



**ALIOR  
BANK**

**ALIOR BANK S.A.**

**Q1'17 results presentation**

**May 9, 2017**

1 Highlights

2 Operational Performance

3 Outlook

4 Appendix

Strong underlying business performance.  
Revenues **up by 50%** (yoy).

- Strong loan growth (**2 b PLN net** in Q1'17),
- Considerable fee result improvement (**up 50%** vs. Q4'16),
- Bottom line growth excl. synergies and integration cost **up by 26%** yoy (101 m in Q1'17 vs. 80 m in Q1'16)
- Profitability driven by good demand from both private individuals and companies,
- Operational merger with BPH Core completed on March 25<sup>th</sup>, 2017.



## Q1'17 SYNERGIES AND INTEGRATION COST IMPACT

- Net impact of synergies and integration cost of 27 m (19 m after tax)
- Alior Q1'17 net profit excl. synergies and integration cost of 101 m vs 80 m in Q1'16

m PLN	Q1'17 actual	Q2'17 plan	Q3'17 plan	Q4'17 plan	2017 plan total
Synergies	11	38	54	64	167
Integration costs	-38	-56	-51	-50	-195
Net impact pre-tax	-27	-18	3	14	-28

- HR optimization on track

FTE off payroll	Q1'17 actual	Q2'17 plan	Q3'17 plan	Q4'17 plan	2017 plan total
HR optimization	365	722	781	532	2 400

# KEY FINANCIALS

<b>M PLN</b>	<b>Q1'16</b>	<b>Q4'16</b>	<b>Q1'17</b>	<b>ch. yoy (%)</b>	<b>ch. yoy (PLN m)</b>
Total revenues	579	1 358	868	50	289
General administrative expenses	-277	-706	-489	77	-213
Net impairment	-176	-252	-212	20	-36
Banking tax	-21	-43	-50	140	-29
Gross profit	106	357	118	11	11
Income tax	-26	13	-35	34	-9
Net profit	80	369	82	3	2
Net profit excluding one-offs	80	111	101	26	21

<b>BN PLN</b>	<b>Q1'16</b>	<b>Q4'16</b>	<b>Q1'17</b>	<b>ch. yoy (%)</b>	<b>ch. yoy (PLN BN)</b>
Loans	32,7	46,3	48,4	47,8	15,7
Deposits	35,8	51,4	50,5	41,1	14,7
Total equity	3,6	6,2	6,3	75,3	2,7
Total assets	42,0	61,2	60,4	43,8	18,4

<b>% (Q1'16, Q1'17 - QTD ; Q4'16 - YTD)</b>	<b>Q1'16</b>	<b>Q4'16</b>	<b>Q1'17</b>	<b>ch. yoy (%)</b>	<b>ch. yoy (PP)</b>
ROE	9,0	12,7	5,3	-42	-3,8
ROA	0,8	1,2	0,5	-31	-0,2
C/I	47,8	49,1	56,4	18	8,6
CoR	-2,0	-1,9	-1,6	-19	0,4
L/D	91,4	90,1	95,8	5	4,4
NPL ratio	9,3	9,8	9,9	6	0,6
NPL coverage ratio	59,8	56,6	56,3	-6	-3,5
TCR	13,5	13,6	14,4	7	0,9
Tier 1	10,6	11,3	12,2	15	1,6

1 Highlights

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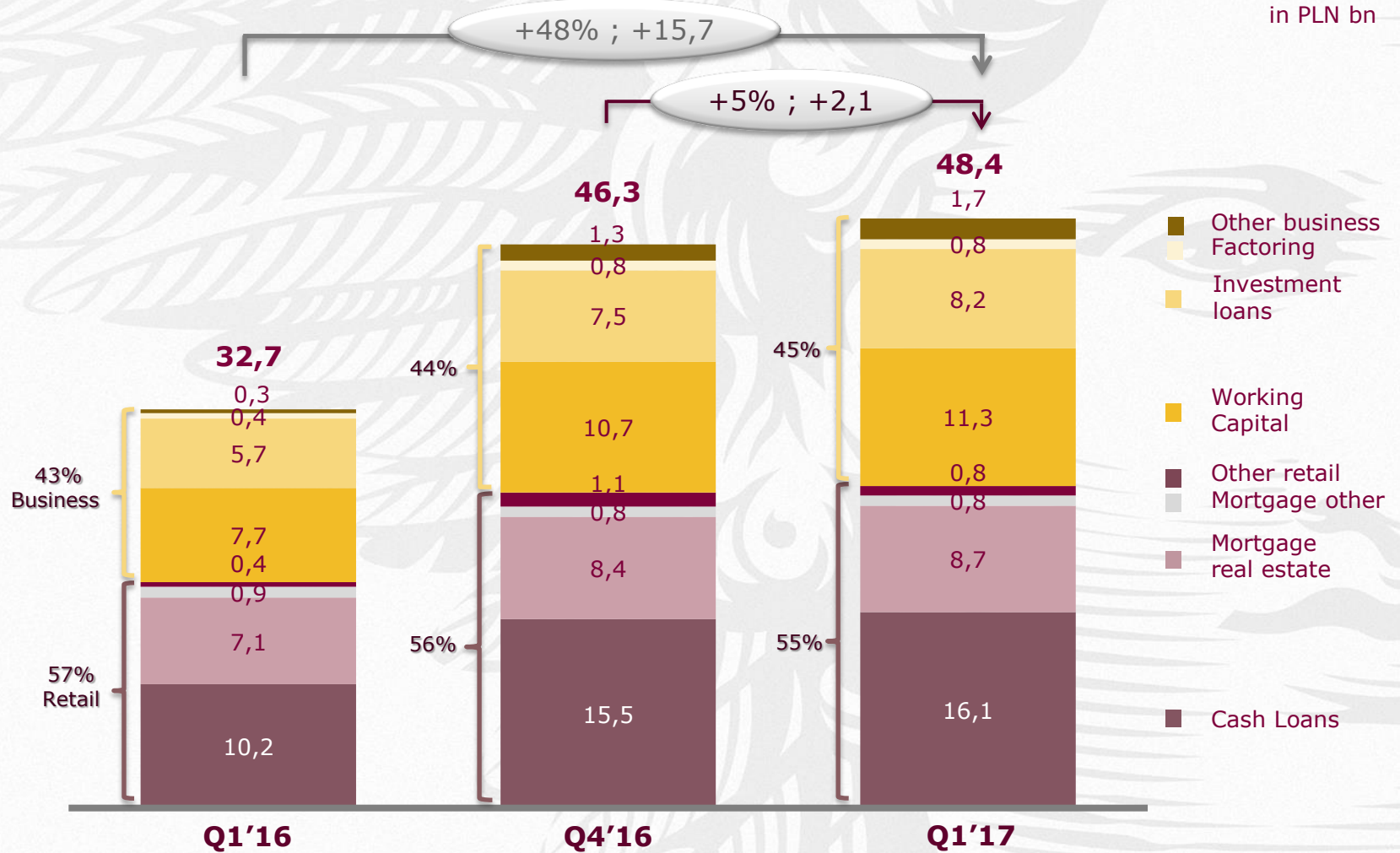
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# STRONG LOAN BOOK GROWTH ACROSS ALL SEGMENTS

## Loan book split

in PLN bn



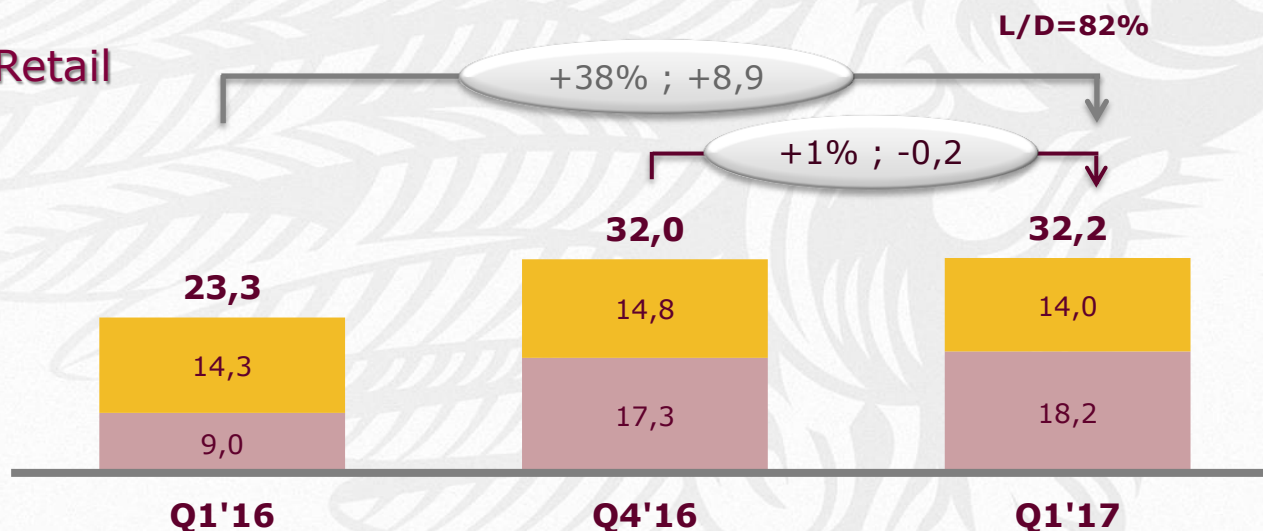
**2 b PLN net loan growth in Q1'17**

# COMFORTABLE LEVEL OF DEPOSITS REACHES DESIRED MIX OF CURRENT AND TERM ACCOUNTS

L/D = 96%

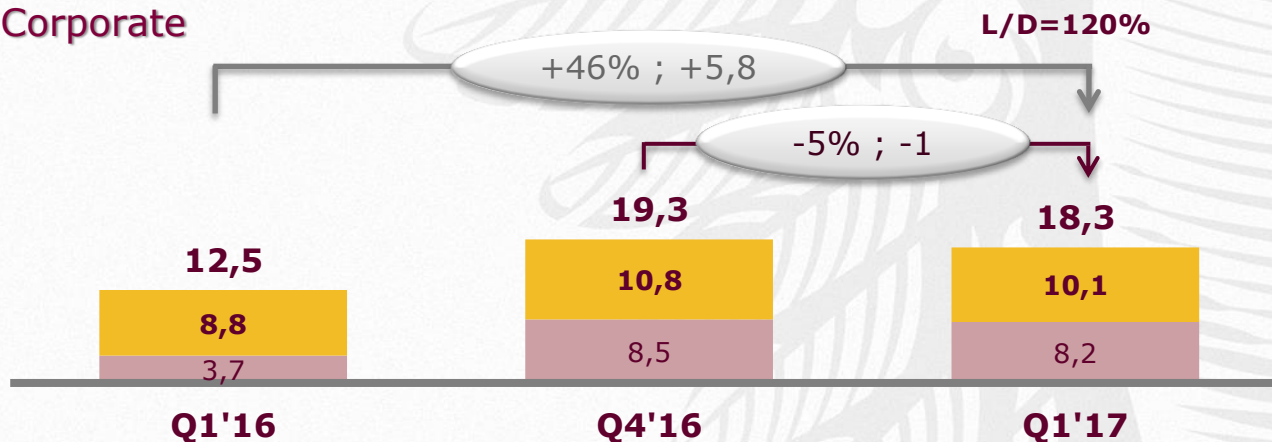
in PLN bn

## Retail



L/D=82%

## Corporate



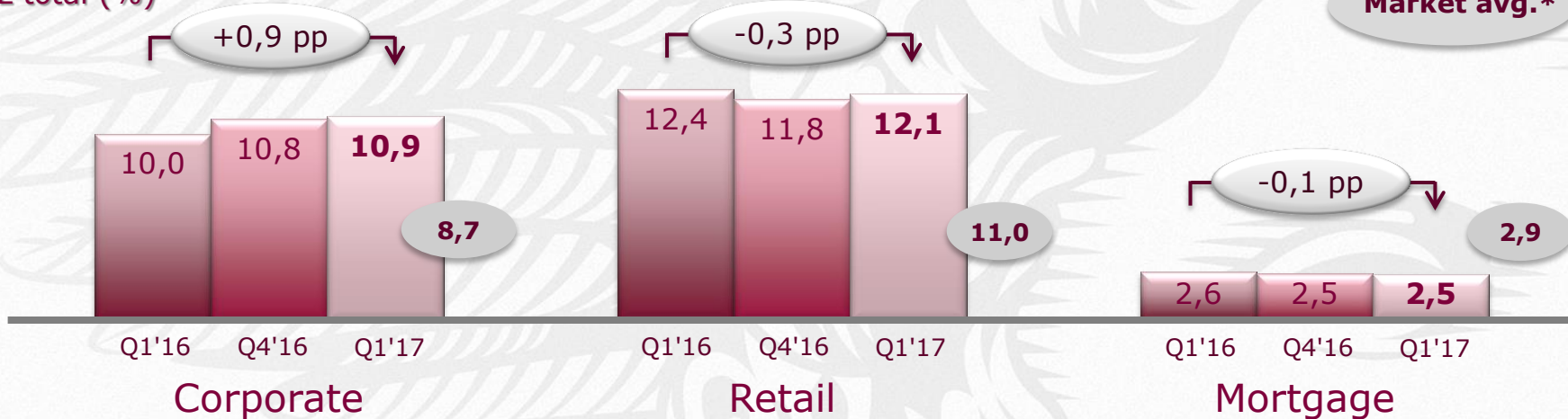
L/D=120%

%	Q1'16	Q1'17
<b>Current accounts/total deposits</b>	<b>50</b>	<b>52</b>

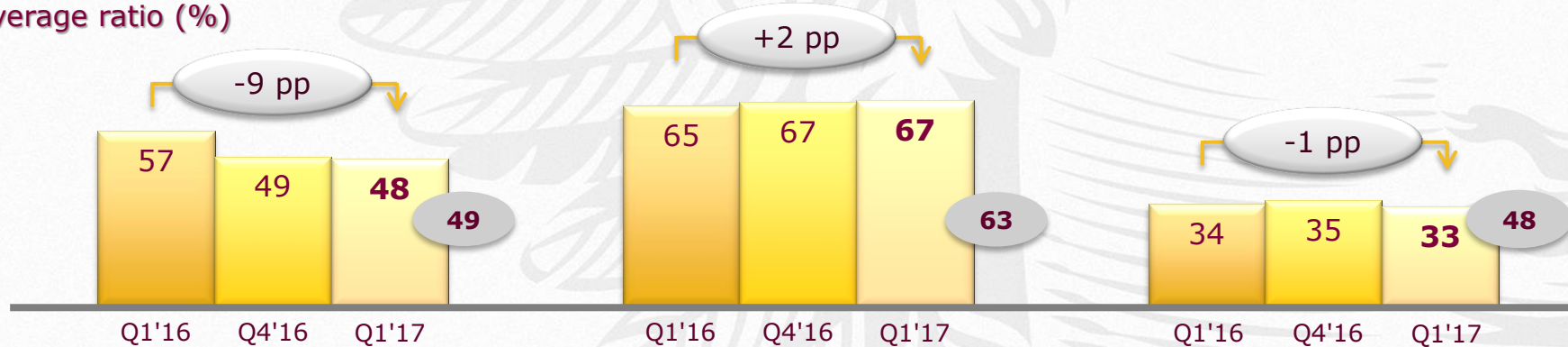


# KEY CREDIT RISK RATIOS

NPL total (%)



Coverage ratio (%)

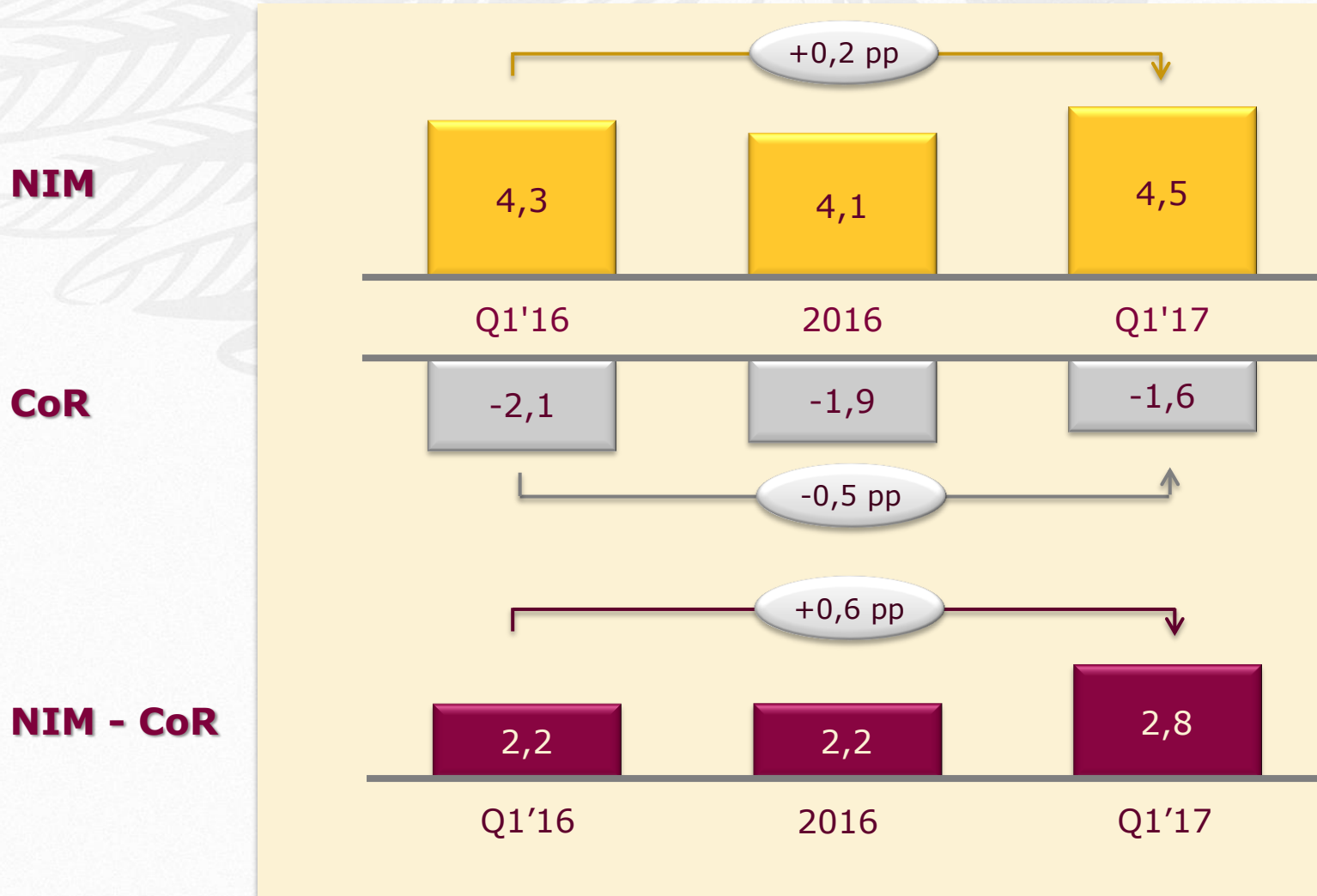


Loan portfolio structure (%)	Corporate	Retail	Mortgage
<b>Alior</b>	<b>45</b>	<b>37</b>	<b>18</b>
Banking sector*	34	26	40

\*Ratios (as of the end of Feb 2017) 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.

# GOOD PROFITABILITY MAINTAINED. Q1'17 NIM REACHES 4,5%.

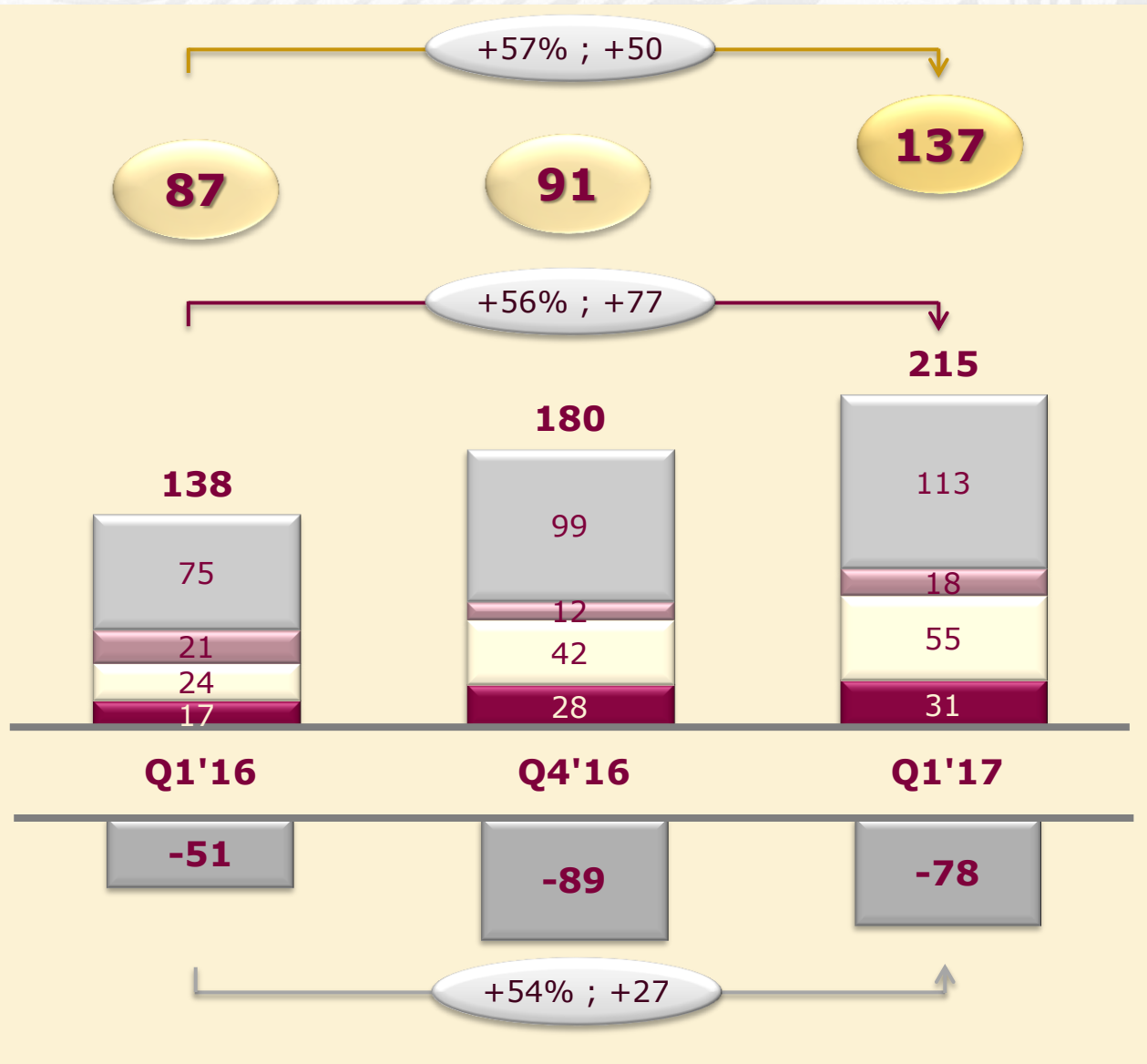
## Alior NIM development (%)



NII for Q1'16 annualized, divided by average of IEA from 2015 and Q1'16; NIM formula for 2016: NII for 2016 divided by average IEA form 2015 and 2016; NII for Q1'17 annualized, divided by average of IEA from 2016 and Q1'17.

# FEES AND COMMISSIONS REBOUND UP 50% YOY

in PLN m



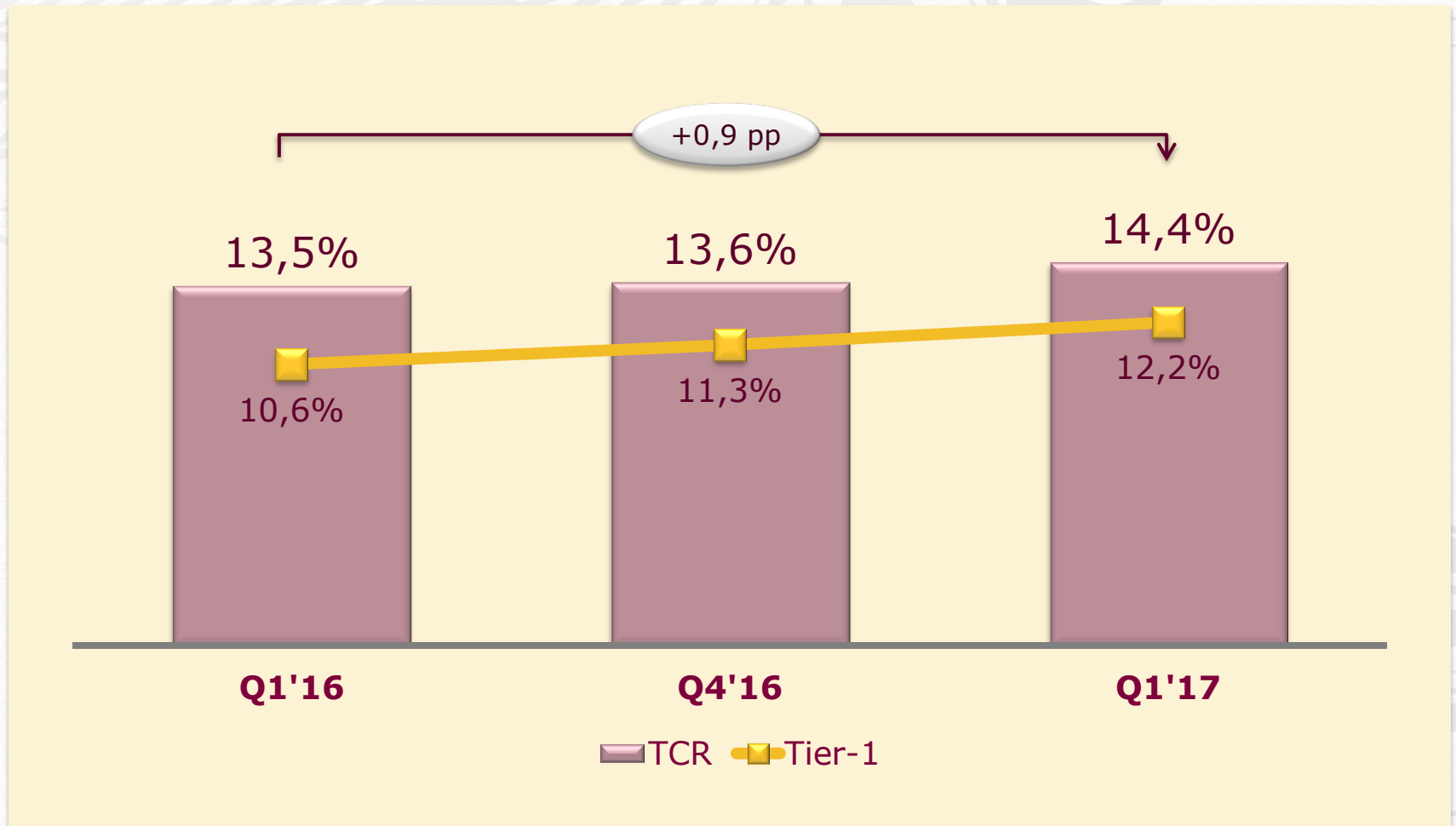
**Net F&C**

**F&C income**

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

**F&C expenses**

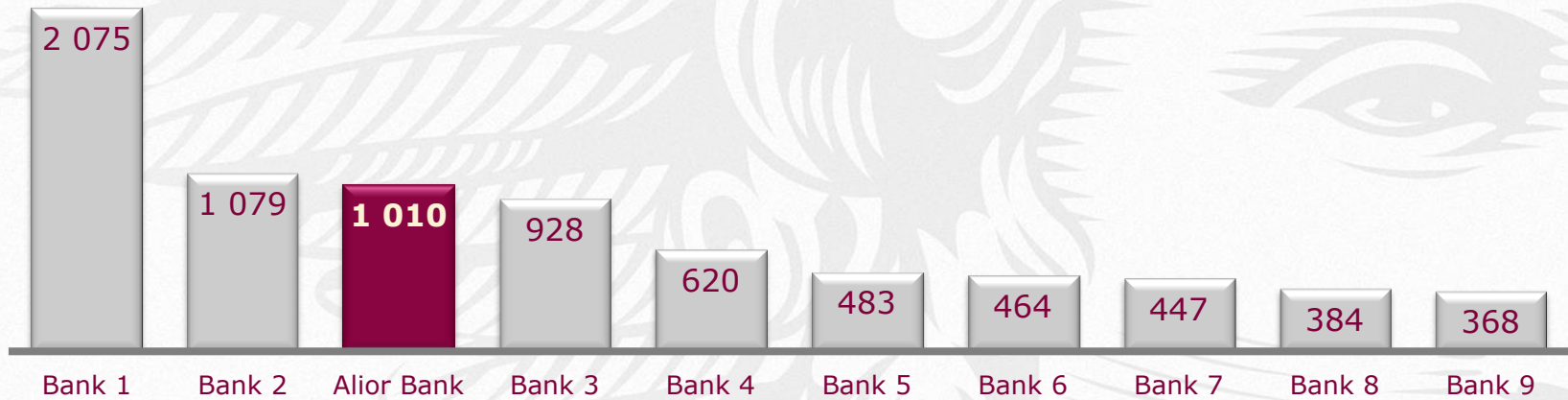
# CAPITAL POSITION SUPPORTS FUTURE LOAN ORIGINATION OBJECTIVES





# EXTENSIVE FOOTPRINT PROVIDES HIGH POTENTIAL FOR NON-HR SYNERGIES

3rd largest distribution network among Polish banks



Data for Banks as at the end of Q4'16, Alior Q1'17. Source: Prnews.

	<b>Alior</b>		<b>Tesco</b>	<b>T-Mobile</b>	<b>Total</b>
	Branches	Agencies			
Sales outlets	299	711	71	574	1 655

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## 2017 Outlook

**2017 consensus** of PLN ~360 m

**NIM** ~4,5%

**C/I** ~45% ALR standalone  
**C/I** ~60% total

**CoR** ~1,9%

**Loan growth 2017** PLN 6,5 billion net

1 Highlights

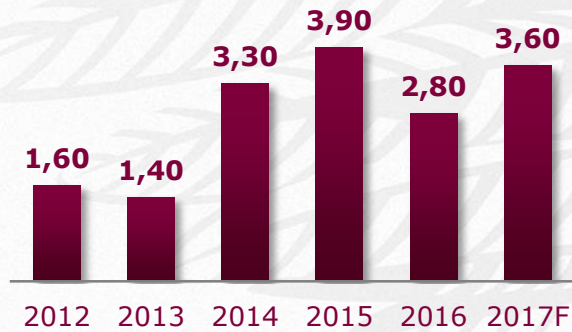
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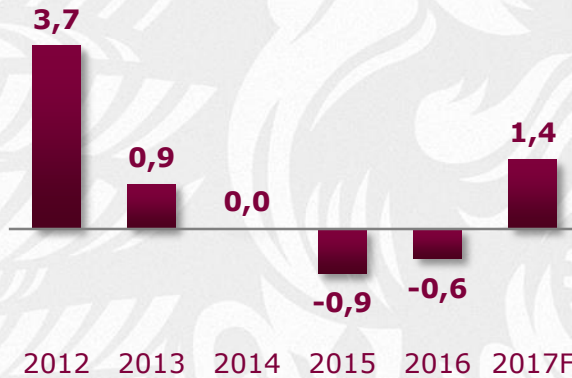


## GDP growth (% yoy)



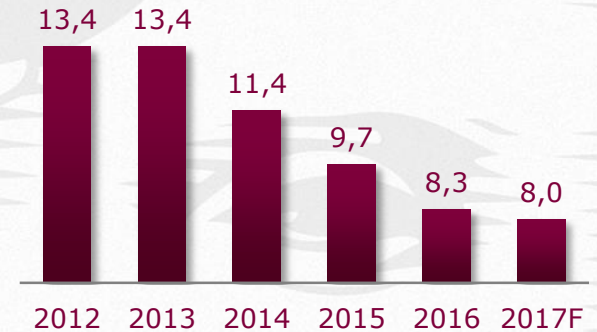
End of period

## Inflation (CPI % yoy)

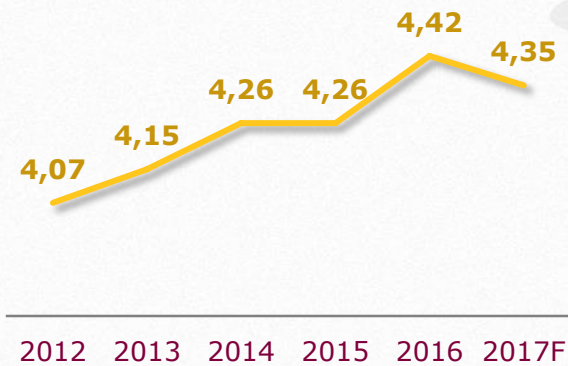


End of period

## Unemployment rate (%)

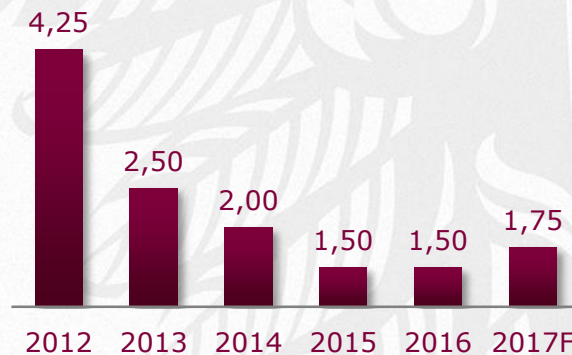


## FX rate (EUR/PLN)



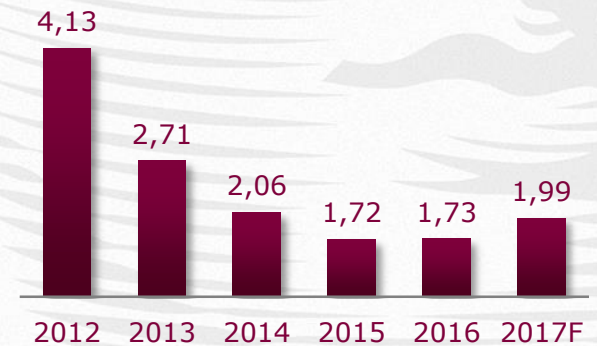
End of period

## NBP reference rate (%)



End of period

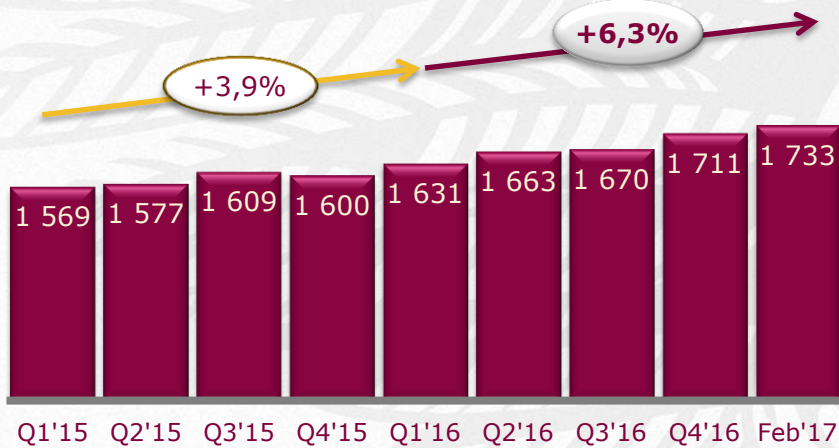
## WIBOR 3M (%)



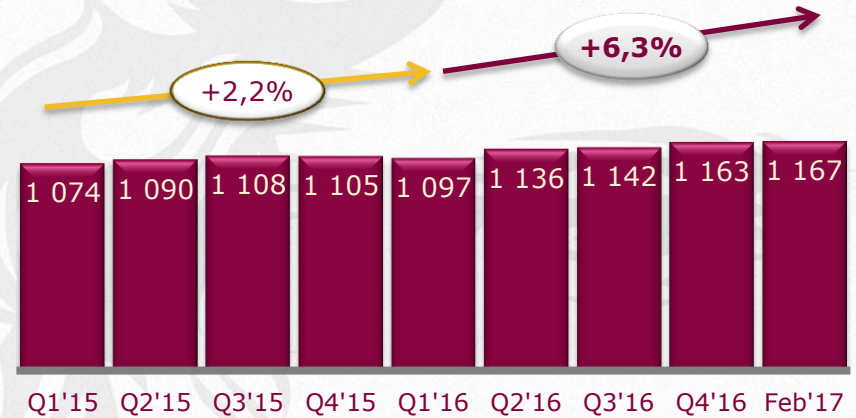
End of period

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

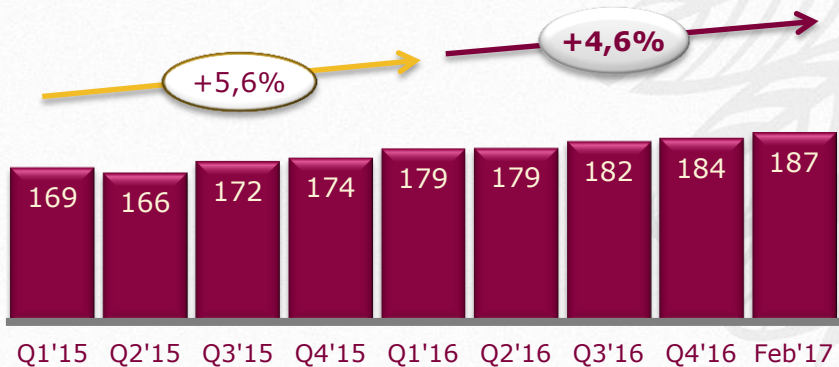
## Assets



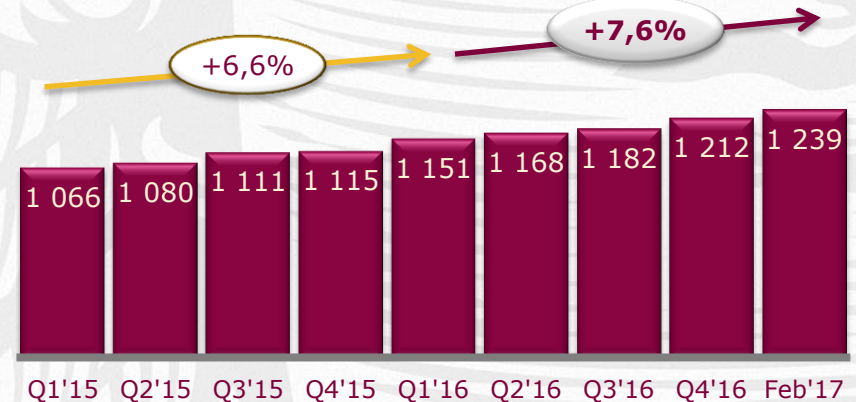
## Loans



## Equity



## Deposits



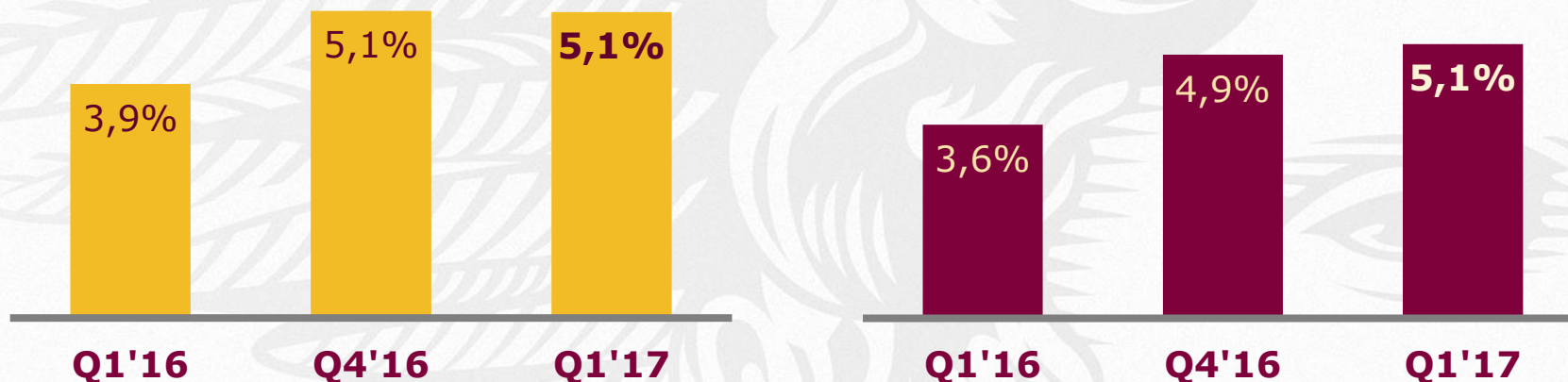


# ALIOR BANK CONTINUES ITS MARKET SHARE EXPANSION

Deposits

MARKET SHARE

Loans



Alior's deposits as well as gross loans according to published financial statements. Non financial loans for sector loans data. Sector loans for Q1'17 as of the end of Feb'17.

Deposits

QUARTERLY GROWTH (%)

Loans

	Total		Retail		Corporate			Total		Retail		Corporate	
	ALIOR	Market	ALIOR	Market	ALIOR	Market		ALIOR	Market	ALIOR	Market	ALIOR	Market
DEC'15	<b>7,1</b>	4,9	<b>5,4</b>	4,3	<b>10,2</b>	7,0	DEC'15	<b>5,4</b>	0,4	<b>5,4</b>	1,0	<b>5,6</b>	-0,7
MAR'16	<b>6,4</b>	-0,1	<b>8,8</b>	2,6	<b>2,1</b>	-7,5	MAR'16	<b>6,1</b>	1,3	<b>5,7</b>	0,6	<b>6,6</b>	2,7
JUN'16	<b>6,1</b>	3,2	<b>5,4</b>	2,3	<b>7,4</b>	5,5	JUN'16	<b>4,5</b>	2,2	<b>4,9</b>	2,6	<b>4,1</b>	1,5
SEP'16	<b>-1,5</b>	0,8	<b>-2,6</b>	0,7	<b>0,5</b>	1,0	SEP'16	<b>3,1</b>	1,0	<b>3,8</b>	0,5	<b>2,1</b>	1,9
DEC'16	<b>37,2</b>	5,2	<b>33,9</b>	3,8	<b>43,1</b>	9,5	DEC'16	<b>31,3</b>	0,7	<b>28,7</b>	1,3	<b>34,8</b>	-0,5
MAR'16	<b>-1,7</b>	-1,3	<b>0,6</b>	1,3	<b>-5,3</b>	-8,3	MAR'16	<b>4,7</b>	1,1	<b>2,3</b>	0,1	<b>7,6</b>	1,5

# ALIOR BANK INCOME STATEMENT SNAPSHOT

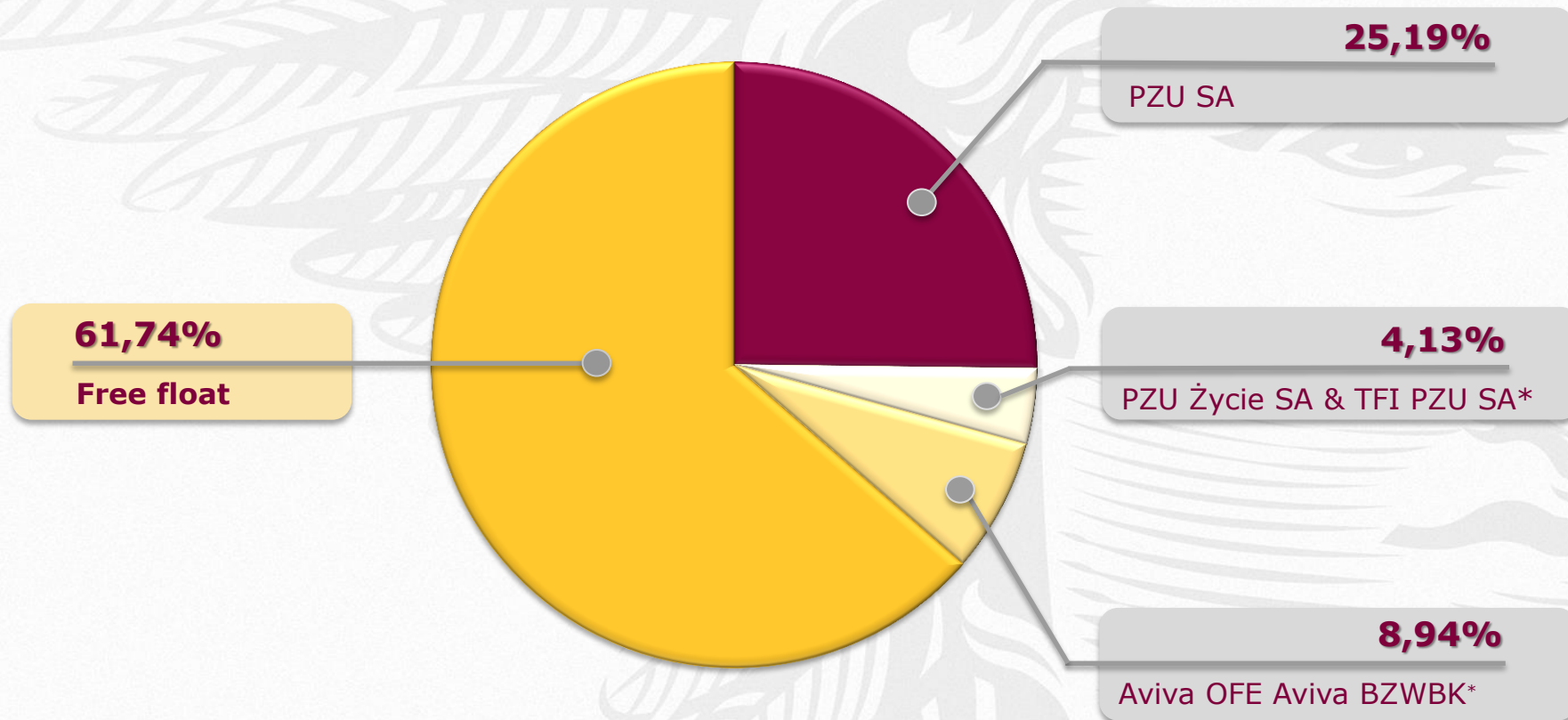
<b>in PLN m</b>	<b>Q1'16</b>	<b>Q2'16</b>	<b>Q3'16</b>	<b>Q4'16</b>	<b>Q1'17</b>
Interest income	663	694	724	858	893
Interest expense	-251	-250	-233	-259	-253
Net interest income	412	444	491	599	640
Dividend	0	0	0	0	0
Fee and commission income	138	137	135	180	215
Fee and commission expense	-51	-61	-59	-89	-78
Net fee and commission income	87	76	76	92	137
Trading result	58	73	78	111	73
Net gain (realized) on other financial instruments	11	10	0	1	0
Other operating income	15	19	16	63	32
Other operating costs	-5	-18	-13	-16	-15
Net other operating income	11	0	3	47	17
Gain on bargain purchase of core BPH	0	0	0	508	0
General Administrative Expenses	-277	-287	-297	-706	-489
Impairment losses	-176	-173	-199	-252	-212
Banking tax	-21	-32	-35	-43	-50
Gross profit (loss)	106	111	118	357	118
Income tax	-26	-29	-31	13	-35
Net profit from continuing operations	80	82	87	369	82
- attributable to equity holders of the parent	80	82	87	369	82
- attributable to non-controlling interests	0	0	0	0	0
Net profit	80	82	87	369	82



# ALIOR BANK BALANCE SHEET SNAPSHOT

	31 Mar'16	30 Jun'16	30 Sep'16	31 Dec'16	31 Mar'17
Cash and balances with Central Bank	666	726	1 285	1 083	1 781
Financial assets held for trading	360	402	310	420	387
Financial assets available for sale	6 008	8 505	5 394	9 358	6 517
Investment securities held to maturity				2	2
Hedging derivatives	161	54	62	72	61
Receivables from banks	524	1 337	656	1 366	517
<b>Loans and advances to customers</b>	<b>32 738</b>	<b>34 136</b>	<b>35 089</b>	<b>46 278</b>	<b>48 403</b>
Assets pledged as collateral	226	563	1 008	367	493
Property, plant and equipment	224	218	214	486	484
Intangible assets	390	393	405	516	531
Non-current asset held for sale	1	1	1	1	0
Prepayment on account of the purchase of BPH shares	0	0	1 465	0	0
Current income tax receivables	313	344	388	531	565
Current	0	0	0	0	0
Deferred	313	344	388	531	565
Other assets	414	362	318	730	678
<b>TOTAL ASSETS</b>	<b>42 026</b>	<b>47 042</b>	<b>46 597</b>	<b>61 210</b>	<b>60 420</b>
Financial liabilities held for trading	339	299	233	298	294
Financial liabilities measured at amortized cost due to banks	404	1 017	1 163	429	537
<b>Financial liabilities measured at amortized cost due to customers</b>	<b>35 802</b>	<b>37 990</b>	<b>37 432</b>	<b>51 369</b>	<b>50 517</b>
Hedging derivatives	1	0	0	6	12
Provisions	15	12	12	287	268
Other liabilities	895	739	674	1 439	1 271
Income tax liabilities	31	19	26	14	46
- Current	31	19	26	13	45
Subordinated loans	938	1 165	1 164	1 165	1 161
Liabilities, total	38 424	41 240	40 704	55 007	54 107
<b>Equity</b>	<b>3 602</b>	<b>5 801</b>	<b>5 878</b>	<b>6 203</b>	<b>6 313</b>
Equity attributable to equity holders of the parent	3 600	5 800	5 877	6 202	6 312
Share capital	727	1 293	1 293	1 293	1 293
Supplementary capital	2 591	4 172	4 172	4 186	4 186
Revaluation reserve	23	-3	-14	-72	-44
Other capital	185	184	184	184	184
Foreign currency translation differences	0	0	0	0	0
Undistributed result from previous years	-5	-7	-7	-7	611
Current year profit/loss	80	162	249	618	82
Non-controlling interests	1	1	1	1	1
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>42 026</b>	<b>47 042</b>	<b>46 582</b>	<b>61 210</b>	<b>60 420</b>

## Largest free float among Polish financials institutions

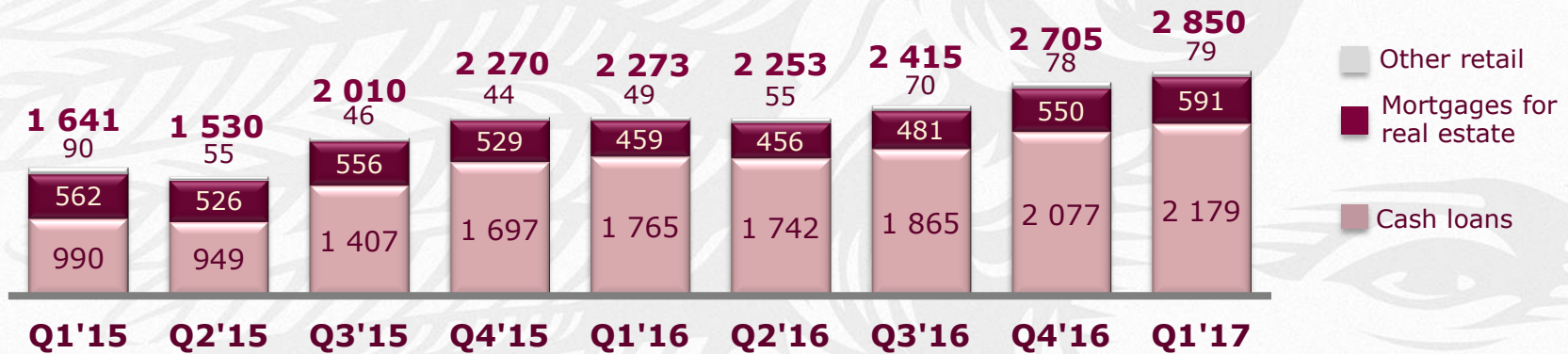


\* on the basis of number of shares registered on Extraordinary GSM which took place on April 21, 2017.

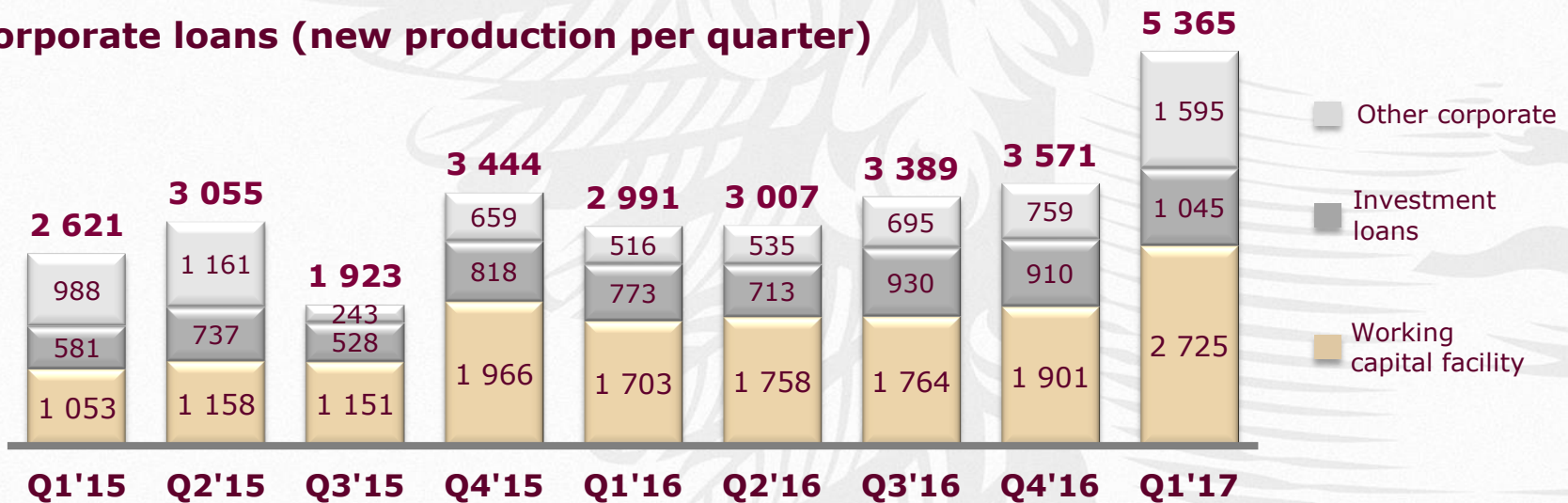


# ALIOR BANK NEW LOANS SALES IN RETAIL & SME

## 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.

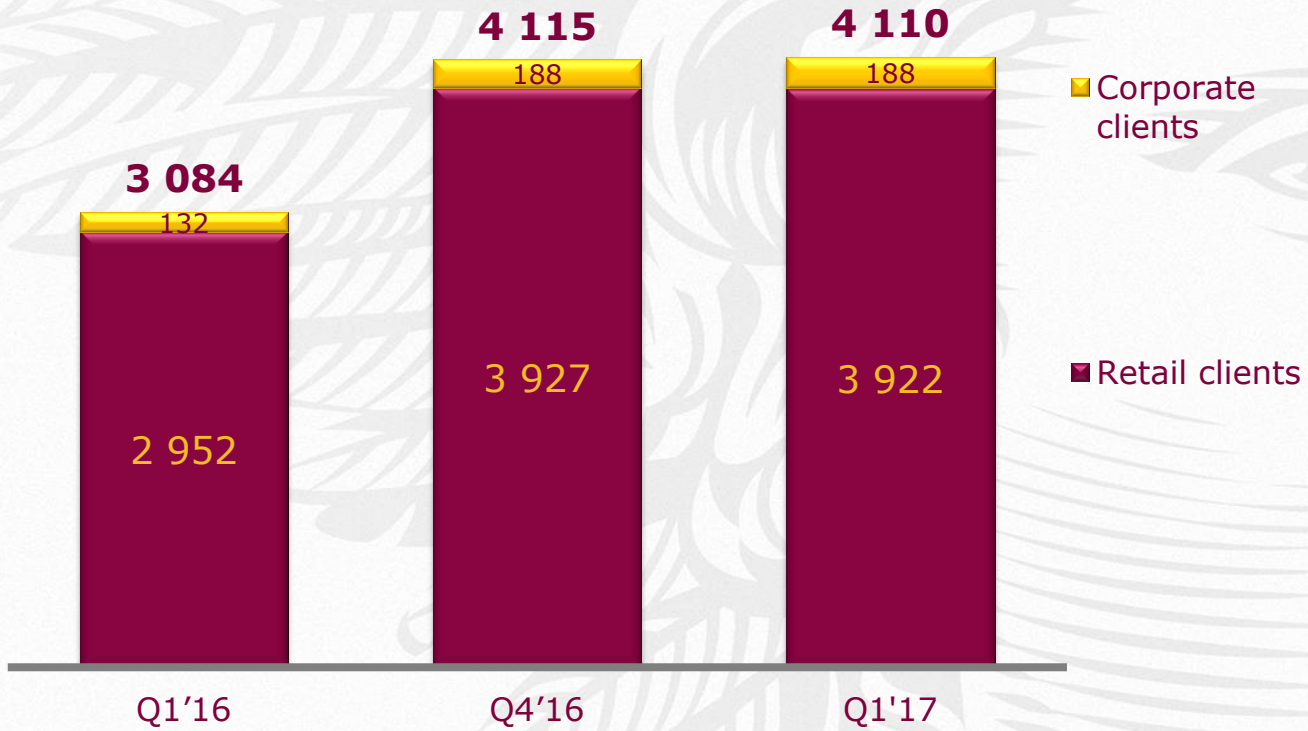
**Other retail includes:** loans for purchase of securities, credit card borrowings loans, other mortgage loans.

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

Meritum Bank loans sales included as from Q3'15. Q4'16 excluding CoreBPH, Q1'17 including CoreBPH.

# ALIOR BANK CUSTOMER BASE

in ths.

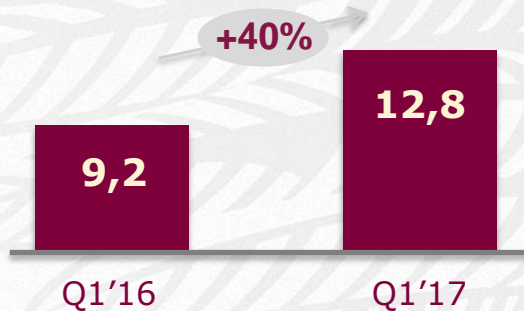




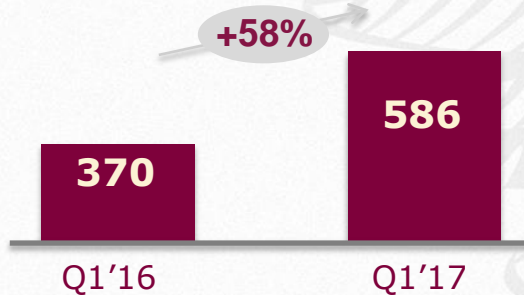


# ALIOR BANK & T-MOBILE PARTNERSHIP IN POLAND

Revenue growth  
PLN m

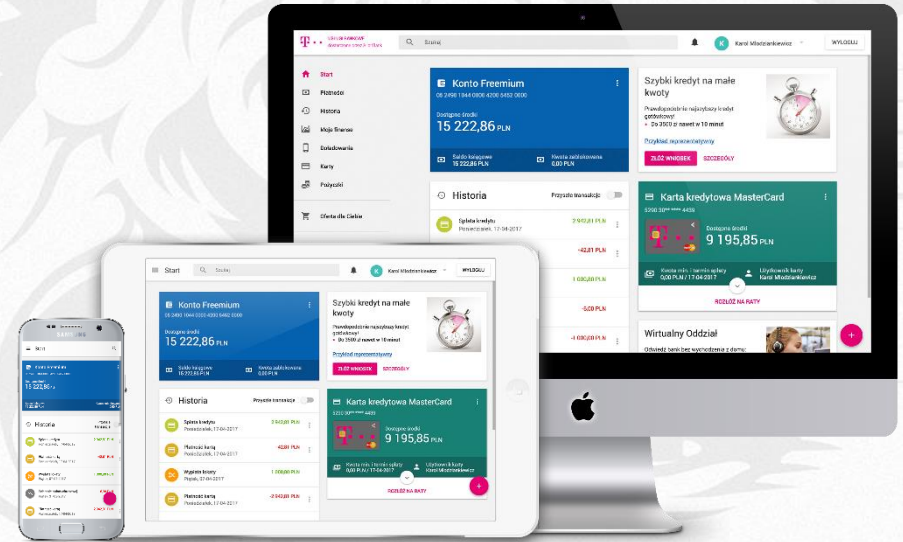


Credit portfolio  
PLN m



## Strong profitable growth

- 40% revenue increase QoQ
- 58% increase of credit portfolio
- Joint offers & bundles allowing to benefit from telco-banking synergies (new pre-paid & mix current account bundle)
- Be mobile – new Travel Credit Card offer



## Continuous innovation

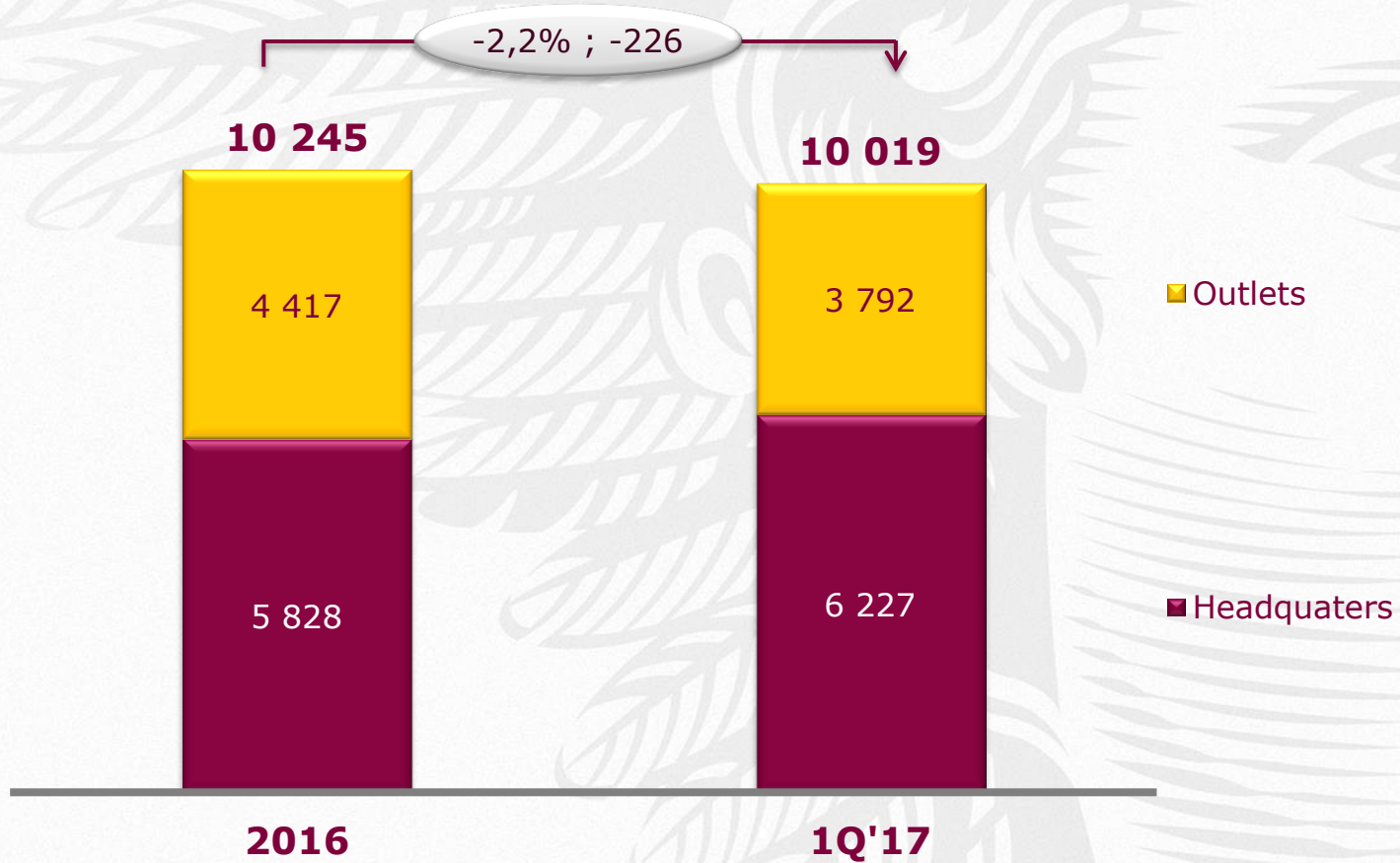
Next enhanced functionalities of **Mobile application** launched in Q1 2017.

### New Internet Banking platform:

- **Omnichannel and user centered design approach** offering coherent experience on desktop, tablet, and mobile banking
- **Two factor authorization** assuring highest security standards and comfort (no need to use sms codes)
- **Global search engine can look for anything** from operations history to functions you need
- **Group transfers**, allow to make few payments at once with single authorization
- **Other features include:** personalized home screen, pre-defined notifications, floating shortcut button and many more.

# ALIOR BANK HEADCOUNT

## FTEs evolution



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