



ALIOR BANK S.A.
Q1'2018 RESULTS PRESENTATION

10 May 2018



AGENDA

Key highlights

Operational performance

2018 Guidance

Appendix



KEY HIGHLIGHTS (1/2)

- Q1'18 bottom line above PAP consensus: PLN 171 M vs. PLN 165.7 M YoY. Increase of PLN 89 M vs Q1'17 and PLN 28 M vs Q4'17.
- Significant YoY increase of operational revenue of 11.1% (Q1'18 vs. Q1'17), thereof NII increase of 10.6%.
- CoR* at 1.8% - below previous assumptions.
- Significant increase of quarterly ROE* (after taking into account the impact of the implementation of IFRS 9) from 5.4% in Q1'17 and 8.5% in Q4'17 to 11.5% in Q1'18 (strategic target at 14%).



KEY HIGHLIGHTS (2/2)

- Decrease in net interest margin (NIM*) from 4.6% in Q4'17 to 4.5% in Q1'18 due to increased financing costs (deposit campaigns aimed at attracting clients from the Bank's strategic behavioral segments), an increase in the balance of liquid assets and additional growth (mainly in Q4'17) in segments with a lower interest margin (mainly in the area of medium and large enterprises). Due to the above, NIM decrease does not threaten the achievement of the revenue and ROE targets.
- The Bank maintained high growth dynamics - gross loan book growth** in Q1'18 of PLN 1.4 B (strategic target of PLN 5-6 B annually).
- Strong acceleration in the strategic micro segment and leasing: PLN 736 M of new sales in the micro segment in Q1'18 compared to PLN 571 M in Q4'17 (increase by 29% q/q) and PLN 605 M of new sales in leasing in Q1'18 vs. PLN 529 M in Q4'17 (up 14% q/q).

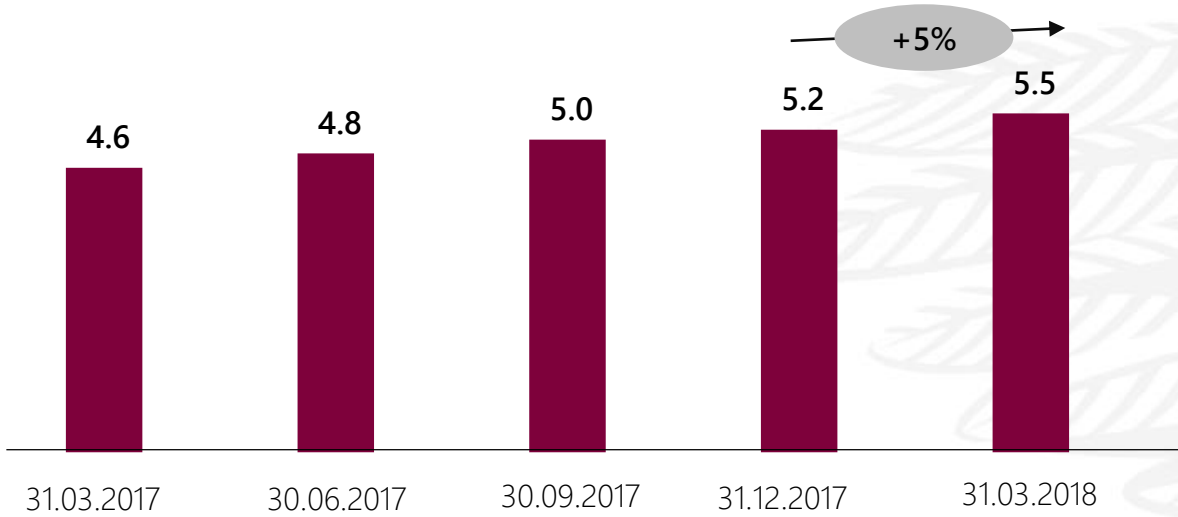
*Annualized ratios, including the number of working days.
NIM annualized: numerator – NII, denominator – avg IEA

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

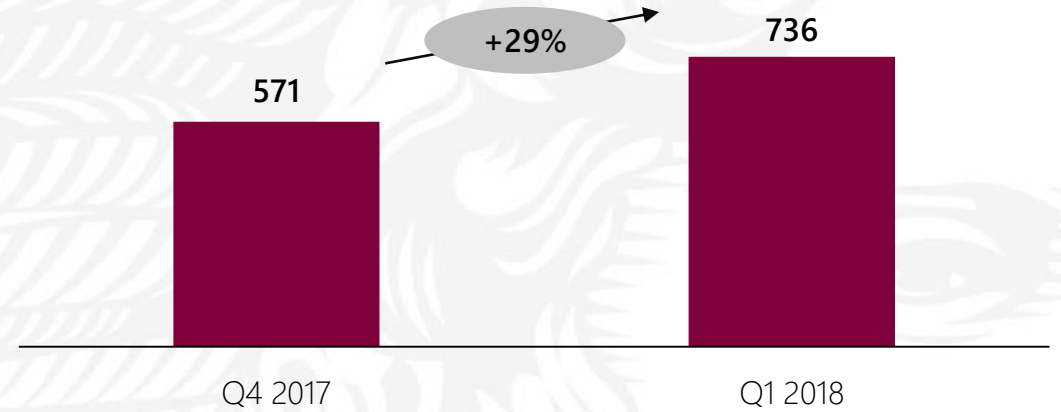


DYNAMIC GROWTH IN MICRO LOANS AND LEASING

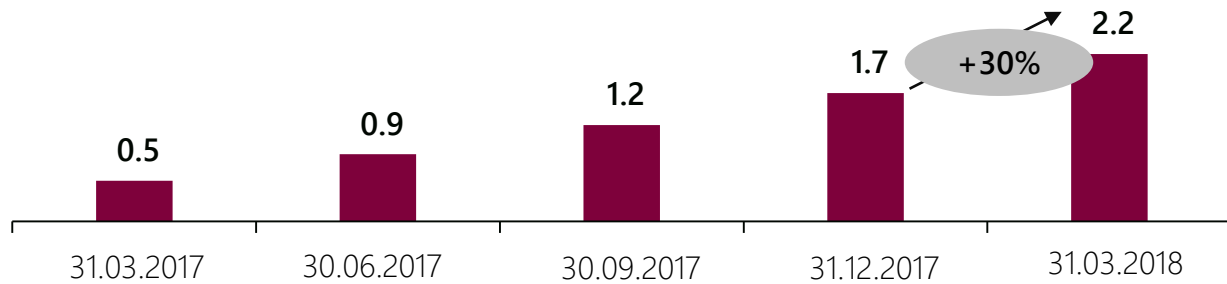
Loan book – MICRO enterprises [in PLN B]



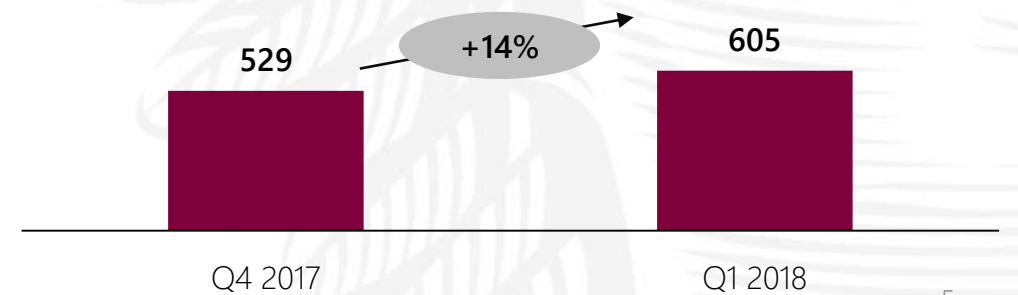
New sale - MICRO [in PLN M]



Leasing receivables [in PLN B]



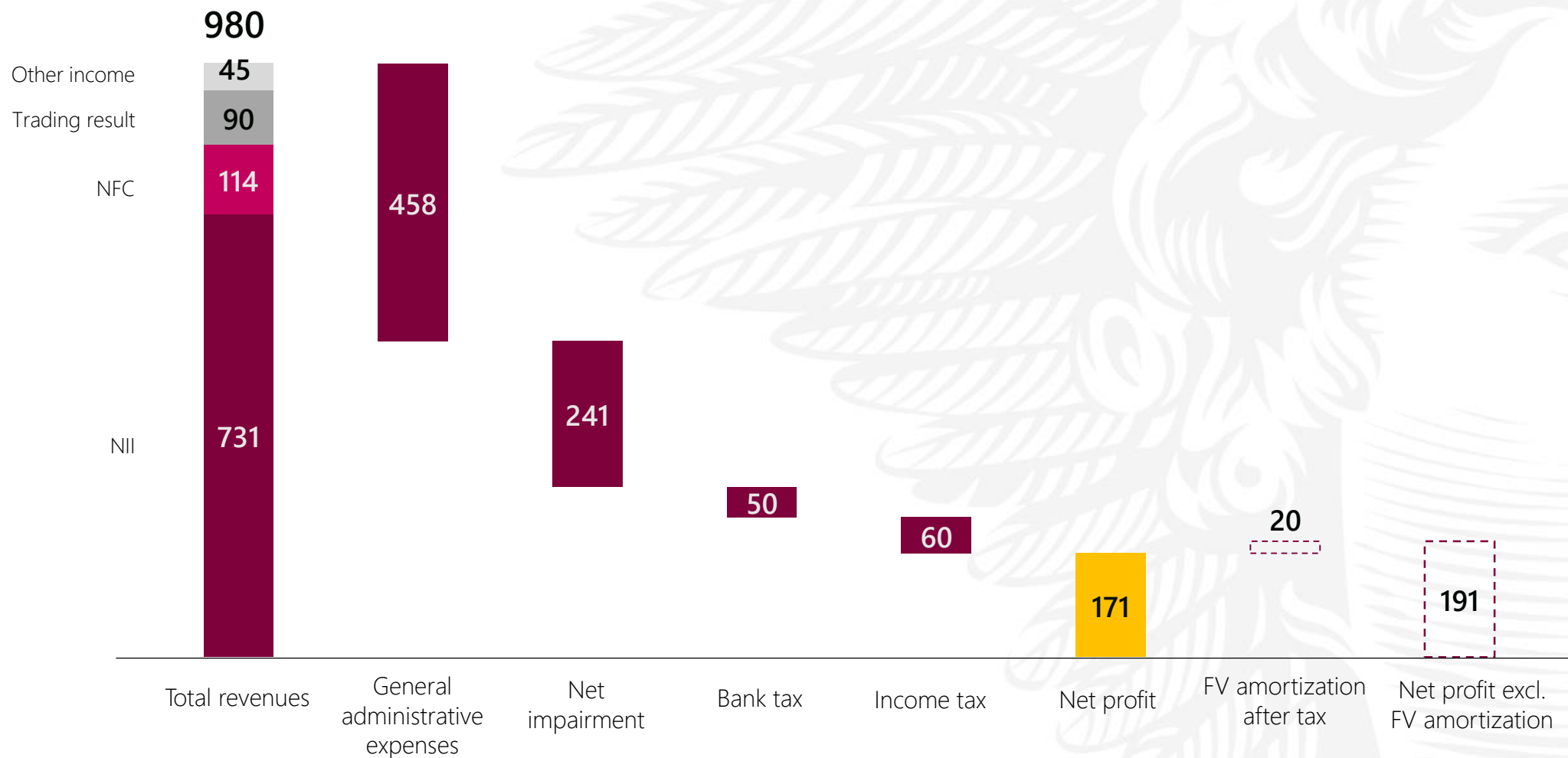
New sale – leasing [in PLN M]





Q1'18 BOTTOM LINE DECOMPOSITION (IN PLN M)

QTD in PLN M





DIGITAL TRANSFORMATION – Q1 2018

	Q4 2017	Q1 2018
 <p>Further development of the zafirmowani.pl platform</p> <ul style="list-style-type: none"> Implementation of the unified tax file generator for customers using online accounting. 	1 783 users	4 072 users
 <p>Full automatization of credit processes in Micro segment</p> <ul style="list-style-type: none"> Cosme warranty system implementation in the Micro credit package. 	20% of new sales	33% of new sales
 <p>DRONN - automatic contact for new business clients (Virtual Advisor)</p> <ul style="list-style-type: none"> Voice biometrics, a process integrated with CEIDG (CENTRAL REGISTRATION AND INFORMATION ON BUSINESS). A fully interactive conversation with a customer facilitating the opening of an online account. 		180 new active clients acquired (pilot)
 <p>MOBILE BANKING</p> <ul style="list-style-type: none"> Providing customers with the latest version of mobile banking. 		21% increase in the number of mobile banking active clients
 <p>MobiRATY</p> <ul style="list-style-type: none"> A unique mobile application for sales force including door2door (direct sale). 		3699 loans granted in Q1 2018
 <p>DIGITAL SALES</p> <ul style="list-style-type: none"> Launching a full application for a loan with an online path for both potential customers and users of the new online banking. Launch of a pre-approved campaign. Reduction of the phone contact time to 1 minute after receiving a loan request. 		Increase in the share of the Bank's sales for Private Individuals (loan: 22%, current account: 33%)
 <p>IMPLEMENTATION OF INITIATIVES IN TRIBE METHODOLOGY</p> <ul style="list-style-type: none"> 7 large implementations and numerous smaller initiatives in Q1'2018. 		Shortening the delivery time of solutions by 30% and thus increasing the design portfolio
 <p>IMPROVING THE QUALITY OF IMPLEMENTATIONS</p> <ul style="list-style-type: none"> Flexible management of priorities. Improving the quality of implemented solutions. 		18pp NPS increase in the new model



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KEY FINANCIALS – P&L

PLN M	Q1 2018	Q1 2017	ch. yoy. (%)	ch. yoy. (PLN M)
Total revenue	980	868	13	112
General administrative expenses	-458	-489	-6	31
Impairment losses & provisions	-241	-212	14	-29
Bank tax	-50	-50	0	0
Profit before tax	231	118	97	113
Income tax	-60	-35	71	-25
Net profit	171	82	108	89



KEY FINANCIALS – VOLUMES AND RATIOS

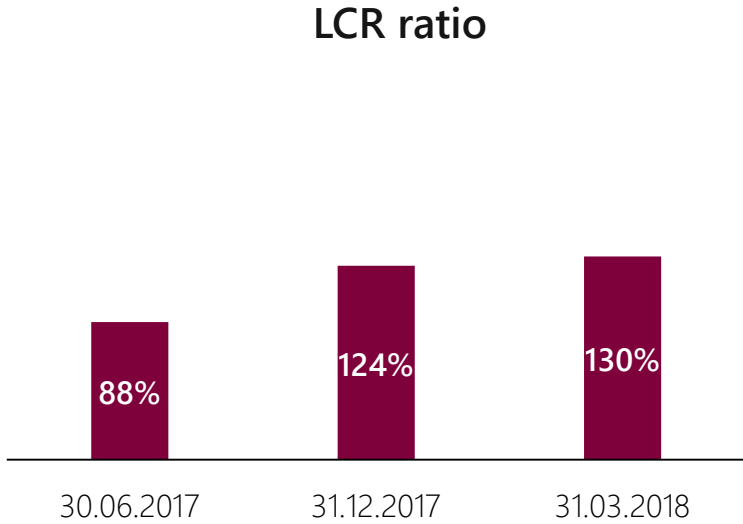
PLN M	31.03.2018	31.12.2017	change (PLN M)	change (%)
Loans	51 569	51 267	303	0.6
Deposits	59 024	57 614	1 409	2.4
Total equity	6 160	6 762	-602	-8.9
Total assets	70 534	69 494	1 040	1.5

% (yearly)	Q1 2018	Q1 2017	ch. yoy. (p.p.)	ch. yoy. (%)
ROE	11.5	5.4	6.1	113.0
ROA	1.0	0.5	0.5	95.5
C/I	46.8	56.4	-9.6	-17.1
CoR	-1.8	-1.6	-0.2	10.0
L/D	87.4	95.8	-8.4	-8.8
NPL ratio	10.7	9.9	0.8	8.1
NPL coverage ratio	52.3	56.3	-4.0	-7.1
TCR	15.4	14.4	1.1	7.8
TIER 1	12.1	12.2	-0.0	-0.1

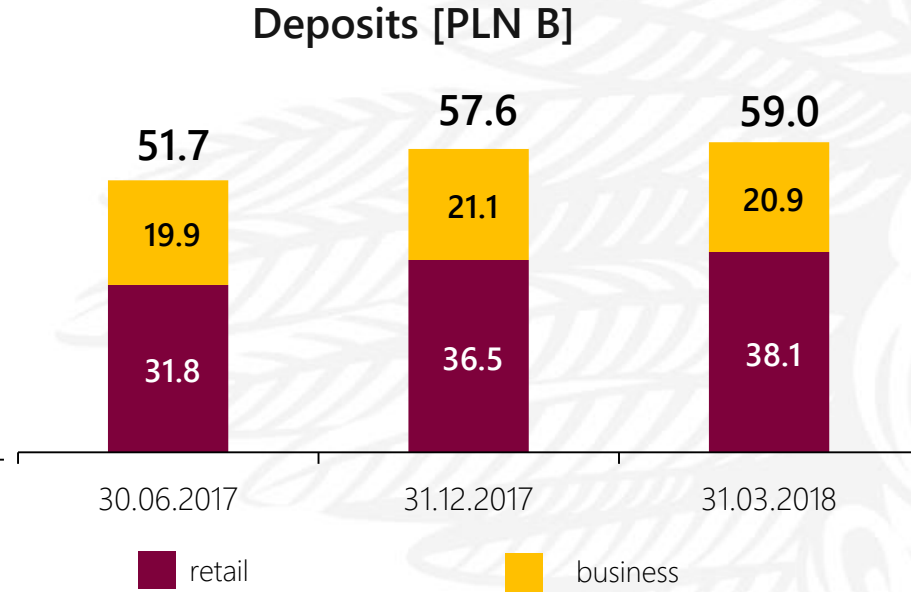


FURTHER ENHANCEMENT OF LIQUIDITY POSITION IN Q1'18

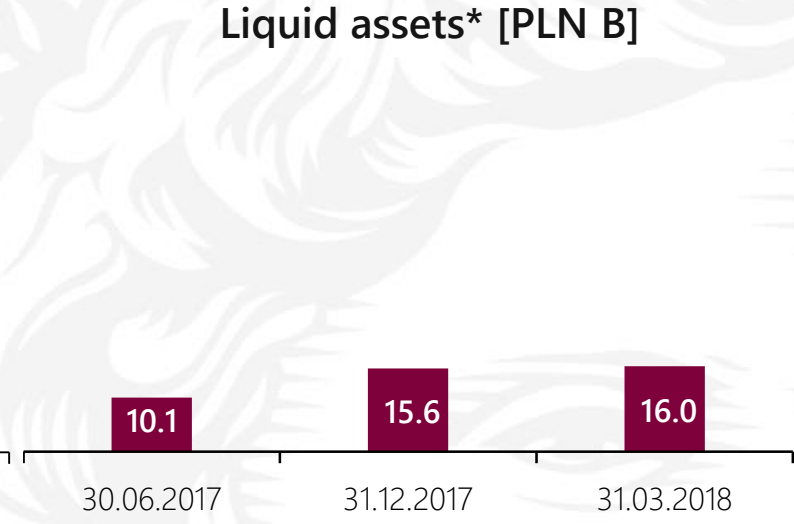
LCR ratio



Deposits [PLN B]



Liquid assets* [PLN B]



In Q1'18 Alior further increased liquidity in spite of the strong gross loan book growth...

...due to a continued successful retail deposit campaign aimed at strategically important client segments. This resulted in growth of PLN 1.6 B in retail deposits in 1Q'18...

... which led to a further increase in the liquid assets balance leading to lower NIM not impacting ROE. Impact on NIM: decrease ca. 17 bps.

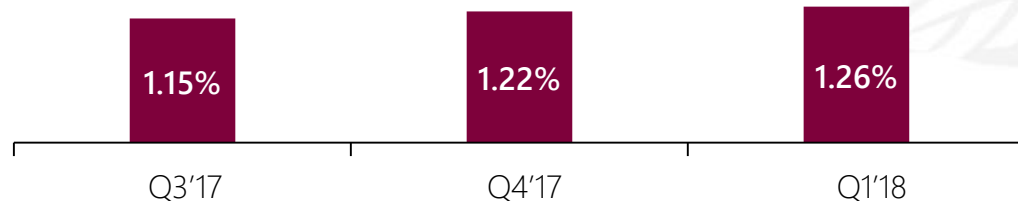
In the following quarters the Bank does not expect further growth of liquidity above the current level.

*Liquid assets: cash and balances with the Central Bank, amounts due from banks, investment securities, derivative hedging instruments

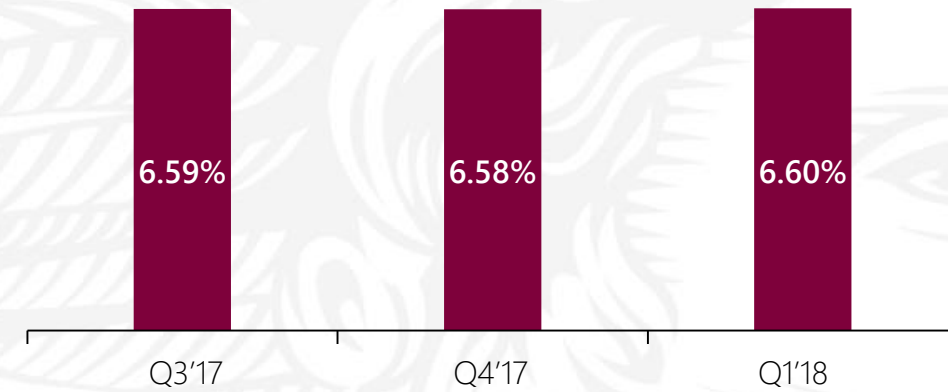


STABLE LOAN PROFITABILITY WITH A SLIGHTLY HIGHER COST OF FINANCING DESPITE SIGNIFICANT GROWTH IN LIQUIDITY

Cost of financing* [%]



Loan profitability** [%]



Temporary increase of cost of financing (+11 bps) due to dynamic growth of deposits accompanied by growth of liquidity.

Impact on NIM: decrease ca. 11 bps.

Strong and stable loan profitability

All data presented on a quarterly basis.

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

**Loan profitability: interest income excl. revenue from derivatives instruments/net loans. All data annualized (including number of working days).



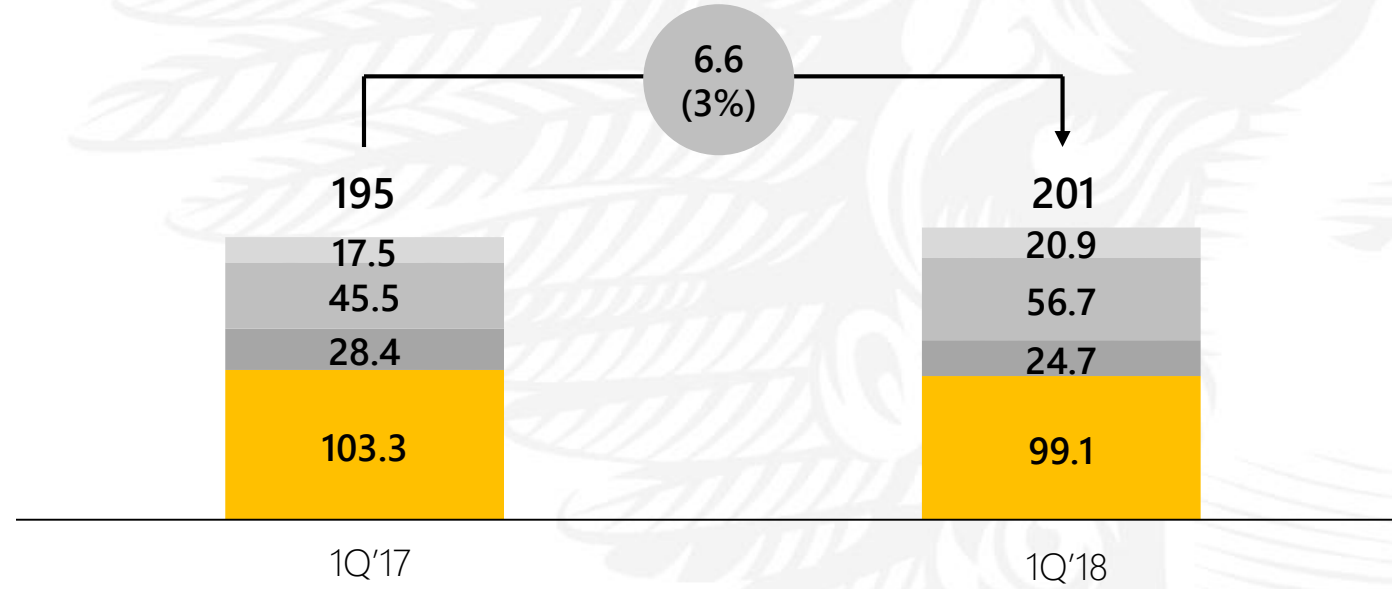
FEEs AND COMMISSION BREAKDOWN (IN PLN M)

Net F&C

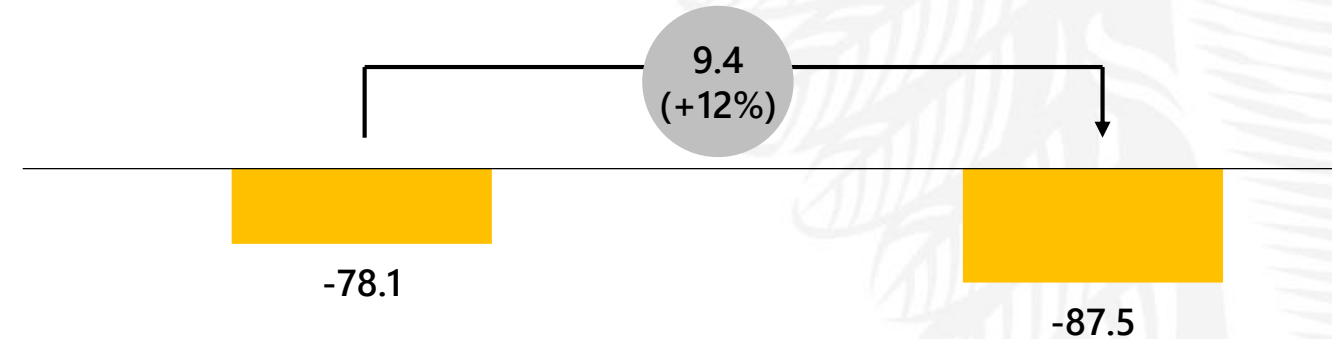


F&C income

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



F&C expenses

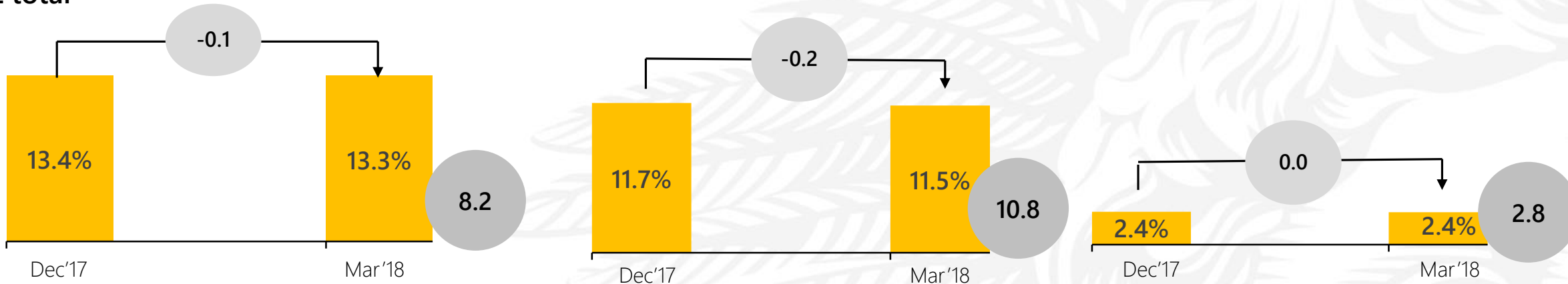




KEY CREDIT RISK RATIOS

Market average*

NPL total

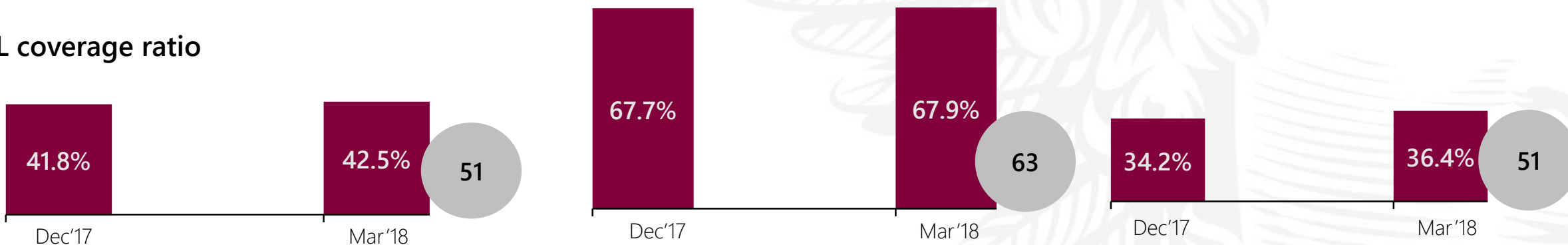


BUSINESS

RETAIL

MORTGAGE

NPL coverage ratio



Loan portfolio structure (%)	Business	Retail	Mortgage
Alior Bank	45.2	37.1	17.7
Banking sector**	35.4	26.8	37.8

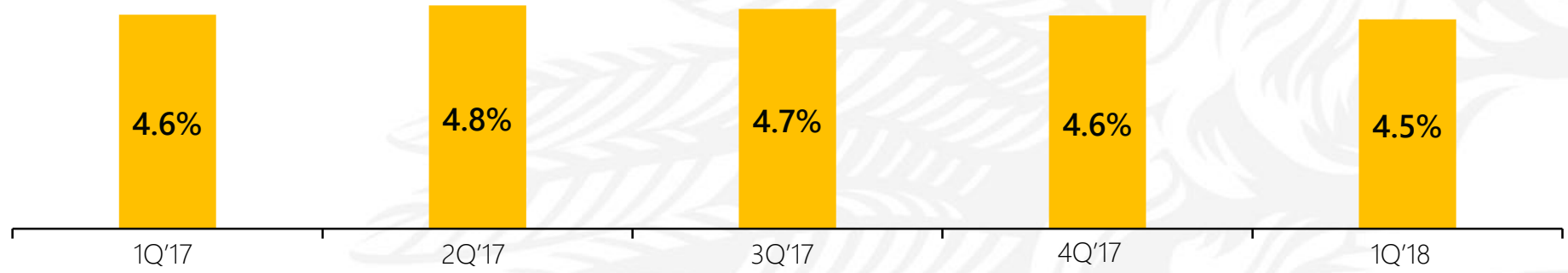
*Ratios (as of the end of December 2017) calculated on the basis of data on loans receivables published monthly by the National Bank of Poland.

**Corporate loans sector line excluding government sector entities. Retail comprises the total retail portfolio less mortgages for real estates portfolio.

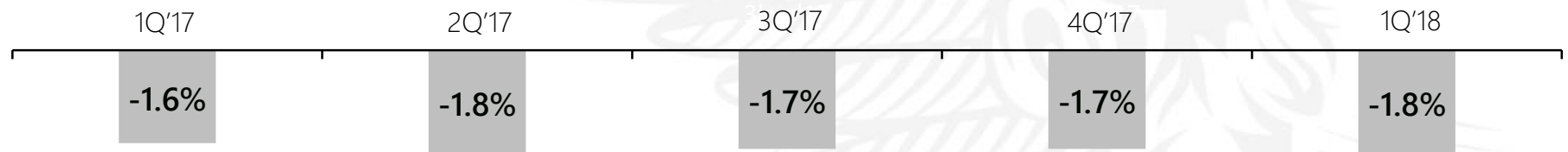


PROFITABILITY

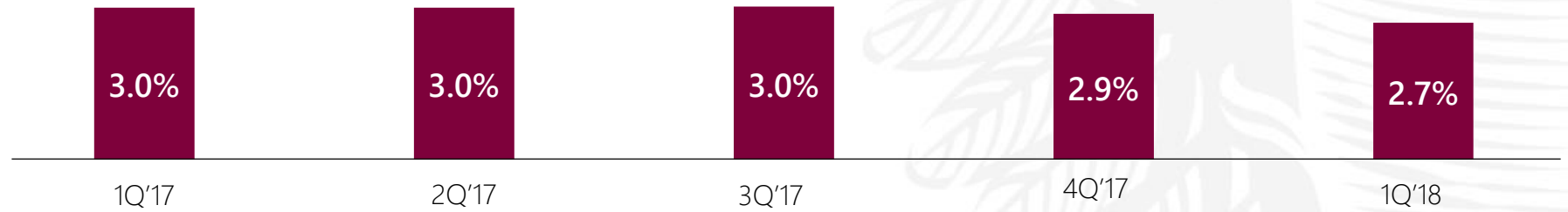
NIM



CoR



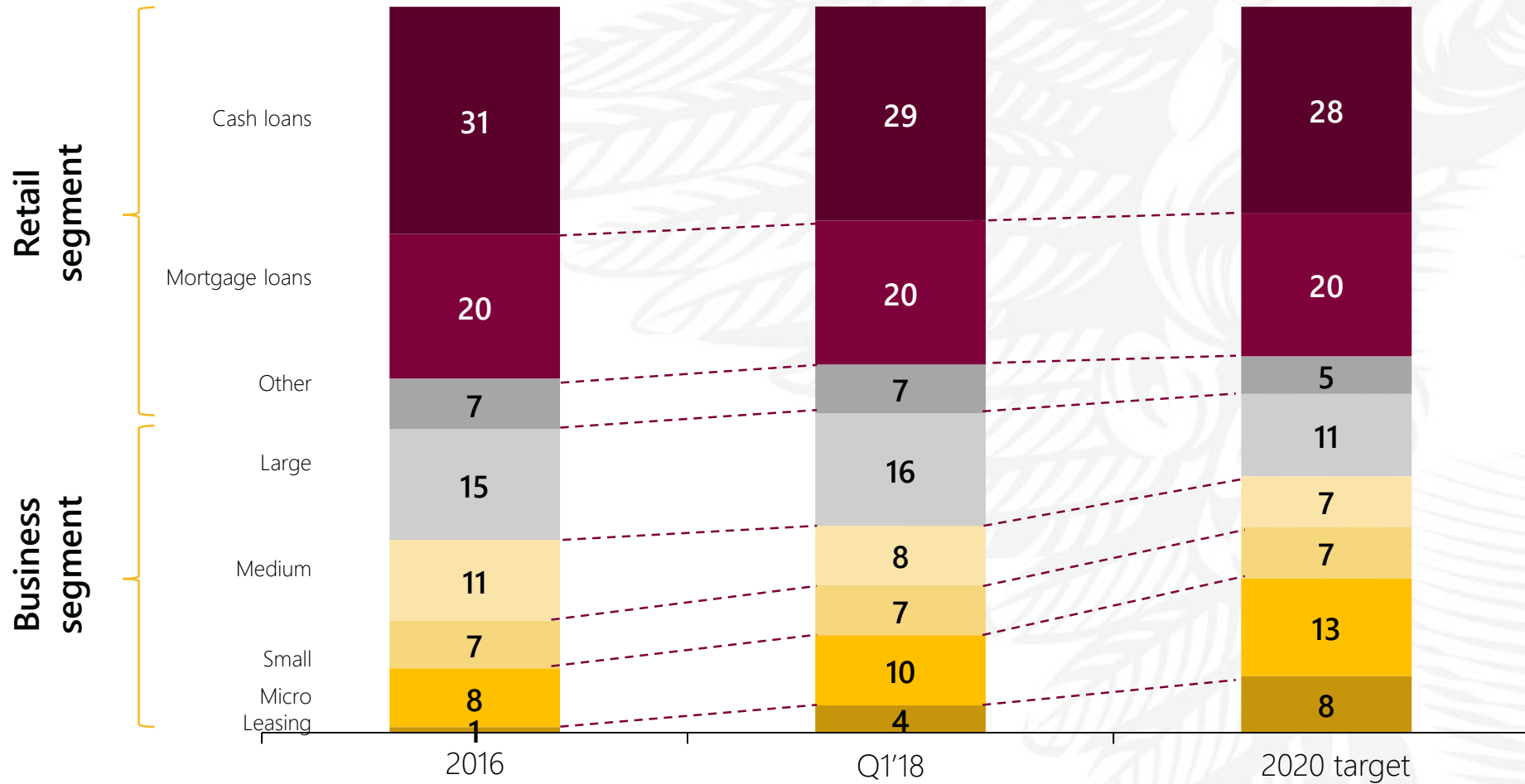
NIM - CoR





LOAN PORTFOLIO STRUCTURE DEVELOPMENT ON TRACK TO ACHIEVE STRATEGIC TARGETS

Gross loan composition [%]



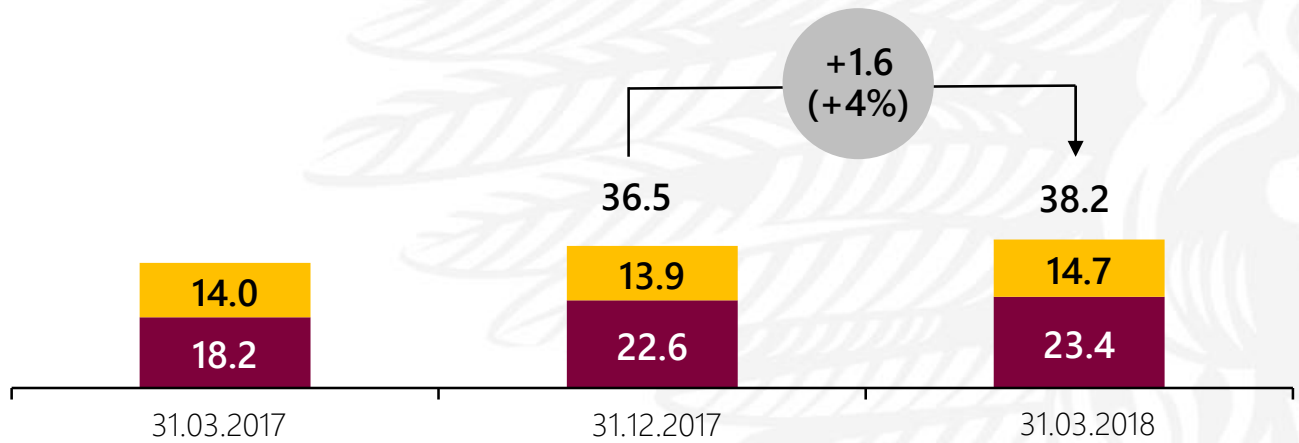


DEPOSIT BOOK – CURRENT ACCOUNTS AND TERM DEPOSITS STRUCTURE (IN PLN B)

BANK: L/D = 87.4%

Retail

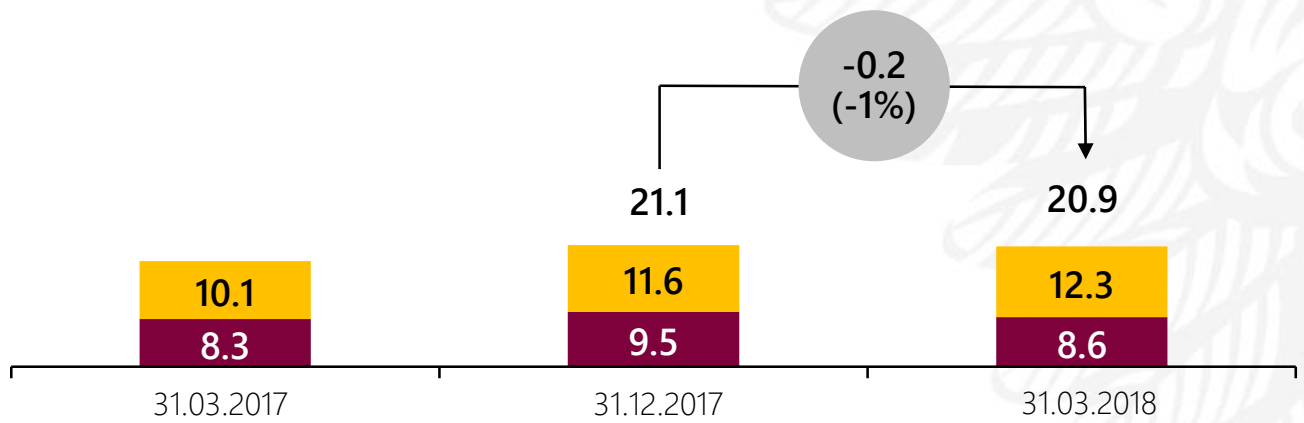
L/D = 73.7%



■ Term deposits, securities issued, other
■ Current deposits

Business

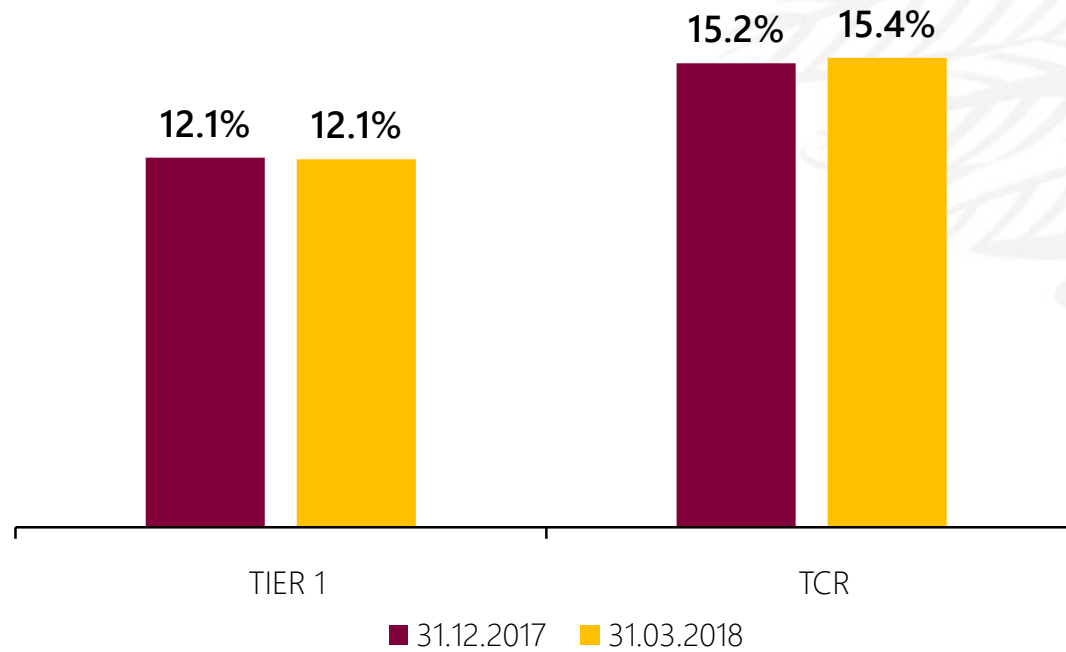
L/D = 112.4%



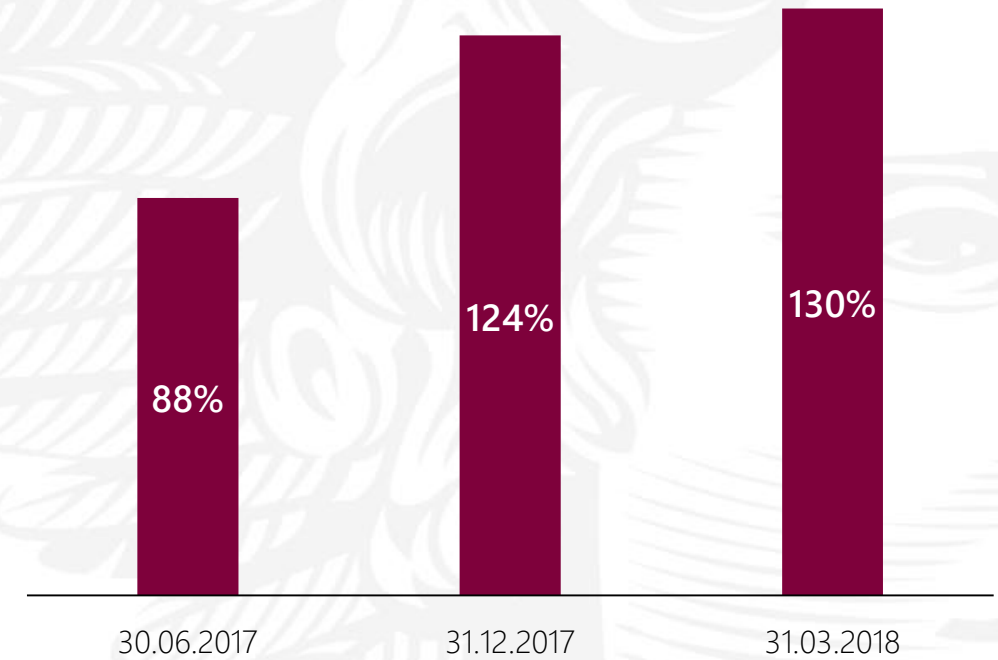


ADEQUATE CAPITAL AND LIQUIDITY POSITION

Capital position



LCR ratio





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Appendix



2018 GUIDANCE

	Q1'18 ACTUAL	2018 GUIDANCE
NIM net interest margin	4.5%	4.6%
C/I* cost/income	46.8%	44%
CoR cost of risk	1.8%	1.8%
Gross loan book growth**	PLN 1.4 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



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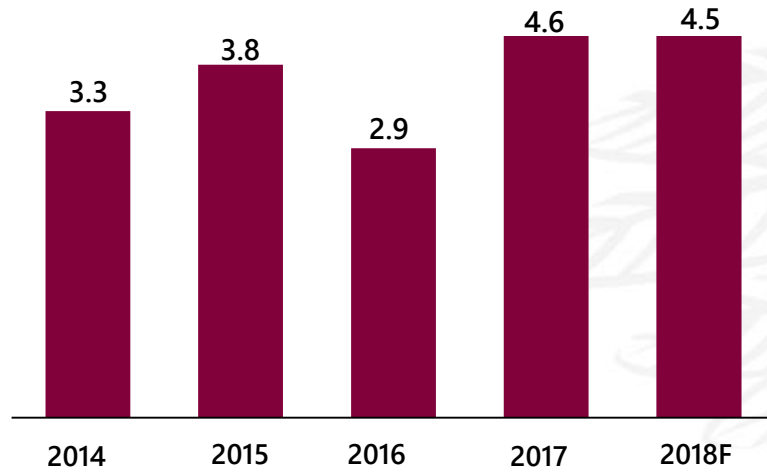
2018 Guidance

Appendix

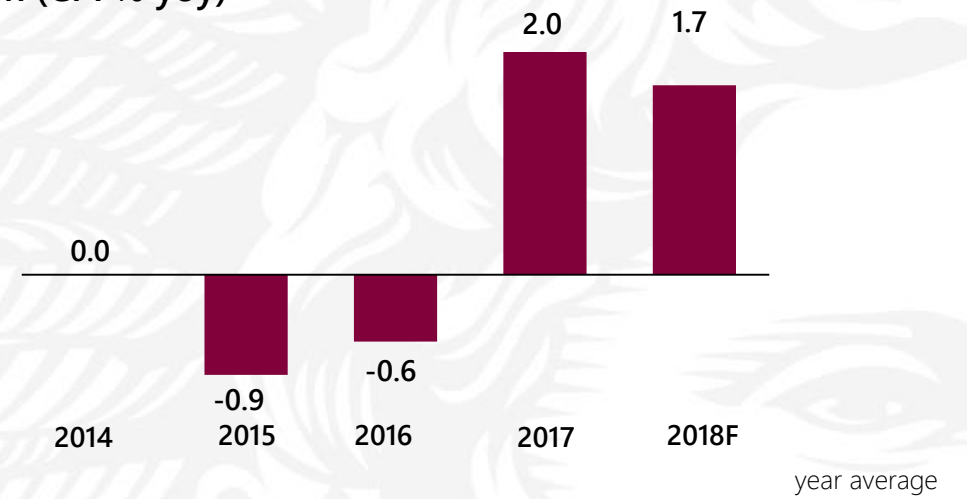


POLISH MACRO OUTLOOK

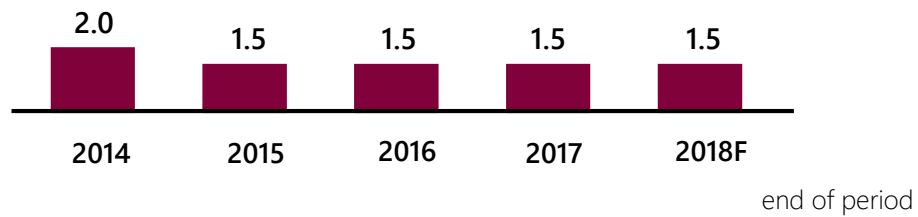
GDP growth (% yoy)



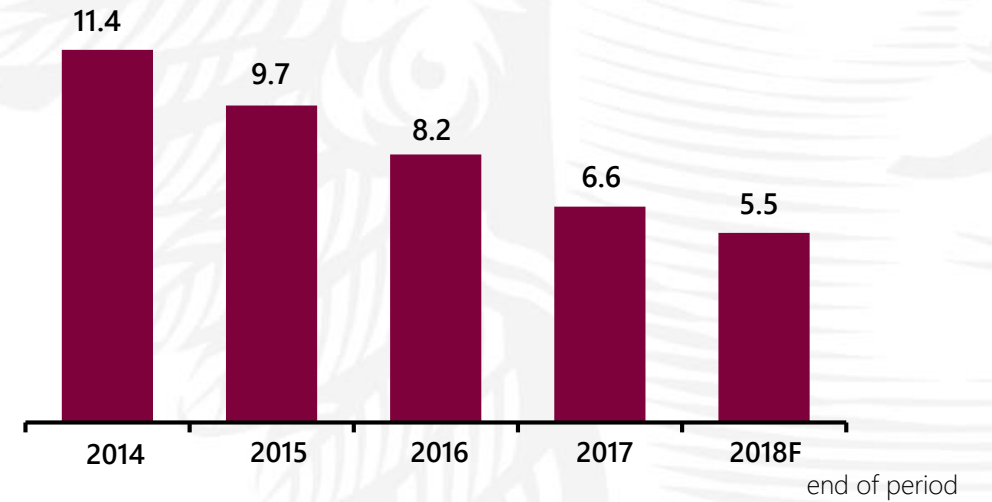
Inflation (CPI % yoy)



NBP reference rate (%)



Unemployment rate (%)





INCOME STATEMENT SNAPSHOT

in PLN M	1Q'18	1Q'17
Interest income*	948	867
Interest expense	-217	-206
Net interest income	731	661
Fee and commission income	201	195
Fee and commission expense	-87	-78
Net fee and commission income	114	117
Trading result	90	73
Net gain (realized) on other financial instruments	0	0
Net gain on discontinued fair value valuation through P&L	15	n/a
Other operating income	55	32
Other operating costs	-25	-15
Net other operating income	30	17
General administrative expenses	-458	-489
Net impairment charges and write-downs	-241	-212
Banking tax	-50	-50
Profit before tax	231	118
Income tax	-60	-35
Net profit	171	82
Net profit attributable to equity holders of the parent	171	82

*Interest income incl. income of a similar nature



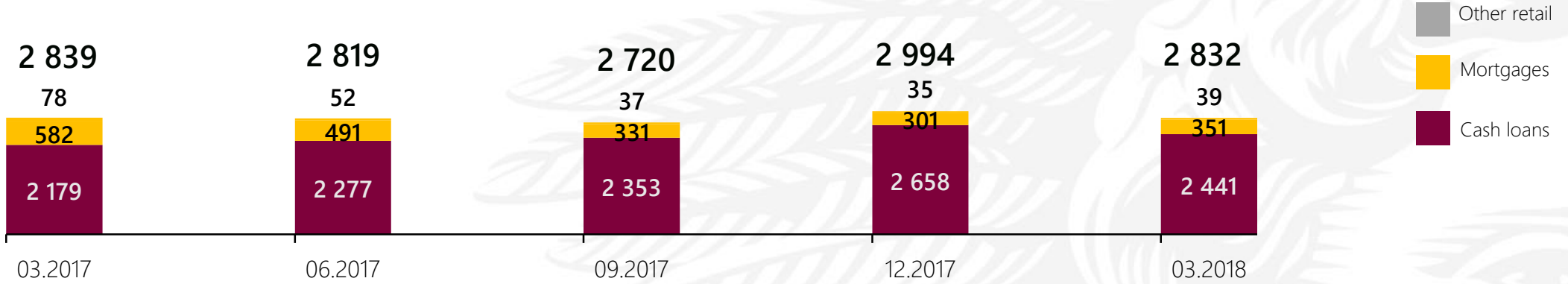
BALANCE SHEET SNAPSHOT

in PLN M	31 Mar'18	31 Dec'17
Cash and balances with the Central Bank	1 440	965
Financial assets	13 410	13 643
Derivative hedging instruments	57	88
Amounts due from banks	1 128	902
Loans and advances to customers	51 569	51 267
Assets pledged as collateral	561	409
Property, plant and equipment	452	476
Intangible assets	543	549
Income tax asset	847	570
Diferred	847	570
Other assets	527	626
Total assets	70 534	69 494
Amounts due to banks	1 013	892
Amounts due to customers	59 024	57 614
Financial liabilities	643	436
Derivative hedging instruments	10	5
Provisions	176	90
Other liabilities	1 377	1 675
Income tax liabilities	206	104
current	206	104
Subordinated loans	1 925	1 915
Total liabilities	64 375	62 732
Equity	6 160	6 762
Equity attributable to equity holders of the parent	6 159	6 761
Share capital	1 293	1 293
Supplementary capital	4 821	4 820
Revaluation reserve	90	14
Other reserves	186	184
Retained earnings (accumulated losses)	-402	-66
Profit for the year	171	515
Total liabilities and equity	70 534	69 494

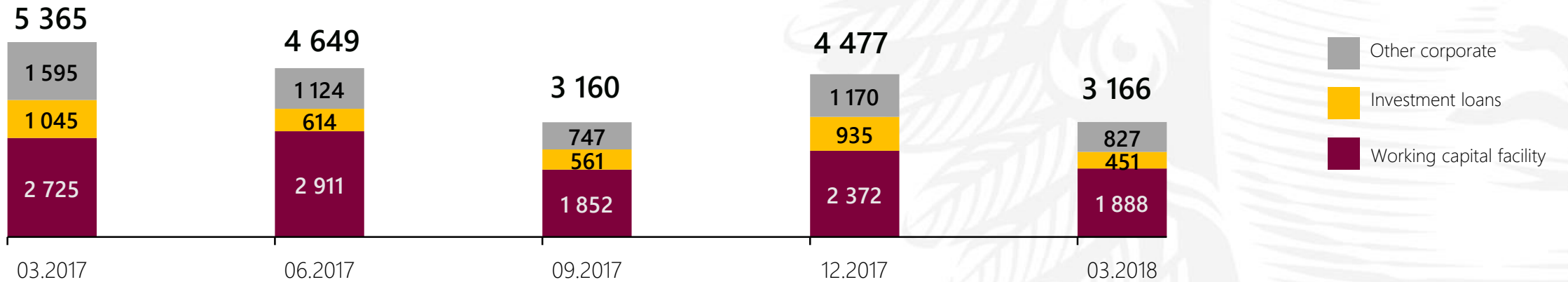


NEW LOANS SALES IN RETAIL & CORPORATE

RETAIL LOANS (NEW SALES PER QUARTER)



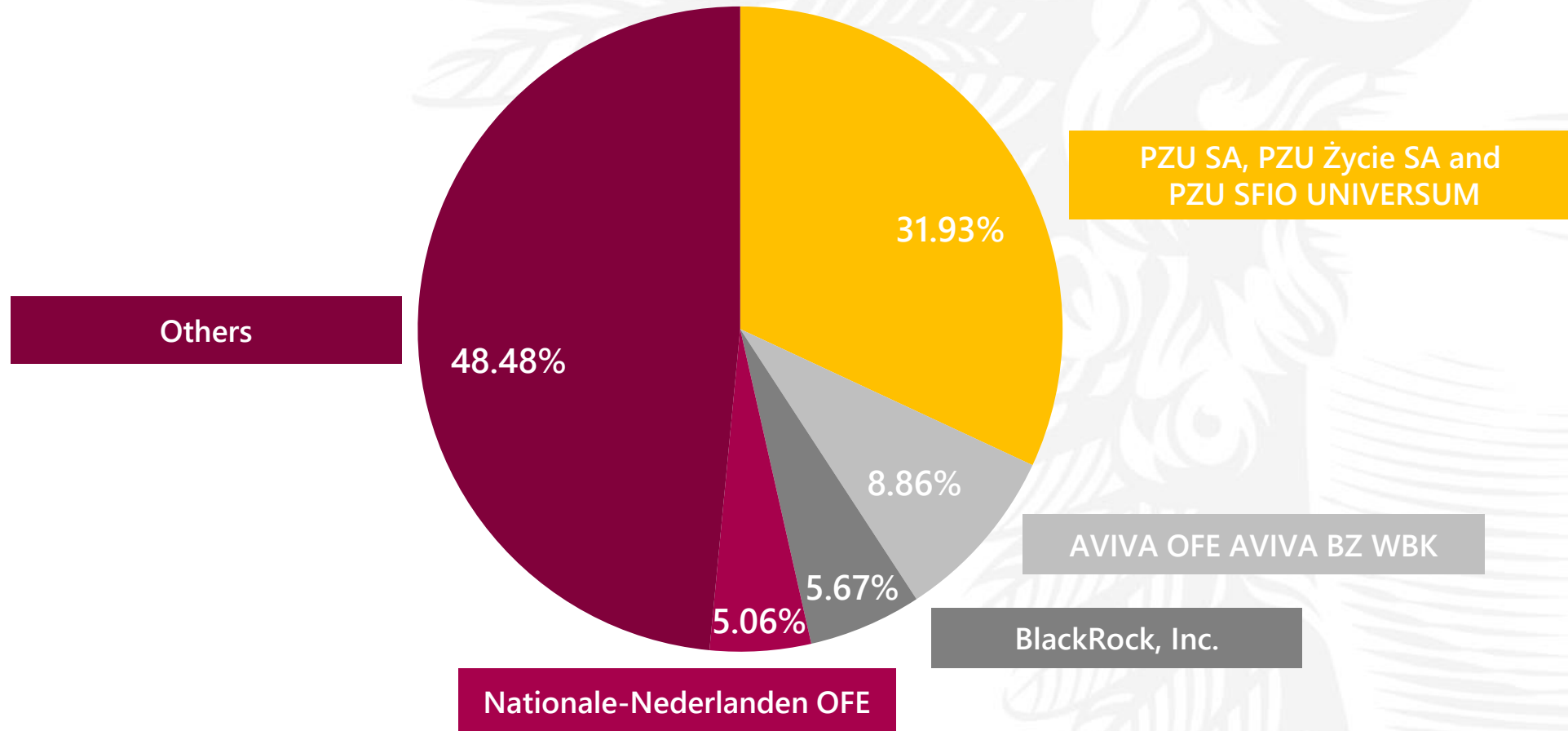
CORPORATE LOANS (NEW SALES PER QUARTER)



New sales 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 loans, other mortgage loans
 Other corporate includes: other receivables and factoring



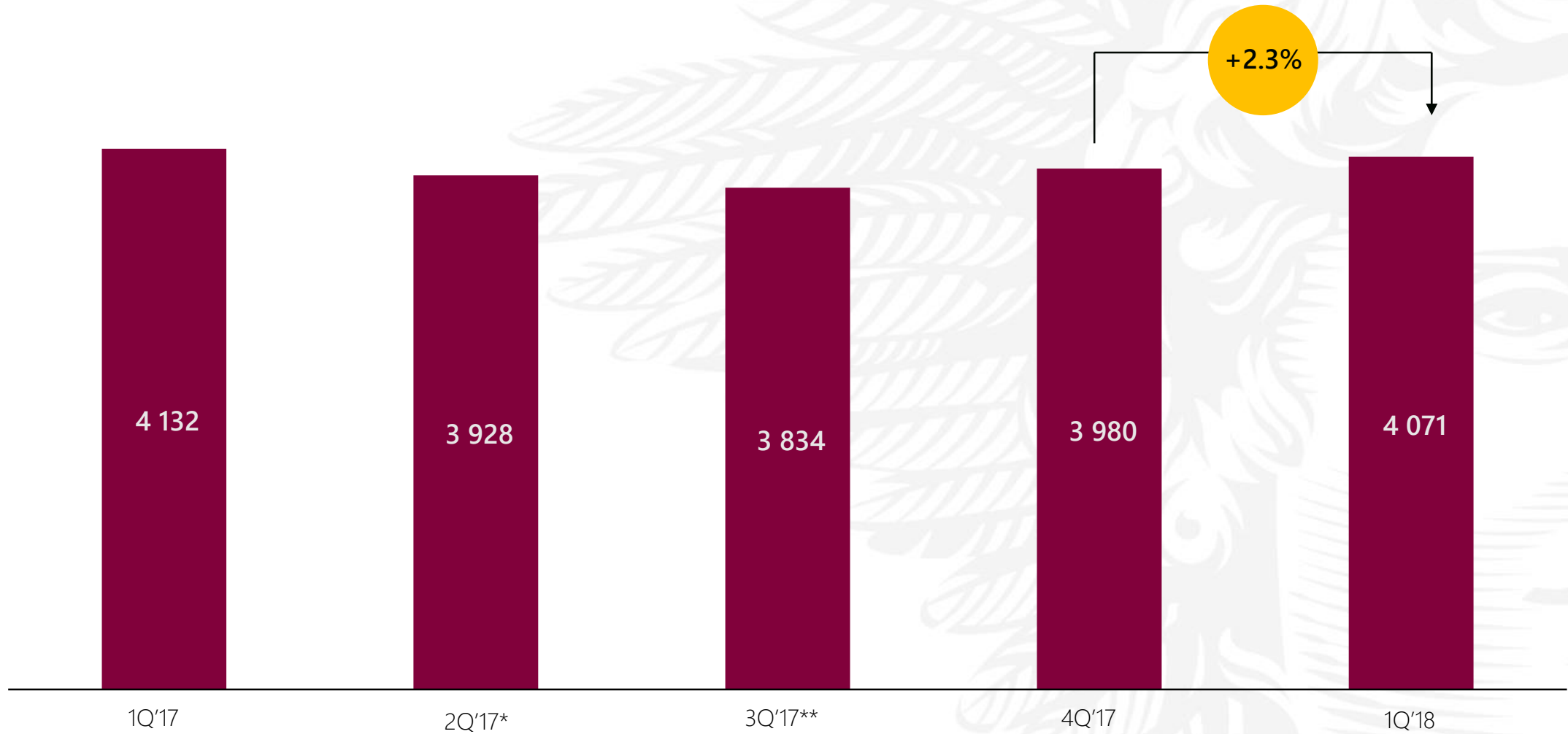
LARGEST FREE FLOAT AMONG POLISH FINANCIAL INSTITUTIONS



*based on the number of shares registered on EGM held on 5 December 2017 and received notifications.



ALIOR BANK CUSTOMER BASE (IN T)

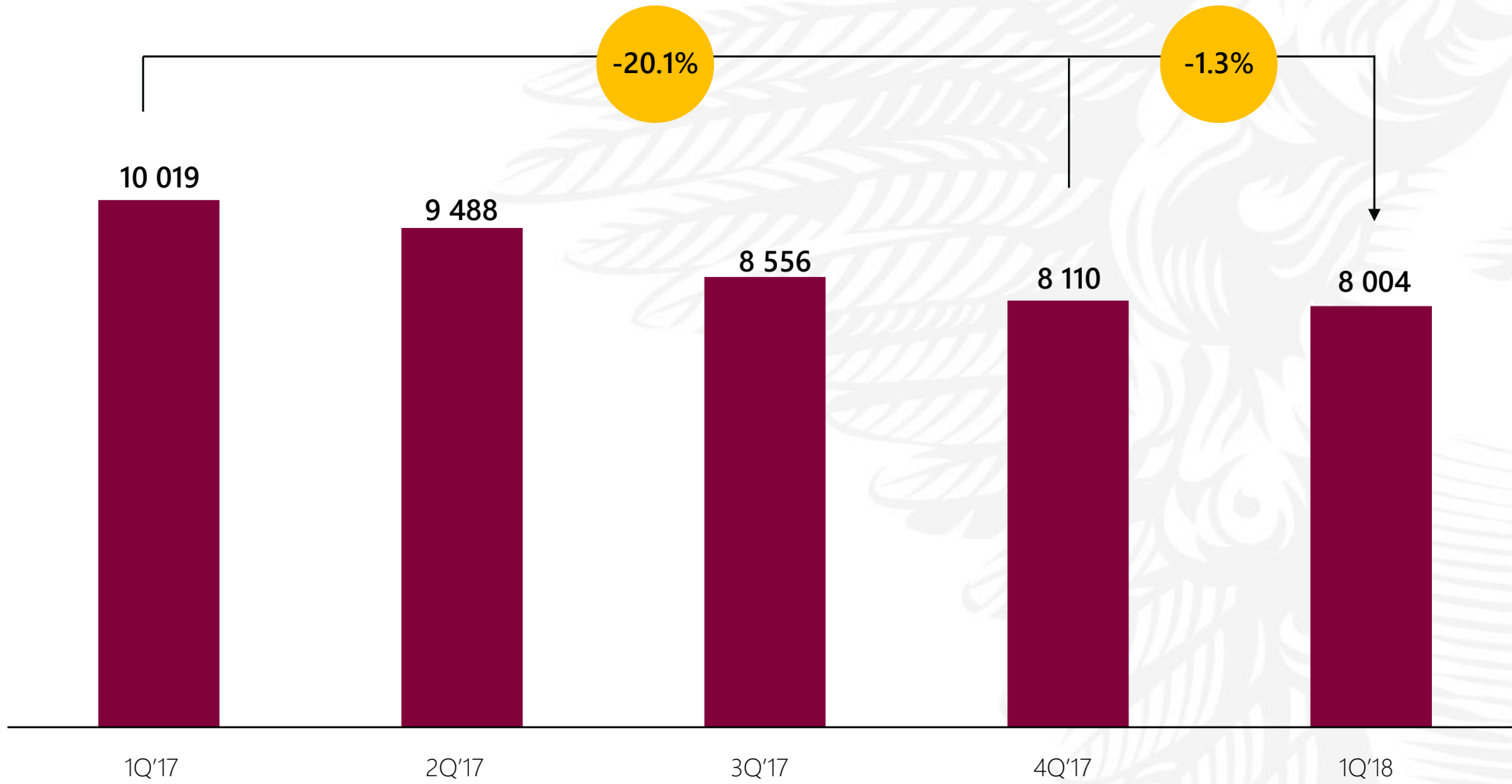


*Slight decrease in number of clients in Q2'17 is of technical nature as a result of new definition of active client.

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

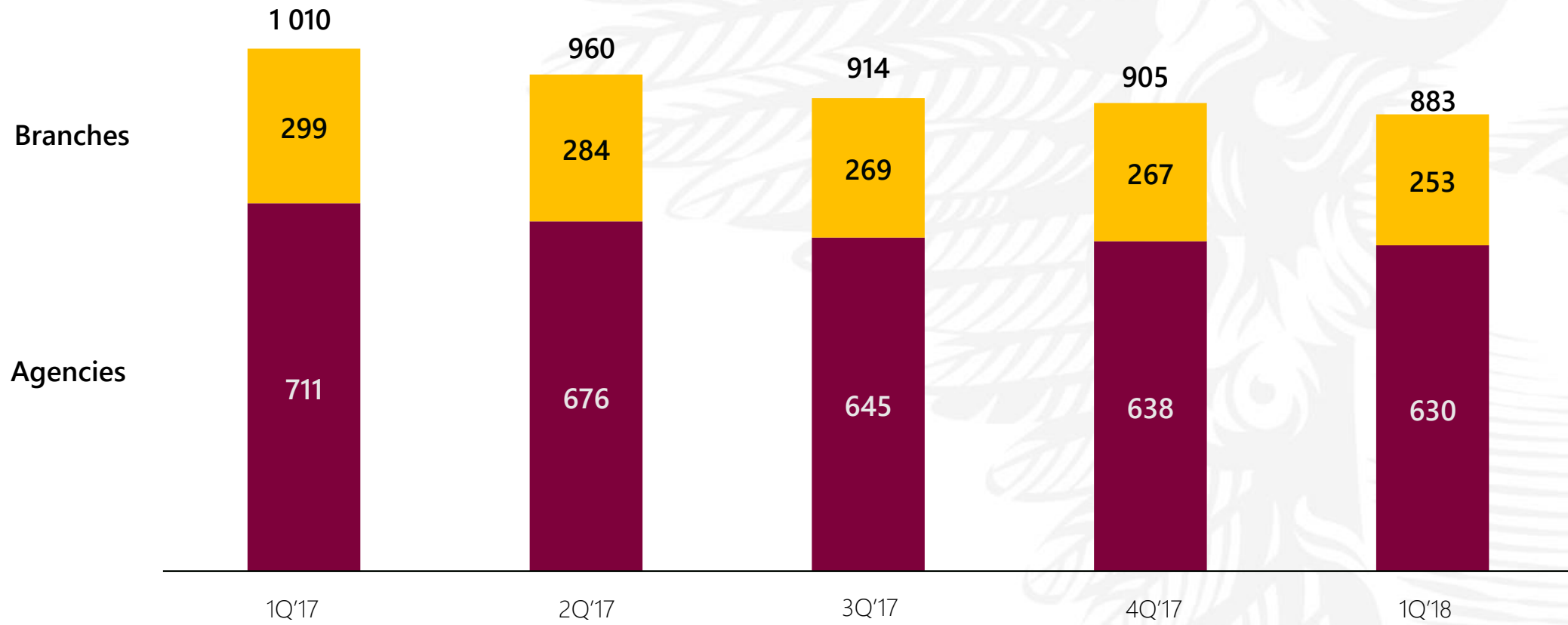


FTE EVOLUTION





Number of branches





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