



ALIOR
BANK

ALIOR BANK S.A.

NDR presentation Q3 2013

November 15, 2013



Q3 2013 HIGHLIGHTS

- **Bancassurance accounting impact**
 - Change in methodology
 - Adopted most conservative approach
 - 309 M by EOY 2012 and 105 M in 2013 YTD
- **Capital increase**
 - Up to 10%
 - EGM 28th of November
- **Strategy: 2016 targets**
 - Growth plan retained (4% Market Share)
 - C/I ratio target <45% (revised)
 - ROE >16%
- **Fundamental performance**
 - Trading income down 25 M (low interest volatility)
 - 4,8% NIM impacted by rate cuts (-225 bps since May 2012),
 - Loan growth 37% YoY, L/D <100%
 - # of customers up 188k
- **Outlook**
 - NIM improving (stable Wibor, retail loan growth)
 - Loan growth >400 M a month
 - Comfortable with FY'13 consensus of 231 M net profit



KEY FINANCIALS (BANCASSURANCE IMPACT INCLUDED)

<i>M PLN</i>	Q3'13 YTD	Q3'12 YTD	% (A-B)/B	Q3'13 QTD	Q3'12 QTD	% (D-E)/E
	A	B	C	D	E	F
Net interest income	731	622	18	249	225	11
Net fee and commission income	136	123	11	54	43	25
Trading result & other	204	173	18	58	75	-23
Operating income	1 072	918	17	362	344	5
General Administrative Expenses	-613	-560	9	-212	-196	8
Impairment losses	-262	-189	39	-102	-73	40
Gross profit	196	169	16	47	75	-37
Net profit	155	149	4	36	61	-40

<i>M PLN</i>	3Q'13	3Q'12	% (A-B)/B	2012	A-D	% (A-D)/D
Loans	18 150	13 227	37	17 206	943	5
Deposits	19 156	15 170	26	19 052	105	1
Total equity	2 069	1 195	73	2 020	49	2
Total assets	23 120	17 556	32	22 669	451	2

<i>M PLN</i>	Q3'13 YTD	Q3'12 YTD	A-B pp	Q3'13 QTD	Q3'12 QTD	D-E pp
ROE (%)	10,3	18,6	-8,3	10,3	18,6	-8,3
ROA (%)	0,9	1,2	-0,3	0,9	1,2	-0,3
C/I (%)	57,2	61,0	-3,8	58,7	57,1	1,6
CoR (%)	2,1	2,1	0,0	2,1	2,1	-0,0
L/D (%)	94,7	87,2	7,5	94,7	87,2	7,5
NPL ratio (%)	6,9	4,4	2,5	6,9	4,4	2,5
NPL coverage ratio (%)	56,6	70,3	-13,6	56,6	70,3	-13,6
Tier 1 (%)	12,4	10,8	1,6	12,4	10,8	1,6
Capital adequacy ratio (%)	10,5	8,2	2,4	10,5	8,2	2,4



BANCASSURANCE ACCOUNTING

	MODEL 2009-JUN 30 2013	MODEL JUL 2013 – SEP 2013	MODEL AS OF OCT 2013
Offering	Life insurance Job-loss insurance Alor acts as an insuring party with the risk covered by the insurer	Life insurance Job-loss insurance Alor acts as an insuring party with the risk covered by the insurer	Life insurance Job-loss insurance Alor acts as an insuring party with the risk covered by the insurer
Revenue recognition	~80% upfront ~20% periodized	100% upfront Total fee booked lower than in the previous model	0% upfront. Periodization element booked in NII (effective interest rate amortization)

MEETING WITH KNF OCT 14TH: Bank is required to restate bookings of bancassurance revenues for following periods: 2008-12 as well as 9M 2013.

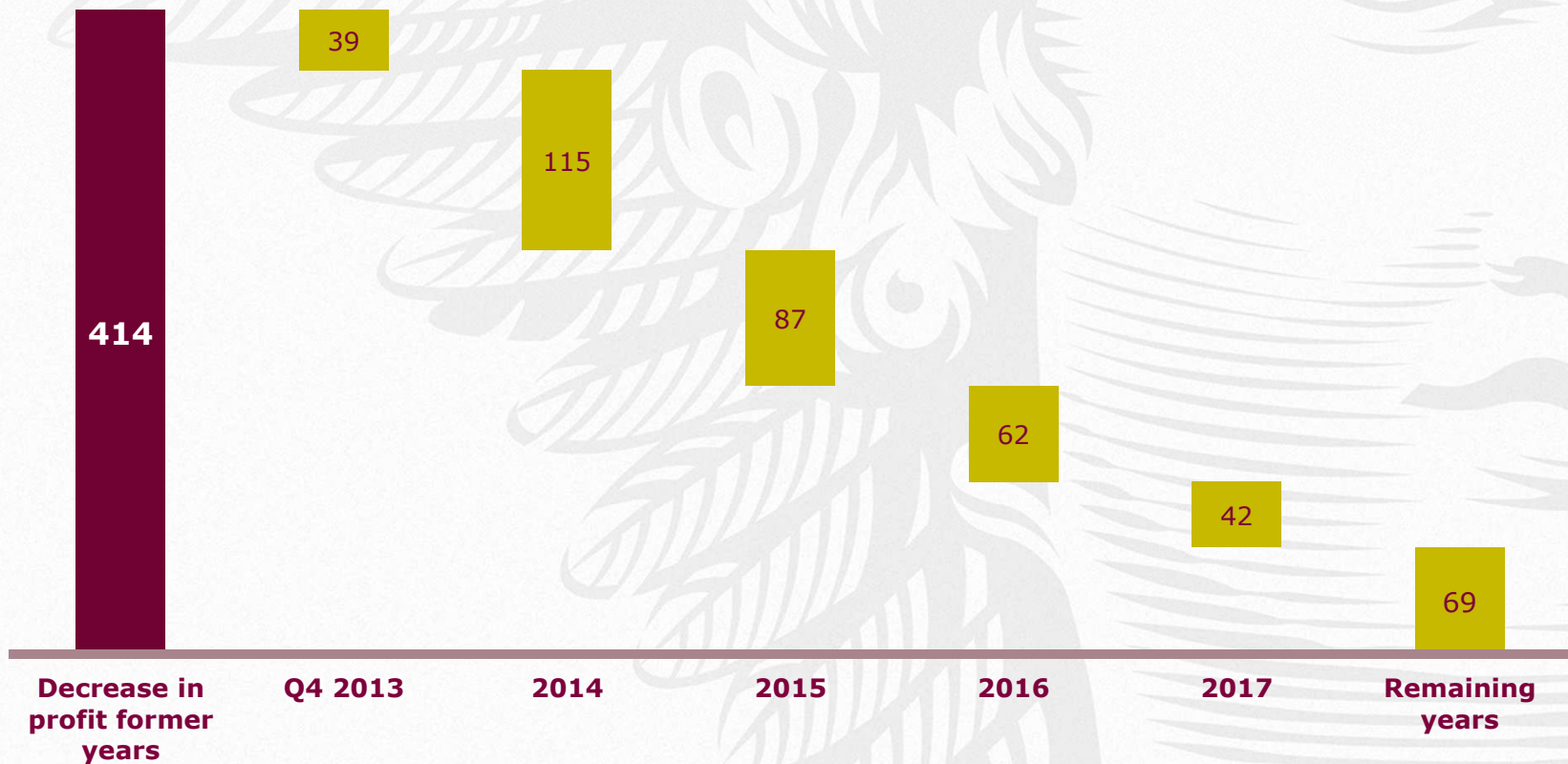


BANCASSURANCE ACCOUNTING IMPACT

The Management Board of Alior Bank decided on October 17, 2013 on full periodization of bancassurance income.

Revenue not lost but deferred. No change to liquidity position.

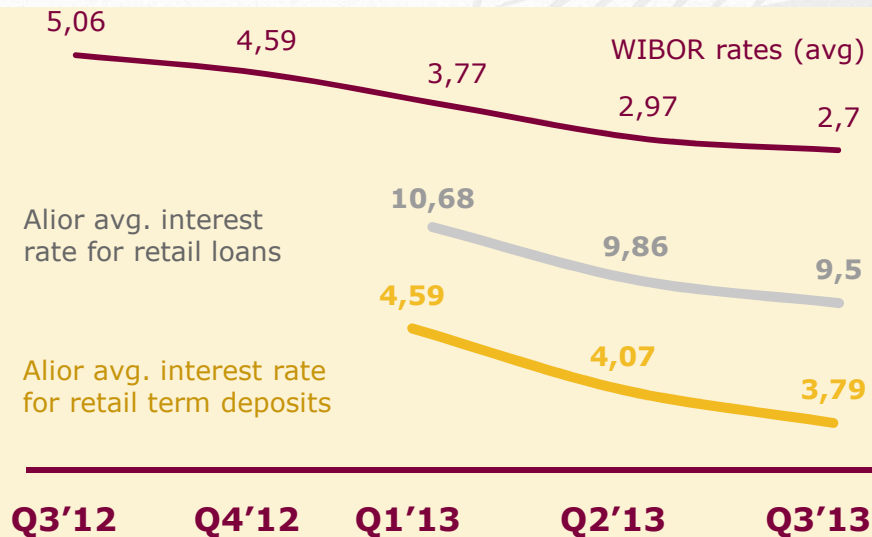
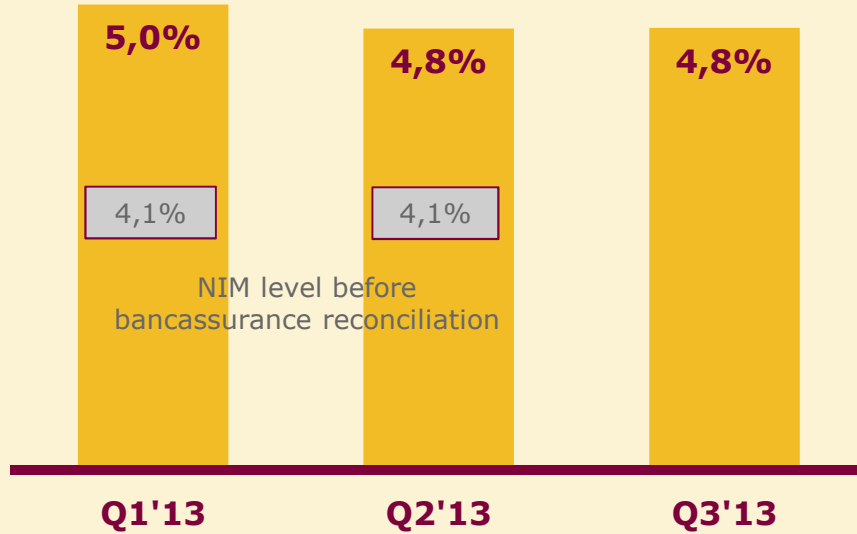
Future recognition of deferred income from previous years (in PLN m)





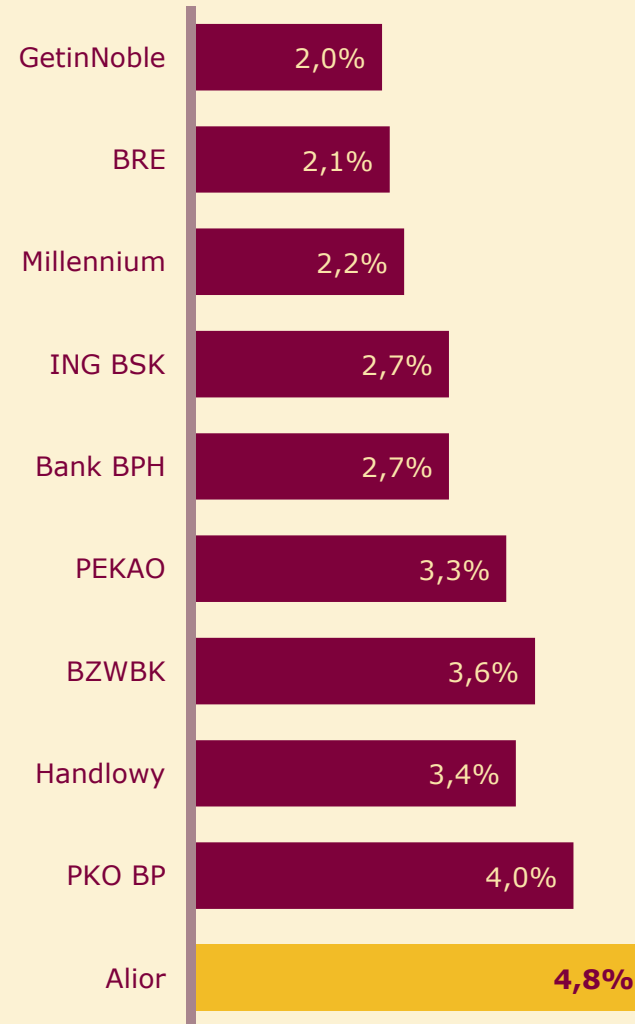
NIM – DECREASE WITH POSITIVE OUTLOOK

Alior NIM progression



NIM in selected Polish Banks

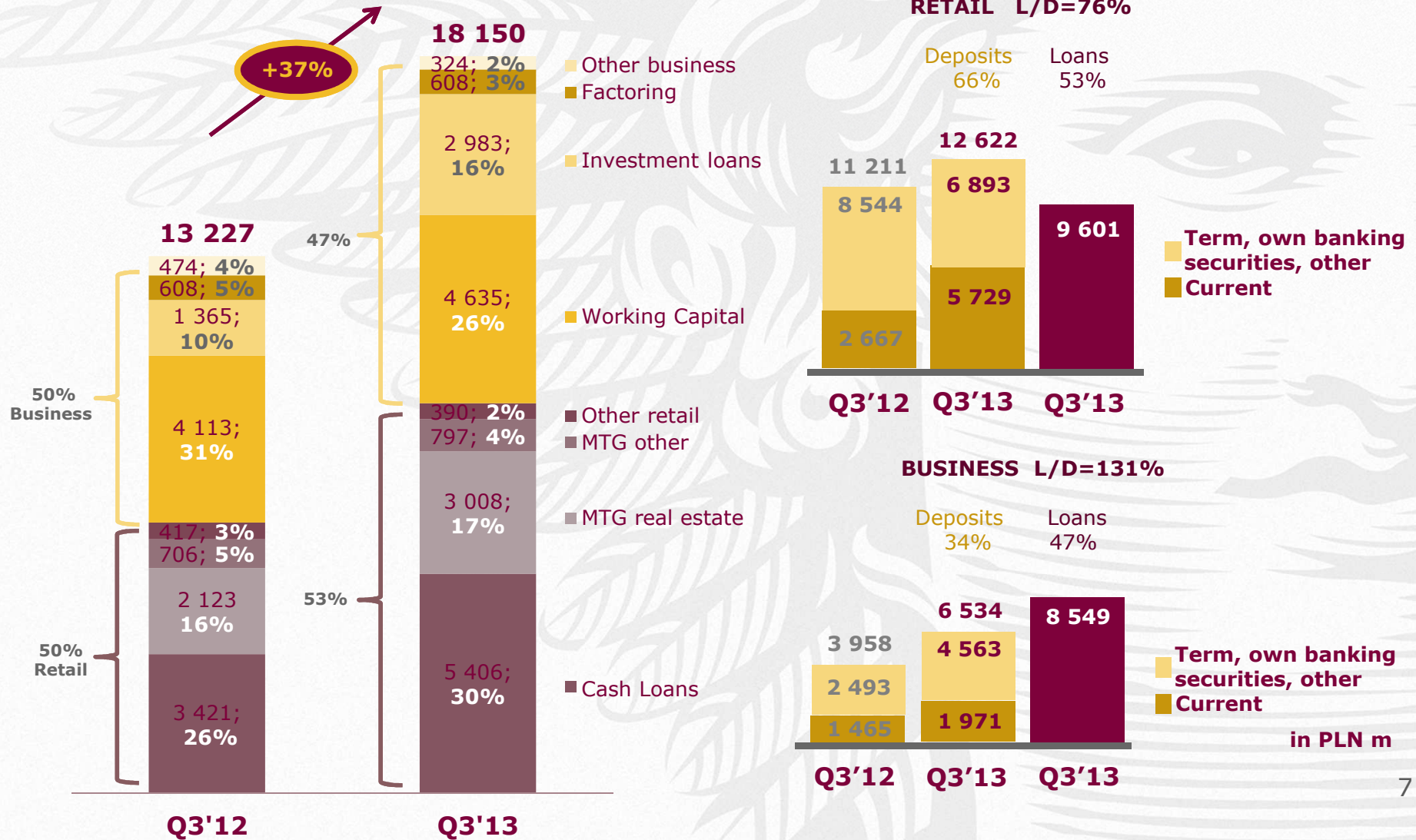
Data as of Q3'13; PKO BP and GetinNoble – Q2'13





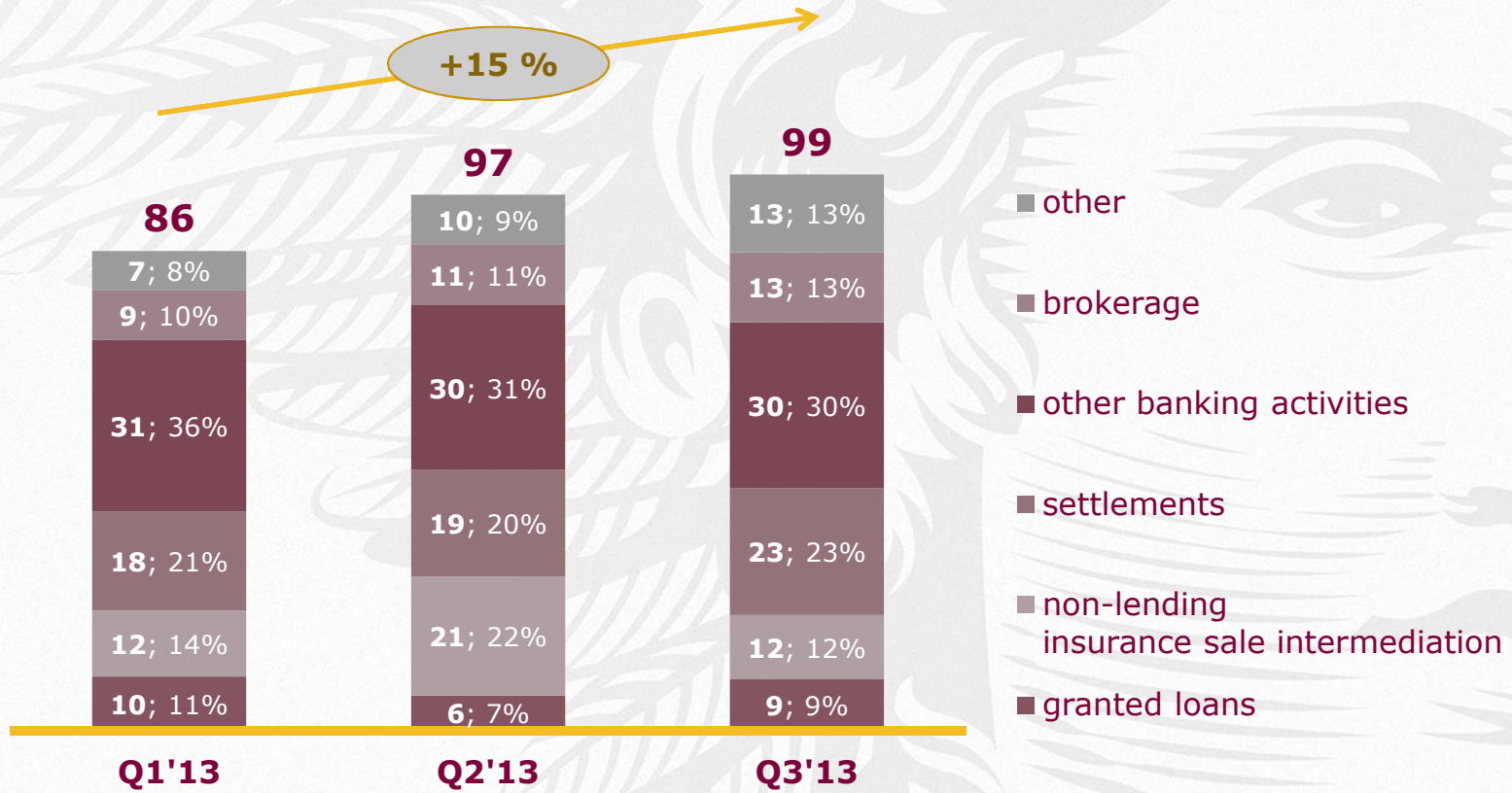
FAVORABLE DEVELOPMENT OF LOAN BOOK AND DEPOSIT GATHERING

Loan book split **L/D = 94,7%**



FEE INCOME PERFORMANCE

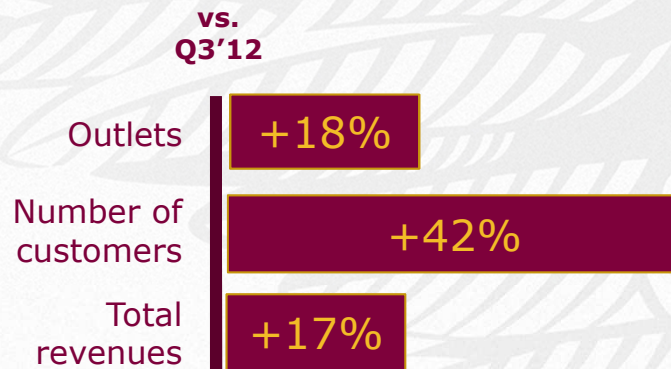
Fee income split (in PLN m, structure)



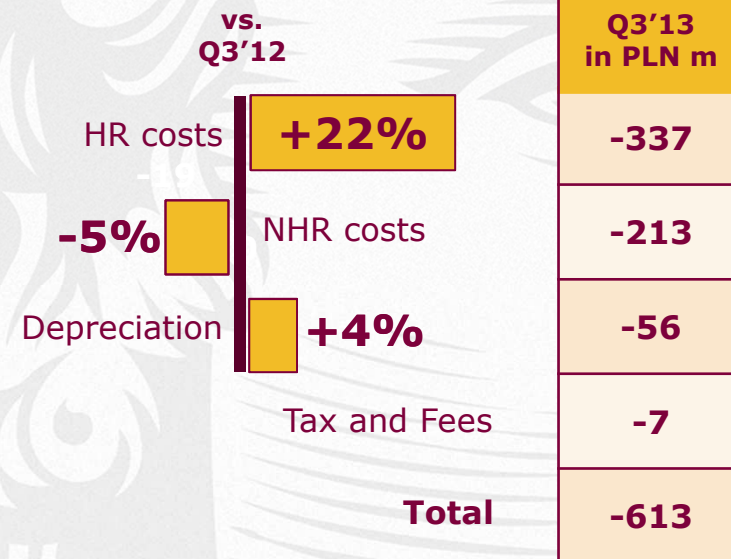


DEVELOPING SCALE OF ACTIVITY WHILE KEEPING COST EFFECTIVENESS

Alior broaden the capacity....



...managing its cost base effectively



C/I Q3'13 = 57%

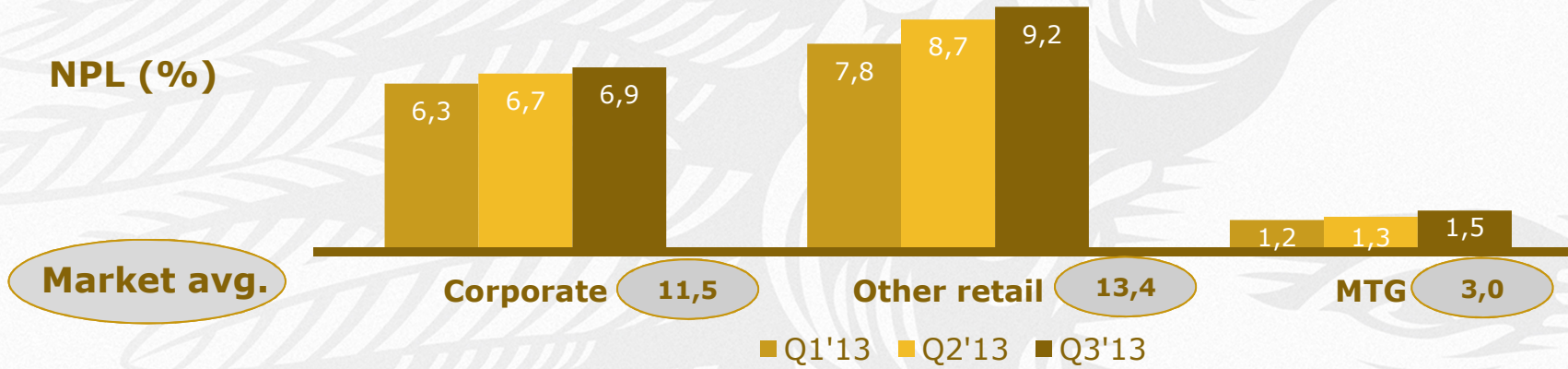
New Cost saving program in place to achieve savings of 25 M in 2014 and additional 25 M in 2015

C/I target 2016 <45%

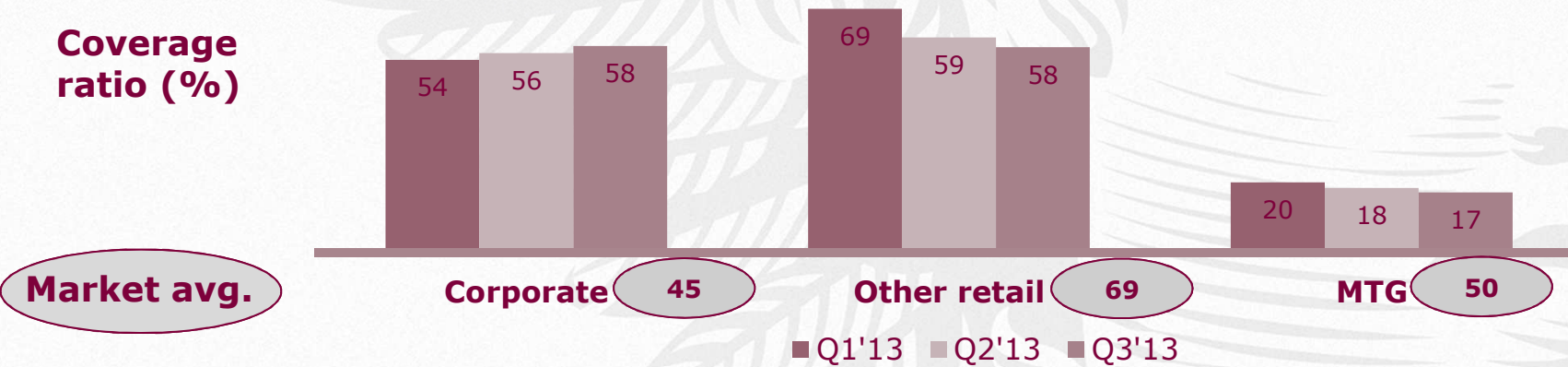


CREDIT RISK OVERVIEW

NPL (%)



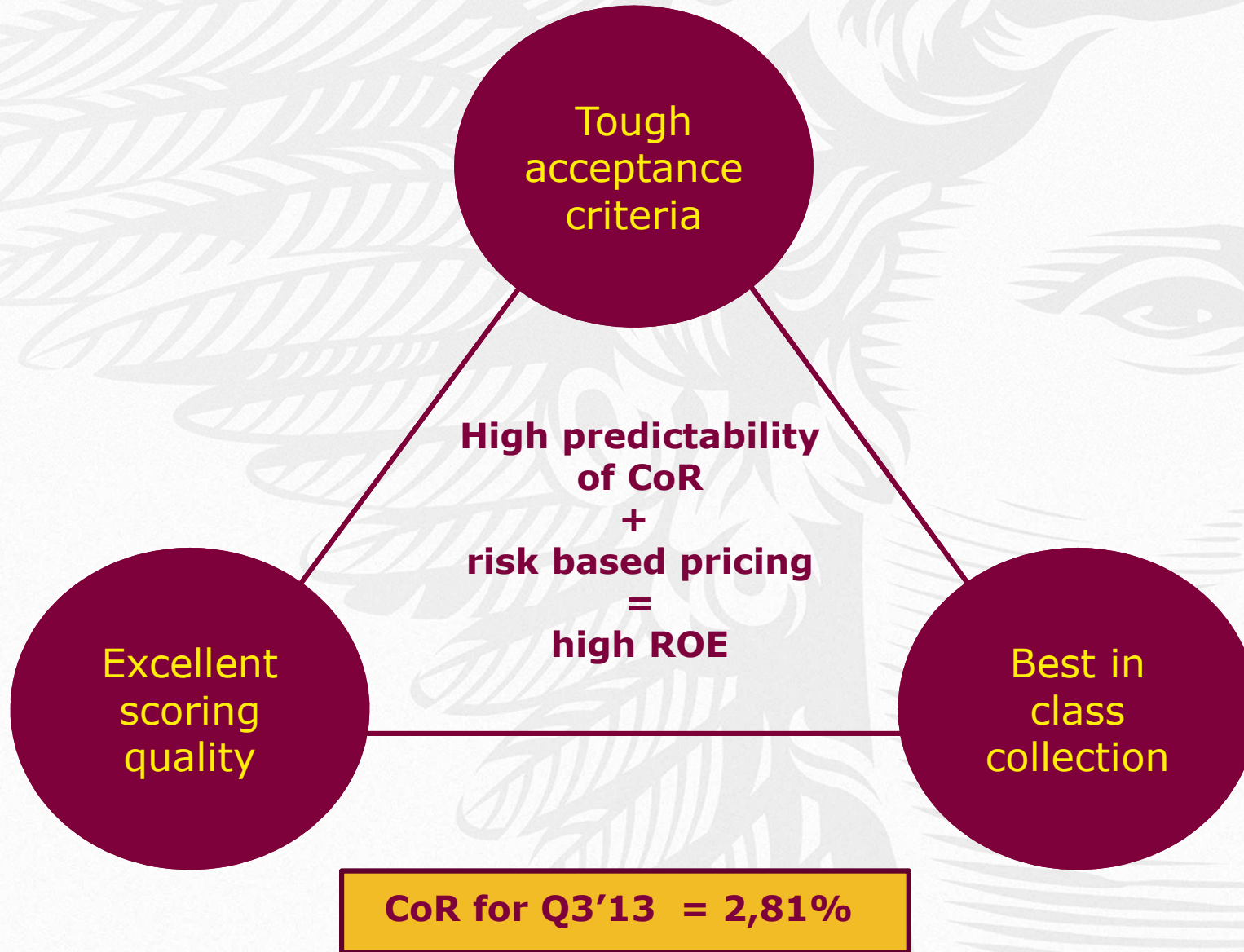
Coverage ratio (%)



Loan portfolio structure (%)	Corporate	Other retail	Mortgages
Alior	47	37	16
Banking sector	34	26	40

Other 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

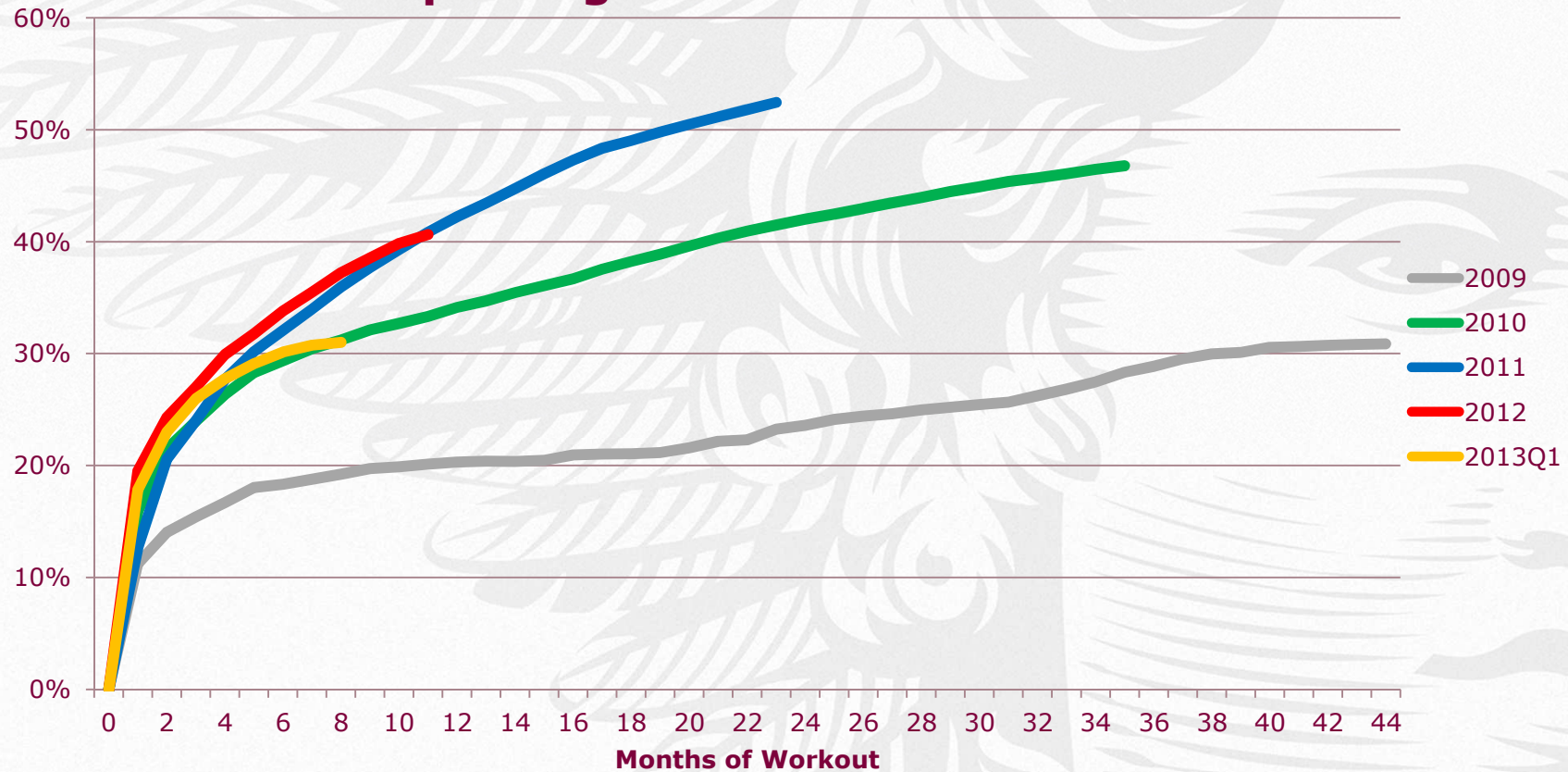
NON-COLLATERIALIZED RETAIL CREDIT RISK





NON-COLLATERALIZED RETAIL CREDIT RISK - RECOVERIES

Improving recoveries on Cash Loans

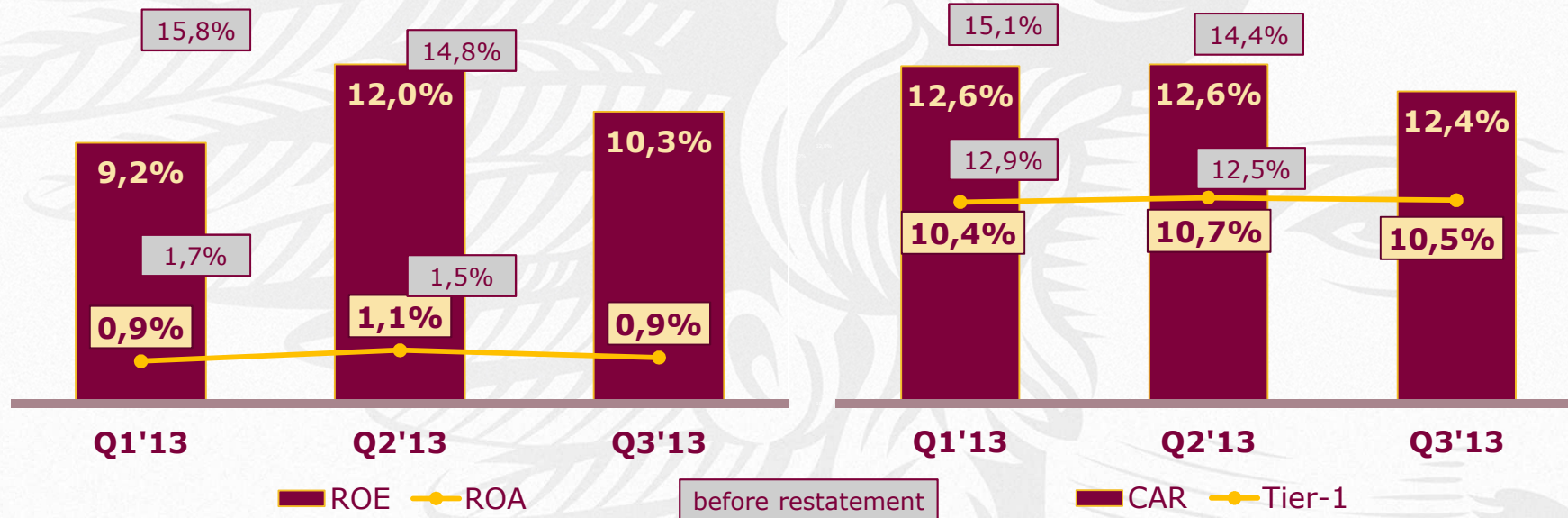


Recoveries - payments and cures discounted and expressed as percent of exposure at default.

Months of Workout - Months since identification of objective evidence of impairment



CAR ABOVE 12% CAPITAL REQUIRED TO SECURE 2016 TARGETS



Q3'13 efficiency ratios impacted mainly by:

- lower contribution of trading results (-32% Q3 vs Q2),
- increase of impairment write-off's (by 18% Q3 vs Q2).

Capital adequacy ratios above regulatory levels.

An up to 10% capital increase would be used to provide sufficient T1 to secure our target 4% market share and ROE >16% by 2016

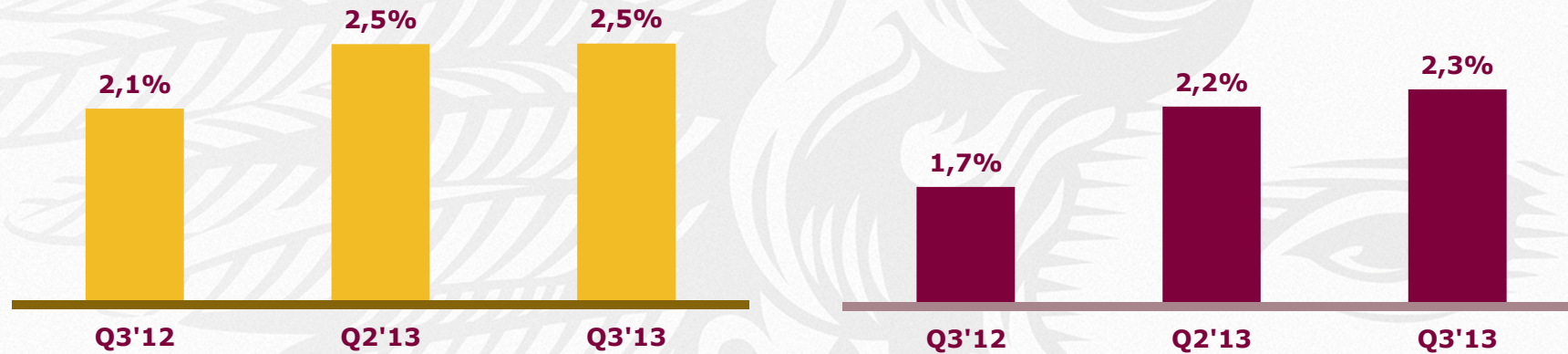


ON TRACK TO CAPTURE 4% MARKET SHARE

Deposits

MARKET SHARE

Loans



Deposits

MONTHLY GROWTH

Loans

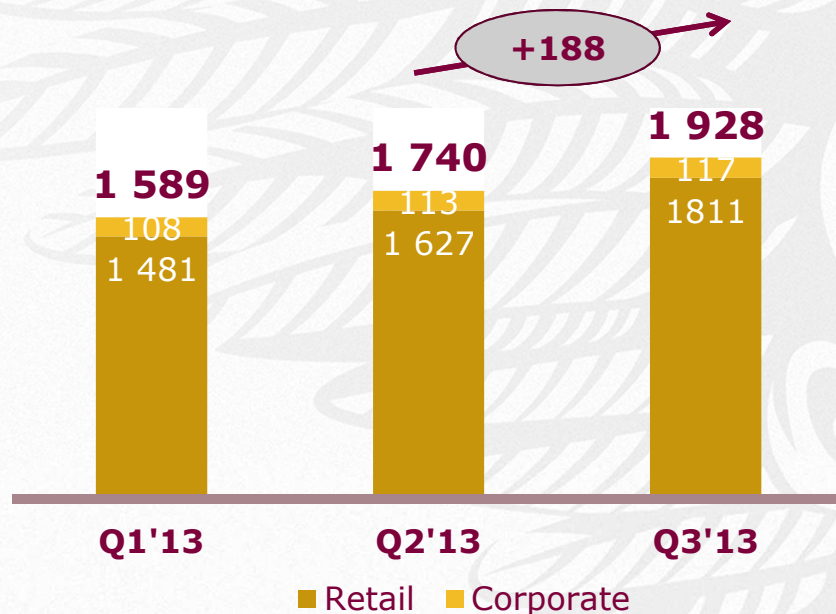
	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
APR	1,7%	-0,1%	1,8%	-0,3%	1,3%	0,2%	APR	2,1%	-0,1%	2,5%	-0,1%	1,7%	-0,1%
MAY	5,6%	0,5%	5,3%	-0,4%	6,4%	3,0%	MAY	3,2%	1,2%	3,2%	1,3%	3,3%	1,0%
JUN	2,0%	0,9%	2,2%	0,8%	1,6%	1,0%	JUN	5,5%	1,1%	3,4%	0,7%	7,9%	1,8%
JUL	-2,7%	-0,2%	-4,9%	-0,1%	2,9%	-0,7%	JUL	0,5%	-0,5%	2,2%	-0,2%	-1,3%	-1,1%
AUG	2,1%	0,4%	-1,5%	0,5%	10,4%	0,0%	AUG	2,2%	0,8%	2,4%	0,7%	1,9%	1,2%
SEP	1,0%	0,0%	3,1%	-0,1%	-3,4%	0,4%	SEP	2,8%	0,4%	2,6%	0,7%	3,1%	-0,2%
	109,9%	101,5%	105,8%	100,4%	120,1%	104,1%		117,3%	103,0%	117,3%	103,1%	117,4%	102,5%

Retail deposit re-pricing campaign in Jul and Aug. Liquidity steering via corporate deposits in Aug-Sep.

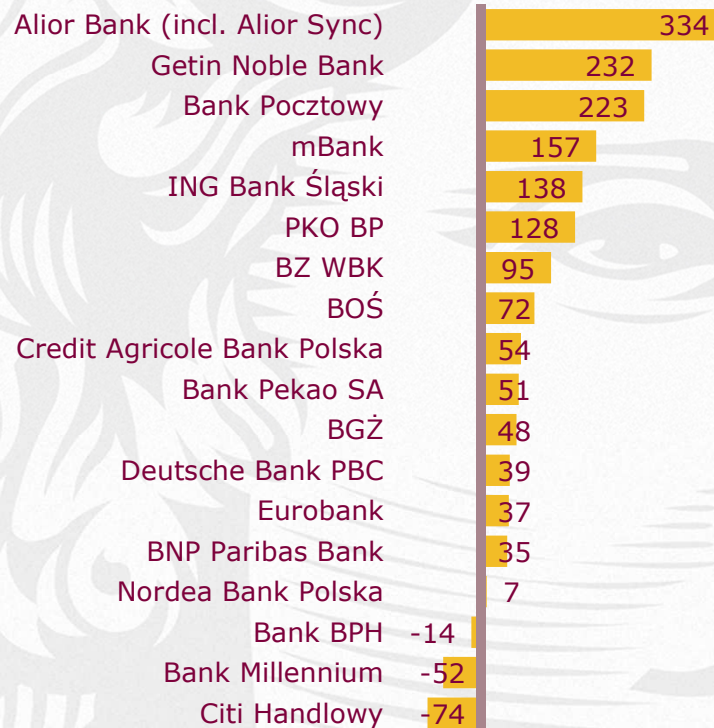


ALIOR RETAINS ITS TOP POSITION IN CLIENT ACQUISITION

No of Alior's customers (in ths.)



Current account acquisition 1H 2013



Alior retail clients segmentation

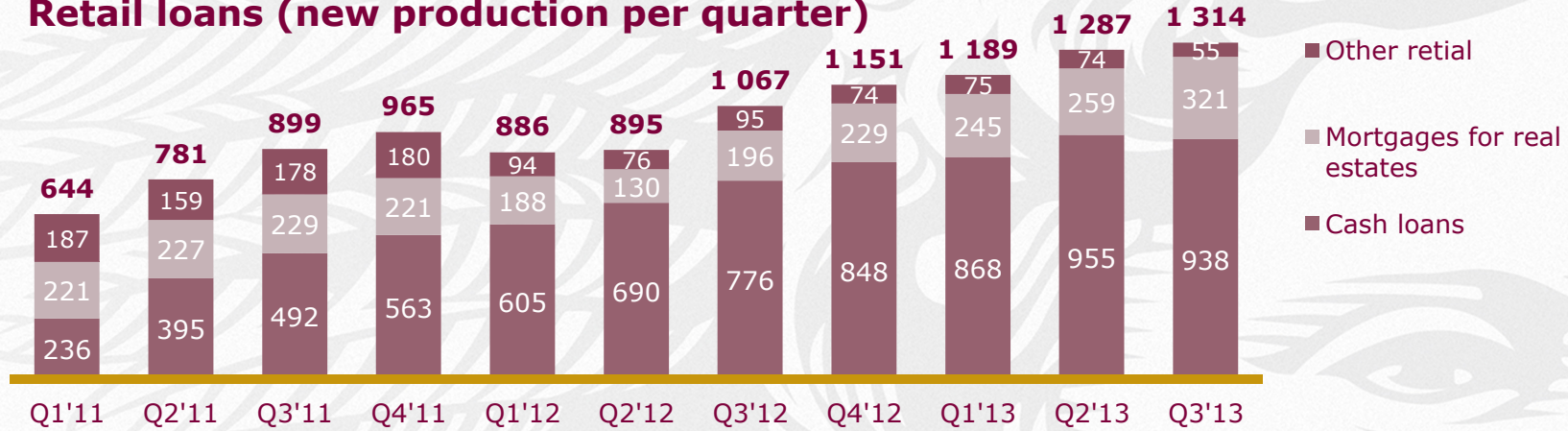
source: PR NEWS 10.09.2013

	Q1'13	Q2'13	Q3'13
Branches	1 204	1 252	1 300
AEX	40	51	63
CF	70	136	232
Alior Sync	168	189	216



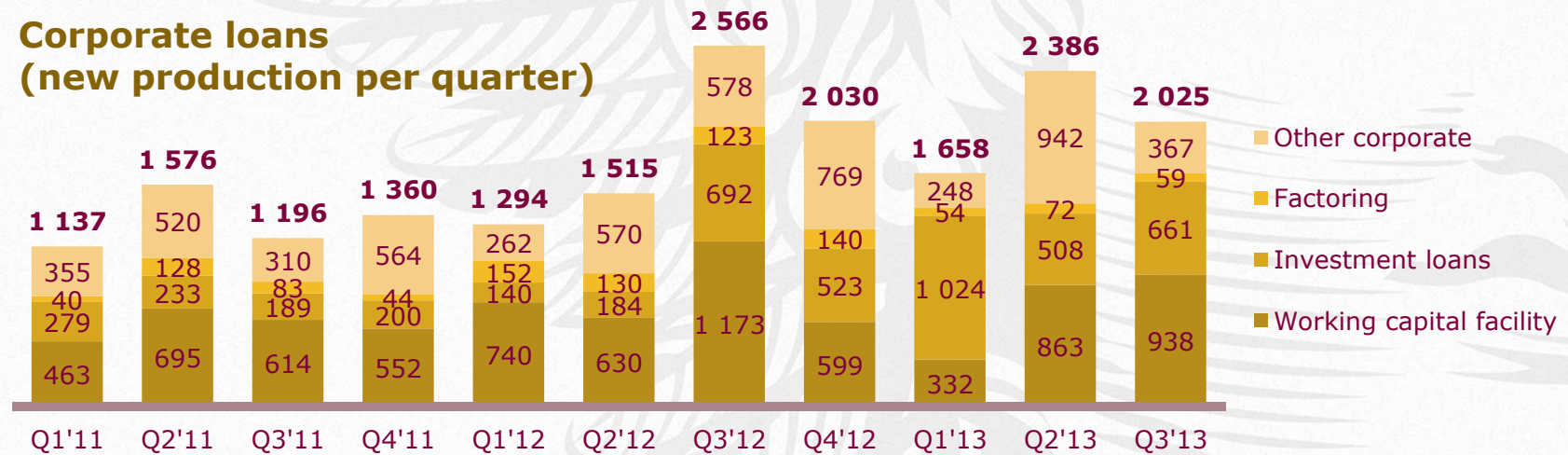
CONTINUED STRONG LOAN GROWTH ACROSS EACH SEGMENT

Retail loans (new production per quarter)



Reduction in Q3'13: lower max % rate allowed (4 x Lombard rate) → lower acceptance ratio

Corporate loans (new production per quarter)

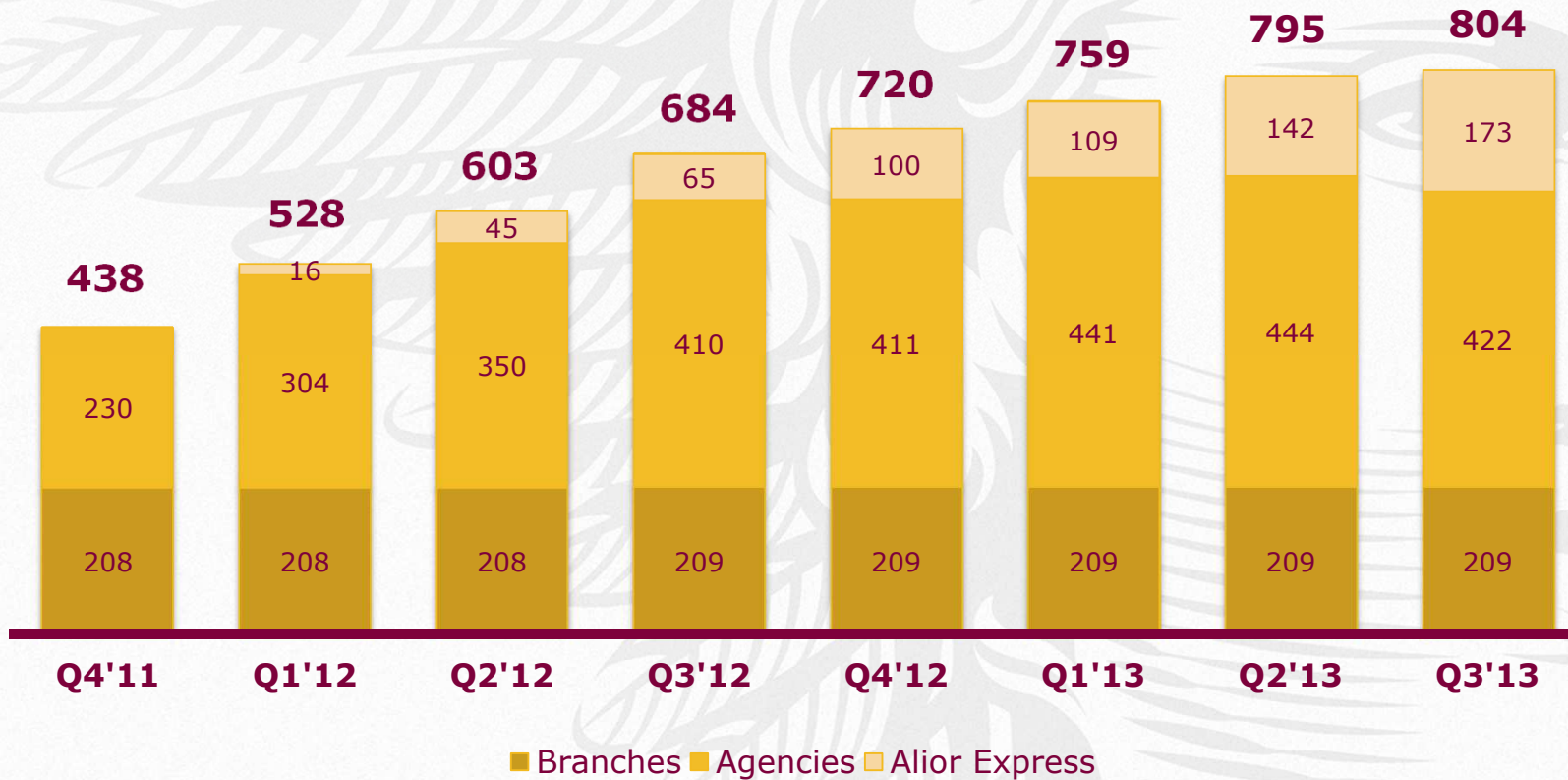


BANCASSURANCE CROSS-SELL STRATEGY UNCHANGED

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

DISTRIBUTION NETWORK GROWTH

No of Alior's outlets



The number of Alior Express outlets will increase to 220 as of the end of 2013.



STRATEGIC INITIATIVES



- **Consumer Finance** – started in March 2012
 - Gaining a strong footprint in over 600 locations of major retailers
 - Ever increasing presence online (Allegro, PayU, Neo24.pl)
 - Consumer Finance portfolio: PLN 455 M (Q3 2013)



- **Alior Bank Express** mini branches

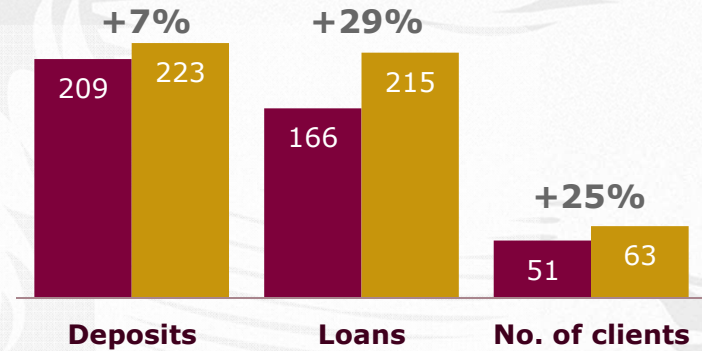
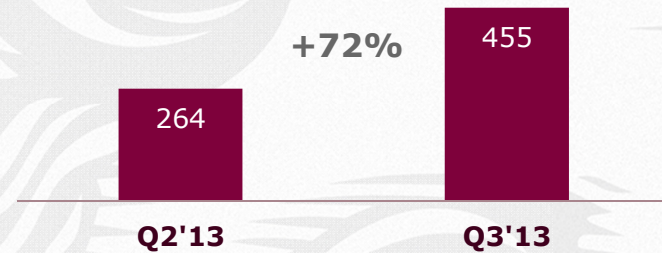
- 173 new mini branches as of Q3 2013.
- Plan to reach 220 outlets in 2013
- Deposits: PLN 223 M (Q3 2013)
- Loans: PLN 215 M (Q3 2013)
- 63.3 ths clients (Q3 2013)



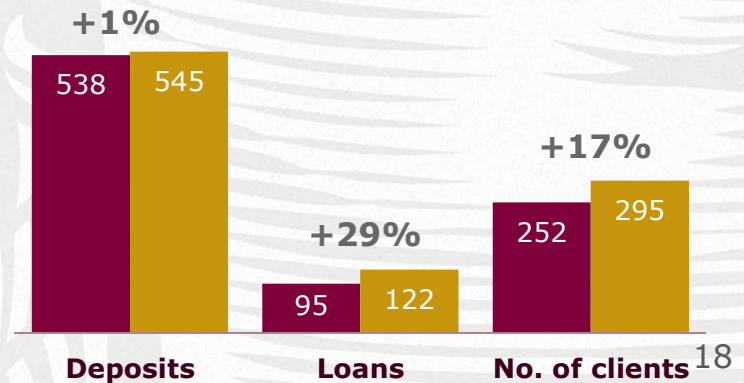
- **Alior Sync: a Virtual Bank** – launched mid June 2012

- Cutting edge technology recognized world wide (BAI and London Technology award)
- 295 k new clients as of Q3 2013.
- Deposits: PLN 545 M (Q3 2013)
- Loans: PLN 122 M (Q3 2013)

CF portfolio in PLN m



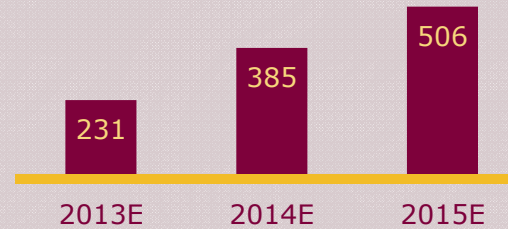
■ Q2'13 ■ Q3'13 in PLN m / in ths.





STRATEGIC OUTLOOK

Net profit



Figures present consensus based on the analysts reports post October 18, 2013 in PLN M*

ROE 2016

- > 16%

Loans volumes monthly

- > PLN 400 m per month

C/I 2016

- < 45% (vs. < 42% previously)

Market share 2016

- 4%

*based on: Espirito Santo - 18 Oct, Barclays - 18 Oct, J.P.Morgan - 18 Oct, Citi - 18 Oct, Morgan Stanley - 21 Oct, Raiffeisen - 23 Oct, Deutsche Bank - 31 Oct

BACK UP

Q3 2013 HIGHLIGHTS - BANCASSURANCE

- Full periodization of bancassurance income for the production up to 2012 affected the Bank's equity in the total amount of PLN -309 M.

Impact on:	2009	2010	2011	2012
Loan receivables	-28	-94	-237	-377
Deferred income tax receivables	5	18	43	72
Undistributed result from previous years		-23	-76	-182
Net profit current period	- 23	-54	-106	-127
Other liabilities			-12	4

- 2013 production affected the Bank's P&L in the gross amount of PLN -131 M as of the end of Q3'13 (PLN -105 M net)

Impact on:	1Q'13	2Q'13	3Q'13
Interest income	39	26	24
Net F&C	-99	-46	-94
Net other operating income	-5	5	0
Costs	4	4	4
LLP	5	1	1
Gross profit	-56	-10	-65
Net profit	-46	-8	-51



SHAREHOLDING STRUCTURE

Shareholder	Number of shares / votes	Nominal value of shares
Alior Lux S.a r.l. & Co. S.C.A. (including Alior Polska Sp. z o.o.)	22 918 382	229 183 820
European Bank for Reconstruction and Development	5 614 035	56 140 350
Other	35 050 548	350 505 480
Total	63 582 965	635 829 650

On October 28, 2013 the Alior's Management Board informed on convening the **General Meeting of Shareholders to be held on November 28, 2013**

It assumes inter alia voting on the resolution regarding **the increase of the Bank's share capital through the issuance of ordinary series G bearer shares and the exclusion of all of the pre-emptive rights** of the existing shareholders to all the series G shares.

The Bank's intention is to increase the share capital by no less than PLN 10.00 but **no more than PLN 63,582,960**

The Series G Shares shall be issued **by way of a private issuance.**

LOCK UP PERIODS FOR MGMT SHARES

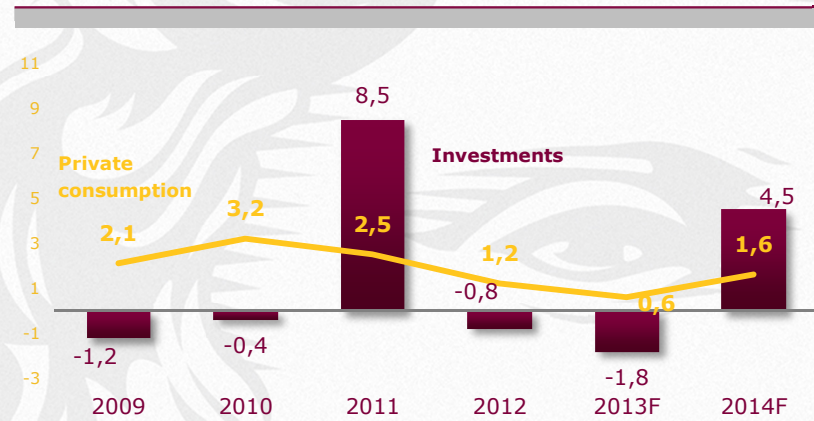
Lock up periods	
30.01. – 05.2013	529k shares (405k sold)
15.09.2013	584k + 124k (not sold)= 708k shares (678k sold)
15.12.2013	1 265k shares
15.12.2014	1 365k shares

POLISH MACRO OUTLOOK

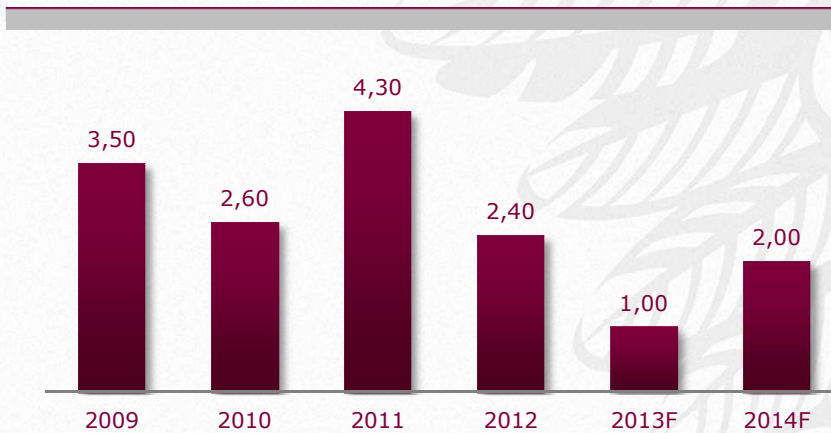
GDP growth (% yoy)



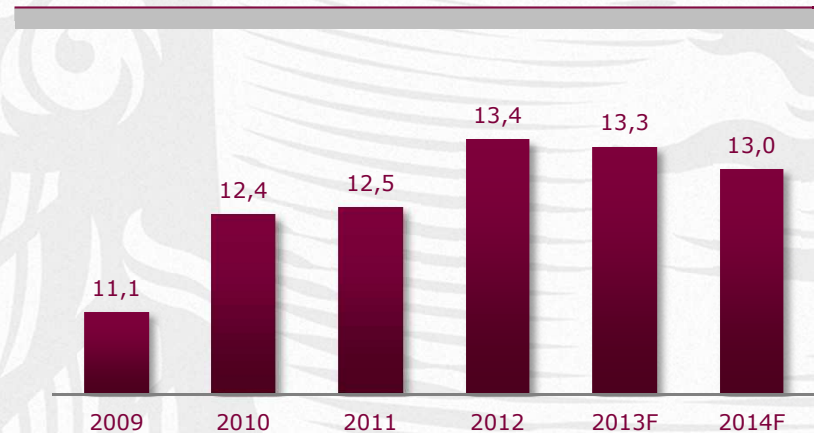
Investments and private consumption (% yoy)



Inflation (CPI % yoy)

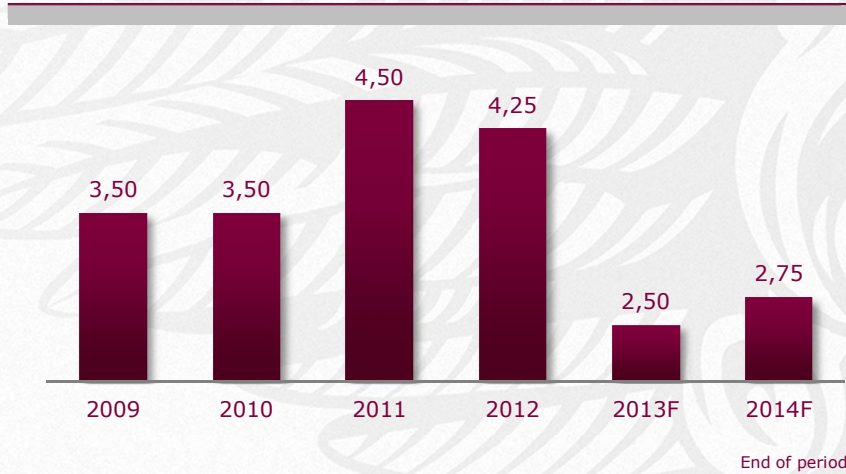


Unemployment rate (%)

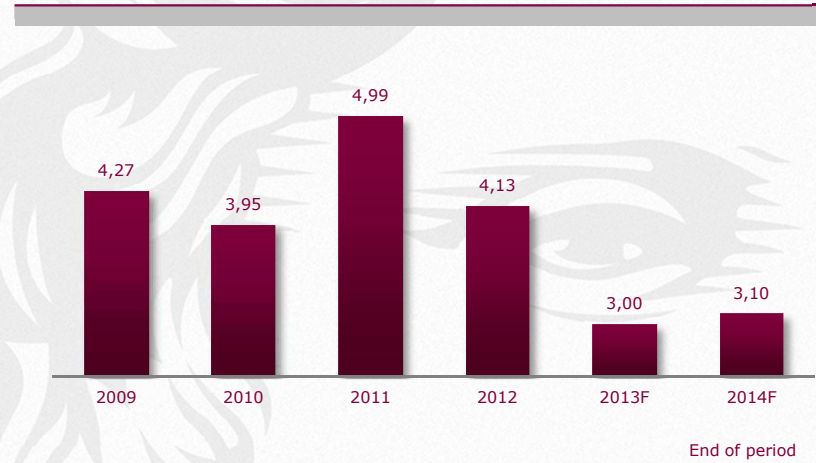


POLISH MACRO OUTLOOK

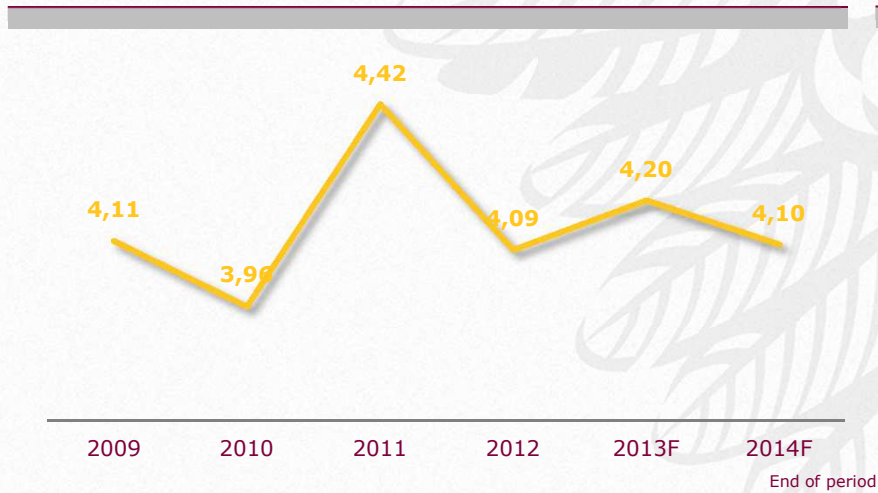
NBP reference rate (%)



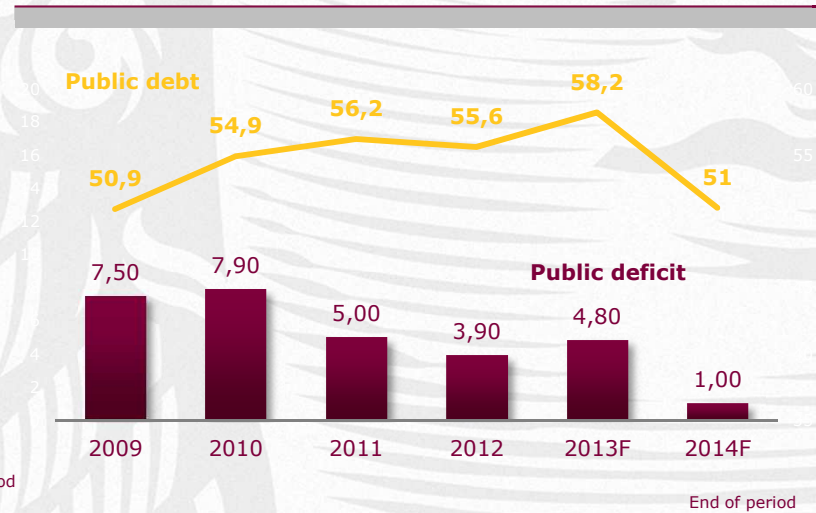
WIBOR 3M (%)



FX rate (EUR/PLN)



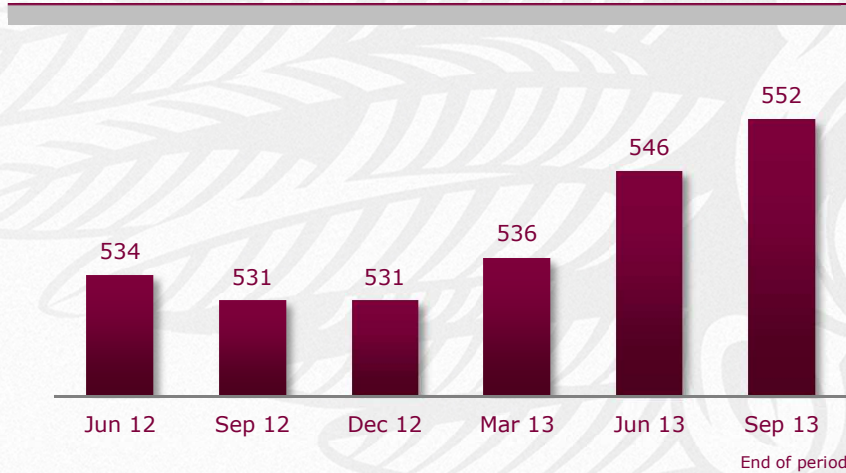
Fiscal policy (% of GDP)



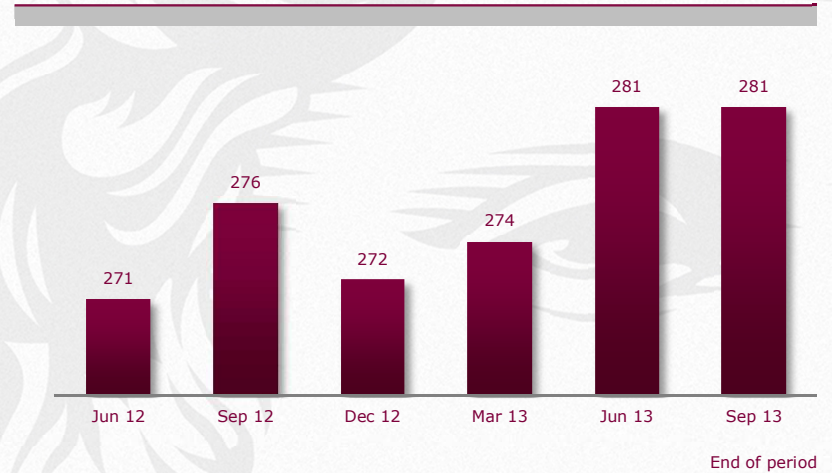


POLISH MARKET – LOANS AND LIABILITIES

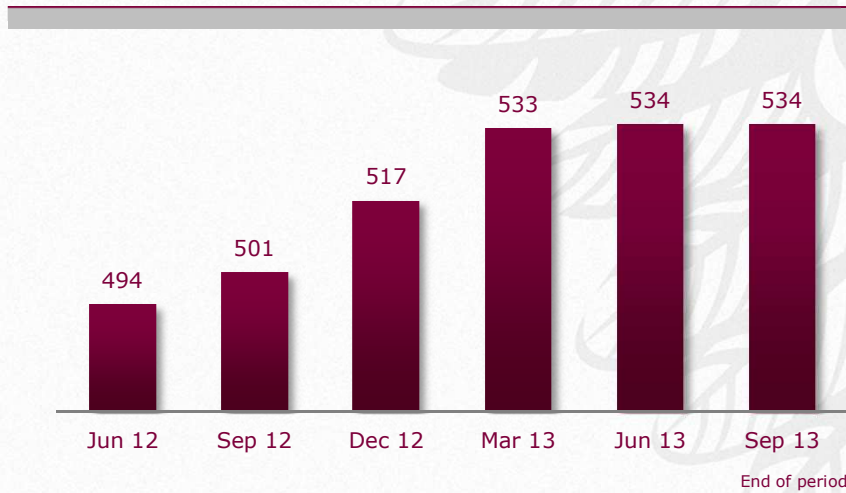
Loans to households (bln PLN)



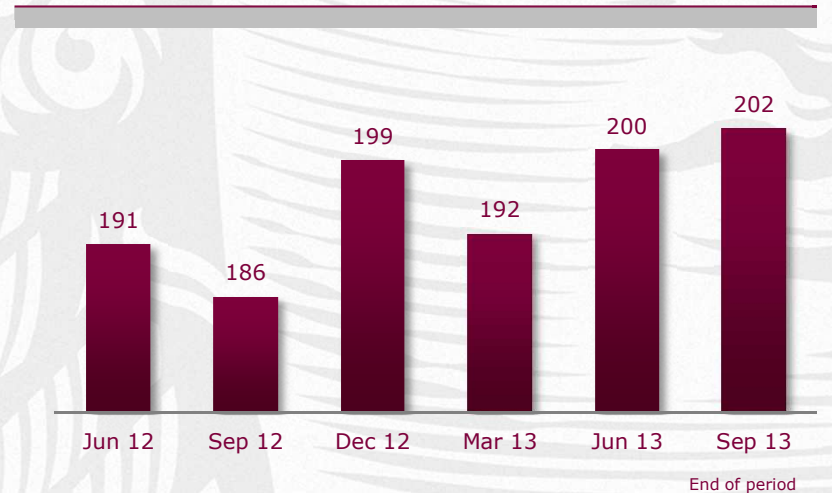
Loans to corporations (bln PLN)



Liabilities from households (bln PLN)



Liabilities from corporations (bln PLN)





INCOME STATEMENT SNAPSHOT

	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13
Interest income	289	365	371	407	393	373	367
Interest expense	-118	-139	-146	-171	-155	-130	-118
Net interest income	171	227	225	236	239	243	249
Dividend	0	0	0	0	0	0	0
Fee and commission income	75	72	83	82	86	97	99
Fee and commission expense	-29	-38	-39	-58	-48	-54	-45
Net fee and commission income	46	34	43	23	39	43	54
Trading result	33	48	50	51	49	78	53
Net gain (Realized) on other financial instruments	0	3	14	6	1	6	0
Other operating income	5	17	16	31	9	15	8
Other operating costs	-4	-5	-4	-8	-9	-5	-3
Net other operating income	1	12	11	23	1	11	5
General administrative expenses	-178	-186	-196	-347	-197	-203	-212
Impairment losses	-49	-67	-73	-89	-73	-87	-102
Gross profit (loss)	23	71	75	-96	58	91	47
Income tax	-5	-1	-14	-6	-13	-18	-11
Net profit (loss)	18	70	61	-101	45	73	36



BALANCE SHEET SNAPSHOT

	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13
Cash and balances with Central Bank	579	590	701	1 030	729	722	755
Financial assets held for trading	187	205	174	174	215	265	234
Financial assets available for sale	2 113	2 345	2 328	4 321	3 259	3 447	2 929
Hedging derivatives		0	0	0	0	0	3
Receivables from banks	247	433	380	414	138	170	182
Receivables from customers	10 988	12 017	13 227	14 159	15 472	17 206	18 150
Tangible fixed assets	214	217	233	215	208	207	206
Intangible assets	139	137	123	158	158	167	169
Non-current asset held for sale	0	0	0	62	0	0	0
Current income tax receivables	106	116	118	151	146	140	130
Current	0	3	0	0	4	4	0
Deferred	106	114	118	151	142	136	130
Other assets	208	220	271	365	350	282	299
TOTAL ASSETS	14 780	16 281	17 556	21 048	20 735	22 669	23 120
Financial liabilities held for trading	141	167	128	129	146	157	154
Financial liabilities measured at amortised cost	12 858	14 182	15 427	18 092	17 643	19 591	20 084
Hedging derivatives		0	0	0	0	11	5
Provisions	39	11	13	13	9	5	4
Income tax liabilities	432	431	442	495	616	530	460
Current	0	0	8	31	0	3	0
Subordinated loans	0	0	8	31	0	3	0
Other liabilities	344	353	344	351	344	352	344
Liabilities, total	13 814	15 144	16 361	19 110	18 758	20 649	21 051
Equity	966	1 137	1 195	1 938	1 977	2 020	2 069
Share capital	500	513	513	636	636	636	636
Supplementary capital	627	715	715	1 277	1 277	1 435	1 435
Revaluation reserve	3	3	-1	11	2	-32	-23
Other capital	14	15	16	163	167	170	174
Undistributed result from previous years	-196	-196	-196	-196	-149	-307	-307
Current year's profit/loss	18	88	149	47	45	118	155
TOTAL LIABILITIES	14 780	16 281	17 556	21 048	20 735	22 669	23 120



EFFECTIVE UTILIZATION OF CURRENT INFRASTRUCTURE REFLECTED IN FLAT COST DEVELOPMENT

in PLN m	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13
HR costs	-98	-87	-92	-242	-103	-113	-121
NHR costs, including inter alia:	-64	-78	-83	-85	-74	-70	-69
building maintenance	-32	-35	-35	-33	-36	-31	-32
IT costs	-6	-7	-7	-8	-8	-8	-8
marketing	-10	-17	-21	-14	-10	-12	-5
advisory services	-3	-2	-4	-2	1	-5	-4
telecommunication	-2	-4	-3	-4	-3	-3	-4
Banking Guarantee Fund costs	-2	-2	-2	-2	-4	-4	-4
Depreciation	-15	-20	-18	-19	-18	-19	-19
Taxes and fees	-1	-1	-3	-1	-2	-1	-4
TOTAL COSTS	-178	-186	-196	-347	-197	-203	-212

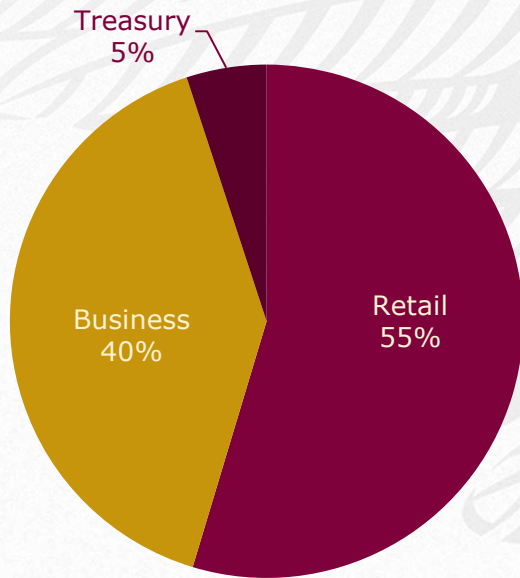
*excluding IPO expenses



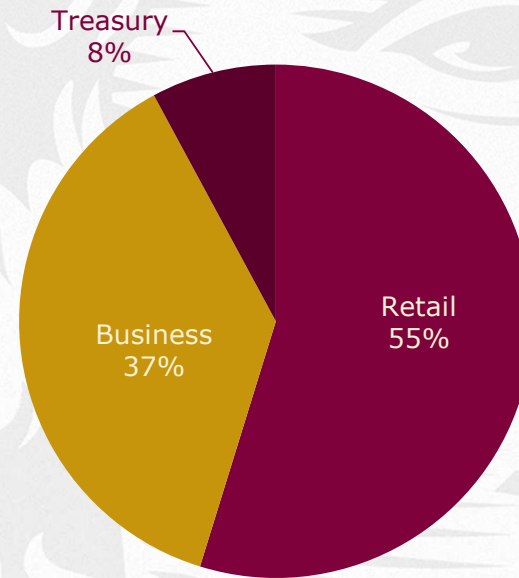
RETAIL DRIVEN, STABLE REVENUE STRUCTURE

Net revenue split (%)

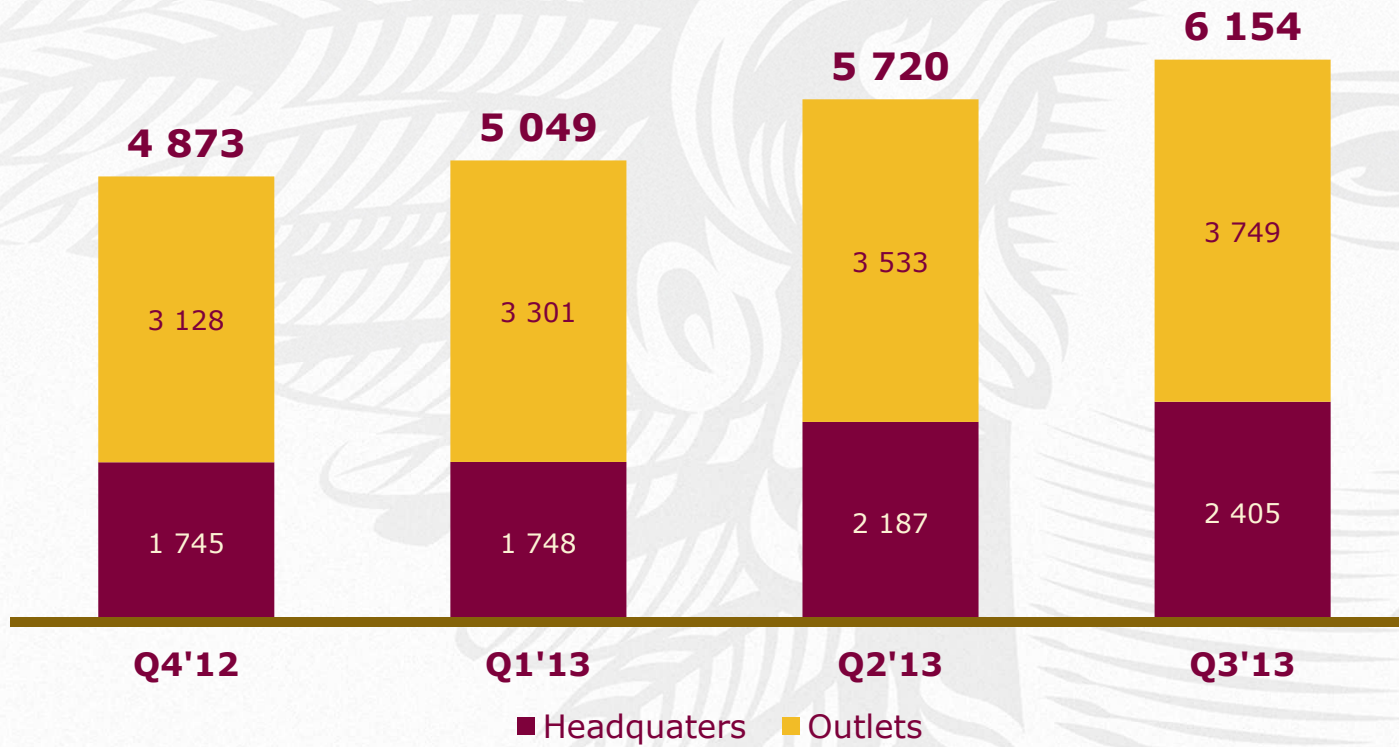
Q3'12



Q3'13



EMPLOYEES





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