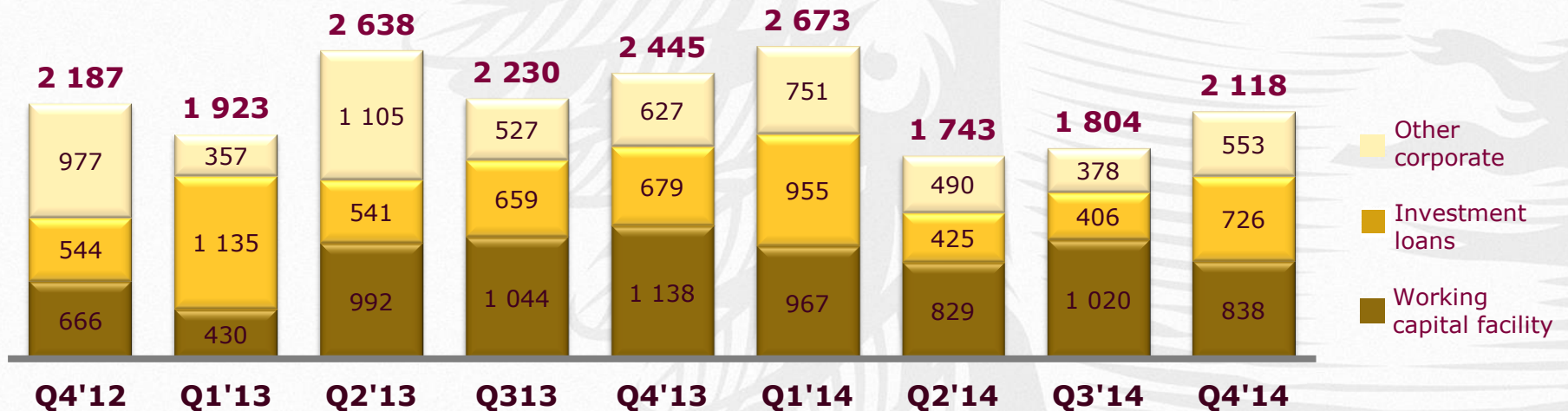
**Carlo Tassara has committed to sell at least 25% to a new, strong shareholder latest by mid 2016.**

# CONTINUED STRONG LOAN GROWTH 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.

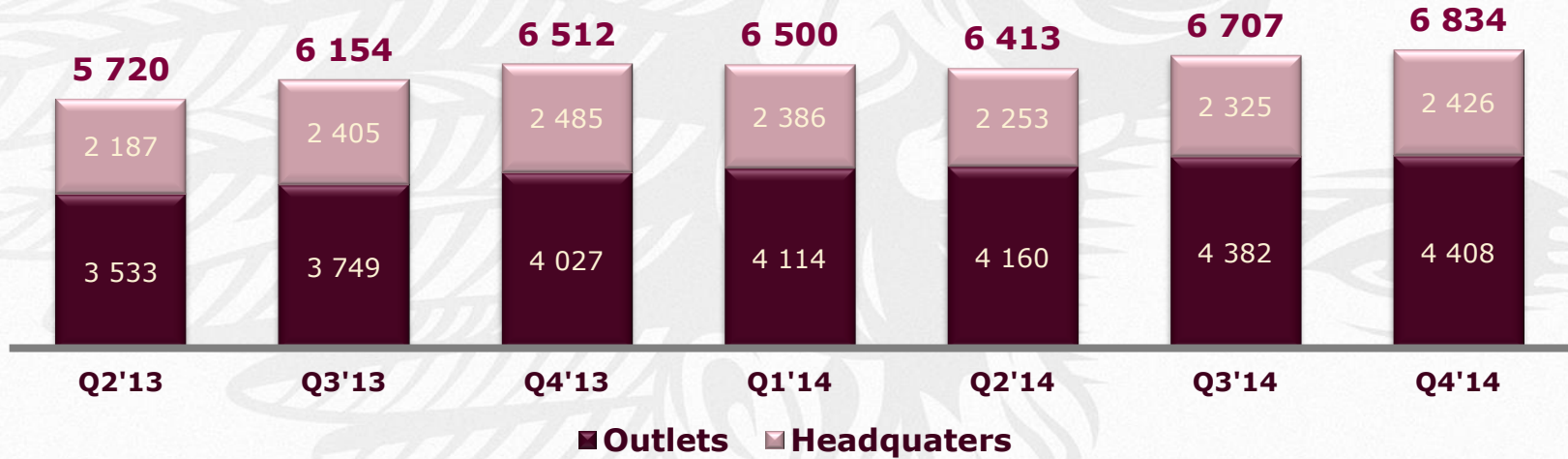
**Other retail includes:** loans for purchase of securities, credit card borrowings loans, other mortgage loans.

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

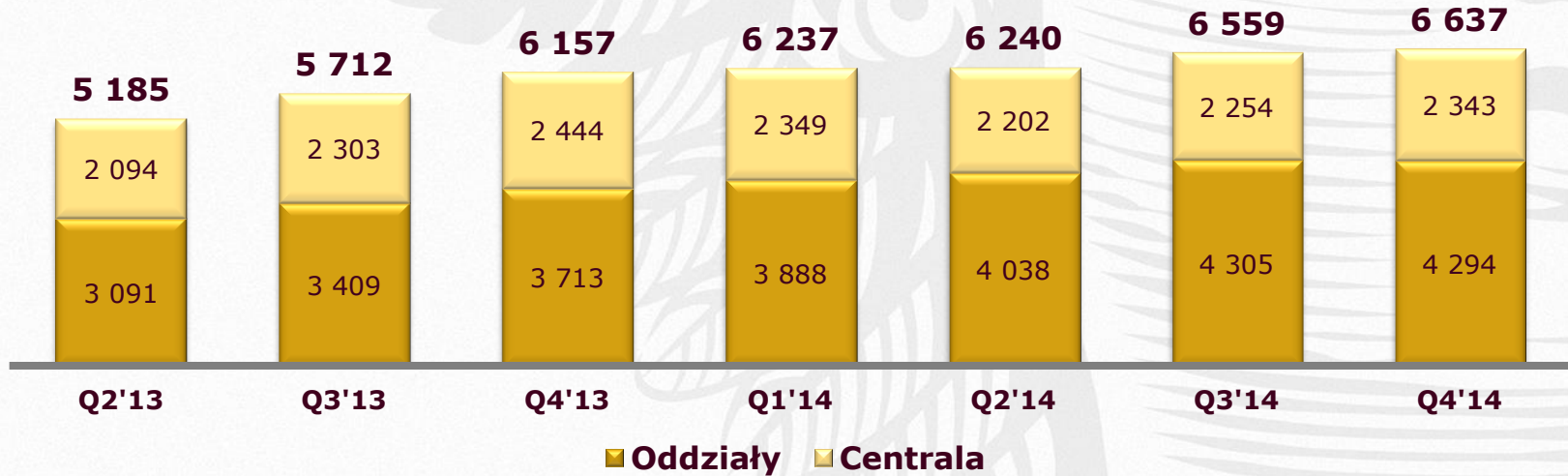
All the figures were restated in Q1'14 to be more in line with the „receivables by type” note included in financial statement.

# EMPLOYEES

## Persons



## FTEs



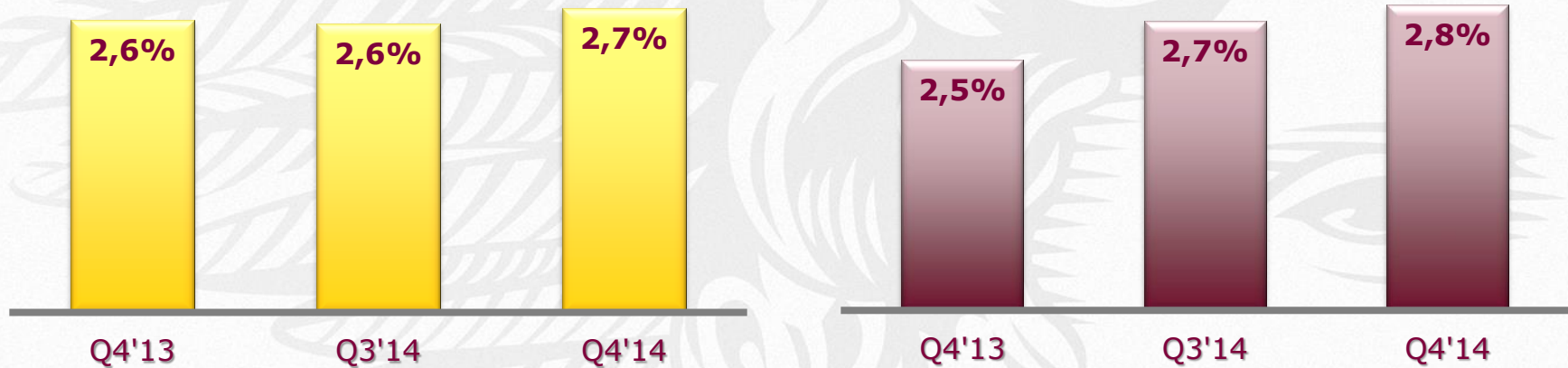


# CONTINUED GROWTH OF MARKET SHARE

Deposits

**MARKET SHARE**

Loans



Deposits

**MONTHLY GROWTH (%)**

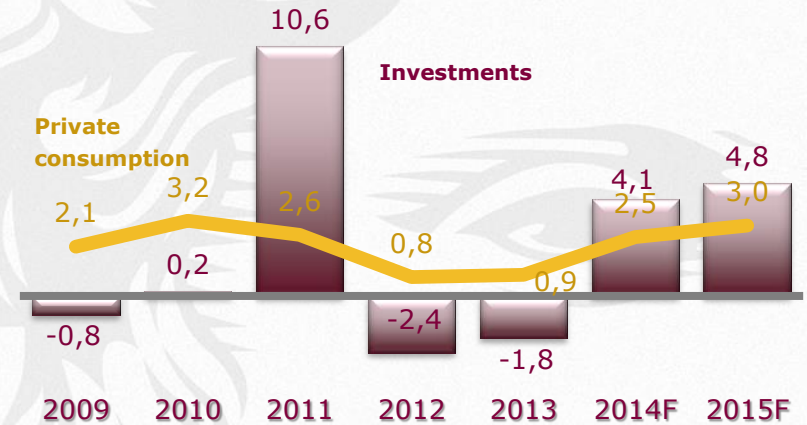
Loans

	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
JUL	<b>3,5</b>	0,5	<b>-0,8</b>	0,6	<b>12,6</b>	0,3	JUL	<b>1,5</b>	0,2	<b>2,1</b>	0,5	<b>0,8</b>	-0,3
AUG	<b>2,2</b>	1,2	<b>1,2</b>	0,6	<b>4,1</b>	2,7	AUG	<b>1,0</b>	1,1	<b>2,1</b>	1,0	<b>-0,2</b>	1,2
SEP	<b>-1,0</b>	0,6	<b>-0,3</b>	0,2	<b>-2,3</b>	1,7	SEP	<b>1,4</b>	0,7	<b>2,3</b>	0,5	<b>0,4</b>	1,2
OCT	<b>2,9</b>	0,7	<b>-0,2</b>	0,8	<b>8,8</b>	0,3	OCT	<b>2,0</b>	0,0	<b>2,2</b>	0,2	<b>1,8</b>	-0,4
NOV	<b>3,2</b>	1,1	<b>2,3</b>	0,9	<b>4,6</b>	1,8	NOV	<b>1,7</b>	0,5	<b>1,7</b>	0,2	<b>1,6</b>	1,0
DEC	<b>2,8</b>	3,7	<b>5,3</b>	3,2	<b>-1,4</b>	5,8	DEC	<b>0,4</b>	0,0	<b>1,7</b>	0,5	<b>-1,2</b>	-1,1

GDP growth (% yoy)



Investments and private consumption (% yoy)



Inflation (CPI % yoy)



Unemployment rate (%)

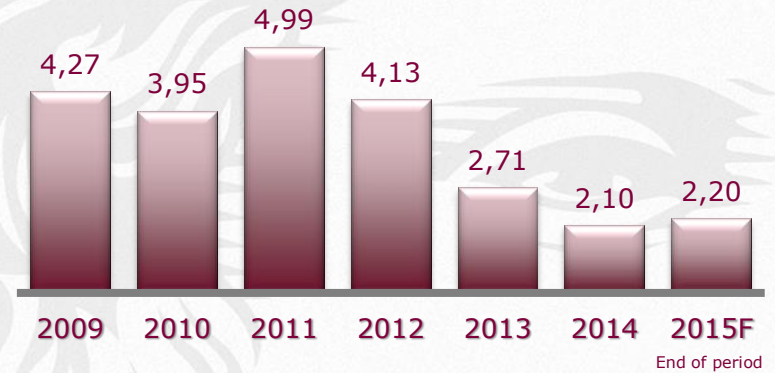


# POLISH MACRO OUTLOOK

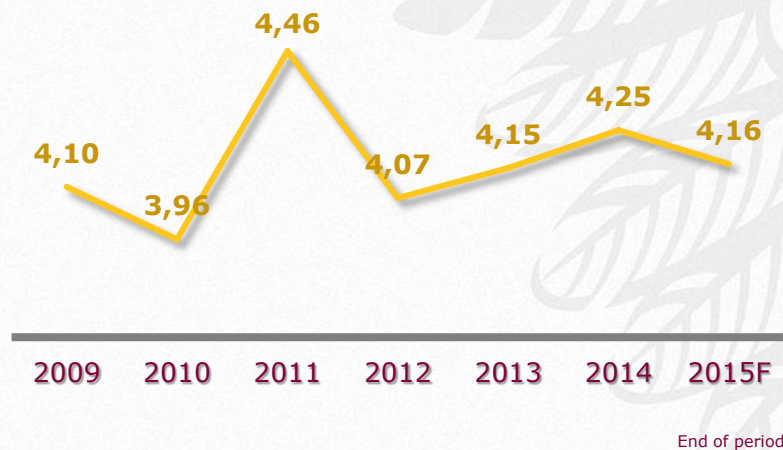
**NBP reference rate (%)**



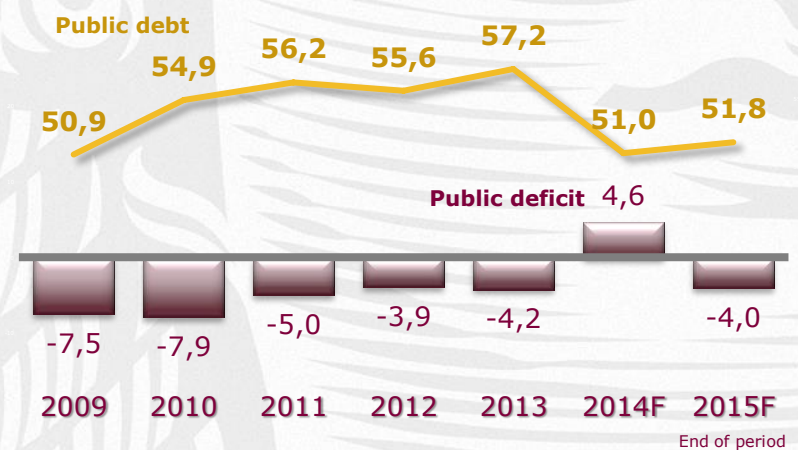
**WIBOR 3M (%)**



**FX rate (EUR/PLN)**

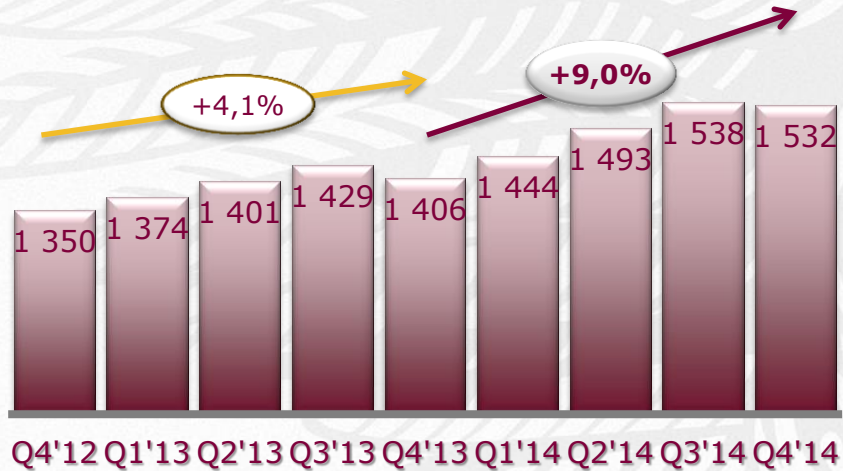


**Fiscal policy (% of GDP)**

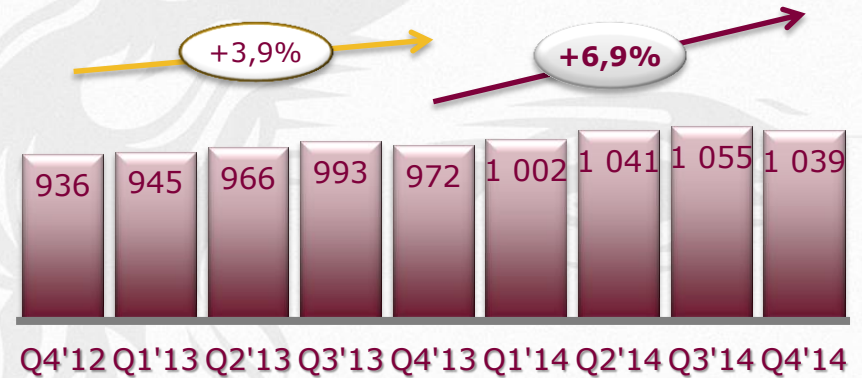


# POLISH BANKING SECTOR – GROWTH OF THE MAIN BALANCE SHEET FIGURES

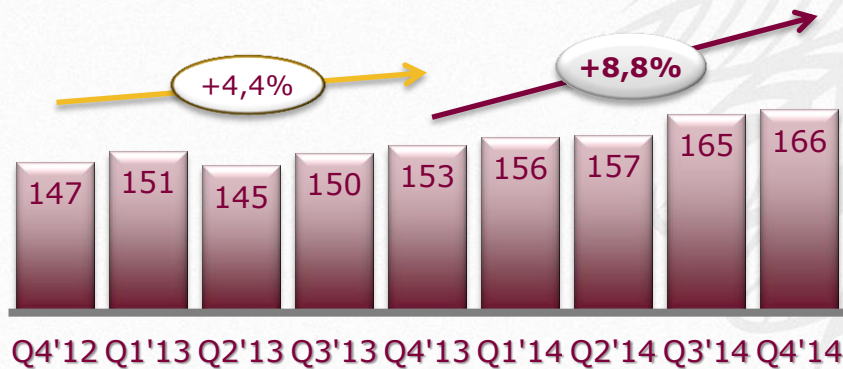
## Assets



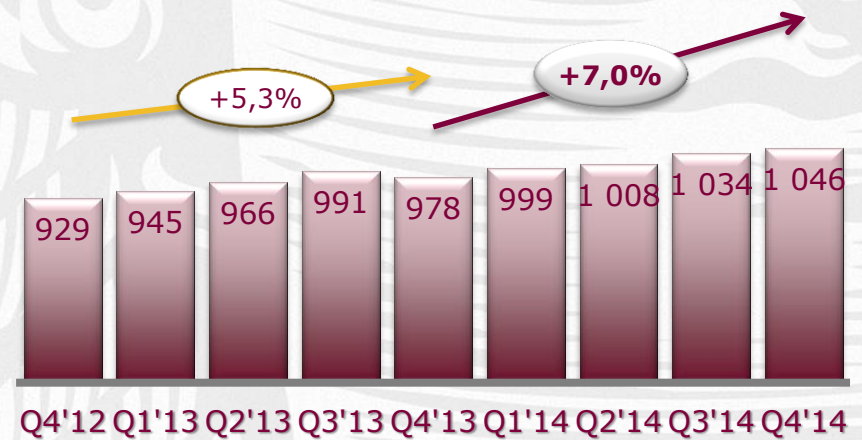
## Loans



## Equity

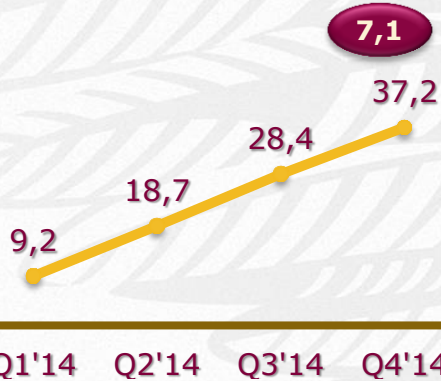


## Deposits

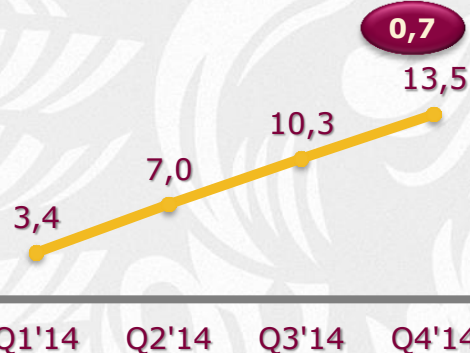


# POLISH BANKING SECTOR – MAIN P&L LINES PERFORMANCE

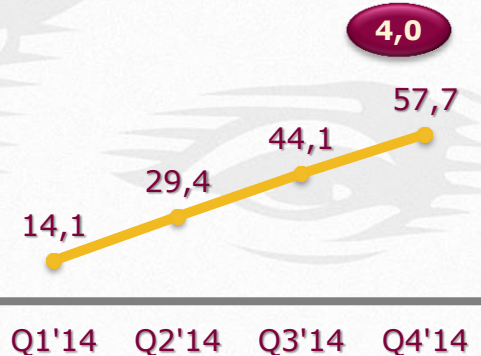
NII



NFC

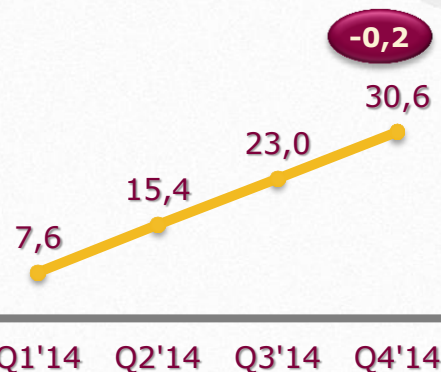


Result on banking activity

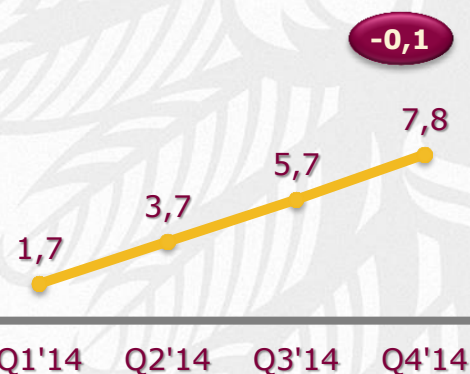


X - CHANGE VS. Q4'13 (%)

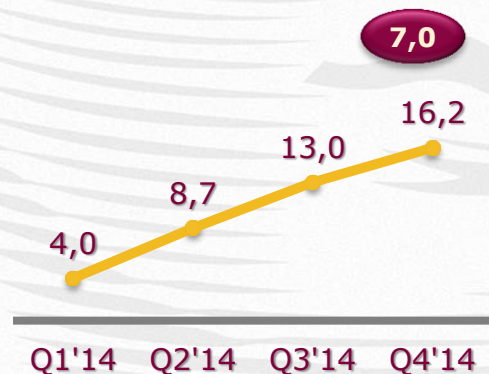
Expenses\*



Net impairment\*\*



Net profit



\* Includes: costs of activity, depreciation and reserves

\*\* Includes: Net impairment on non-financial and financial assets, IBNR

# ESTIMATED MERGER SYNERGIES

MERITUM  
ACQUISITION

<b>M PLN</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Total income	5	15	15
Risk cost reduction	6	13	21
Costs	25	49	49
<b>Total synergies</b>	<b>36</b>	<b>77</b>	<b>85</b>

*Source: Alior estimates*

## Synergies:

- **Business processes and HQ costs**
- **Distribution network optimization**
- **Marketing**
- **Product offering**

**Integration costs estimated at 50 m in year 1**

**Please direct all inquiries to:**

**[relacje.inwestorskie@alior.pl](mailto:relacje.inwestorskie@alior.pl)**

**+48 22 417 3860**

**IR unit head: Piotr Bystrzanowski**

**[piotr.bystrzanowski@alior.pl](mailto:piotr.bystrzanowski@alior.pl)**

## DISCLAIMER

This document has been prepared by Alior Bank S.A. (the "Bank") solely for use at the Presentation. Any forward looking statements concerning future economic and financial performance of the Company contained in this Presentation are based on Financial Statement of the Bank for 2014.

Bank does not accept any responsibility for using any such information.

The distribution of this document in certain jurisdictions may be restricted by law. This document may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities or other financial instruments of the Bank in any jurisdiction in which such offer or invitation would be unlawful. Persons in possession of this document are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Information given in this presentation should not be considered as an explicit or implicit statement or the provision of any type submitted by the Bank or persons acting on behalf of the Bank.

Furthermore, neither the Bank nor persons acting on behalf of the Bank are under any terms of liability for any damage, which may arise, as a result of negligence or other reasons, in connection with the use of this Presentation or any information contained therein, nor for injury, which may arise in another way in connection with the information forming part of this Presentation.