



# More Than Bank

2020-2022 Strategy



28 February 2020

# More Than Bank



The world of banking is changing rapidly. Digital banking is our clients' everyday experience and services we offer go beyond personal or corporate finance management. They comprise buying insurance, choosing a healthcare provider, bookkeeping, easy "background" payments. Putting their trust in us, our clients may count on an unprecedented convenience, new possibilities and customisation - to a much larger extent than at any other bank. This is not a distant future. This is what Alior Bank will be like in 2022.

Where others see limitations, we perceive a chance to develop. It is our DNA. Alior Bank is a modern and agile organisation quickly adapting to the changing environment and setting new trends. We are an innovation pioneer. We have created the first entirely online foreign exchange office and implemented the first in Poland video authentication for opening retail current accounts. We are also the first bank in Poland to use public blockchain technology and we have already seized opportunities provided by the EU's PSD2.

Once again in the history of our bank, we are going to set a new standard in the financial services sector and reveal to our clients an entirely new banking dimension. We create a new generation banking. Today our goal is not only to provide banking services. We want to achieve more - to make our clients' lives easier.

Responding to our clients' needs and expectations, we have created a strategy of an organisation that stays close to its clients every day. We combine traditional banking functions and these of a highly personalised digital bank with non-banking services to provide our clients with absolutely new quality.

Every our effort in the fields of product, technology and organisation will be subjected to the improvement of customer experience. We will use data provided by our clients to bring our offer to perfection and personalise it as much as possible. Making our processes more innovative and easier, we will give our clients more independence when using banking services. Our bankers will act as advisors to offer our clients even more support in making the most difficult financial decisions. Our modern branches will provide even more comfort and ensure full discretion. We will increase the bankers' sector-related competencies to make them partners and advisors of entrepreneurs. This will allow us to customise our services even more, meeting very specific client needs. Being swift and agile, we will deliver the best application in the market, with broad access to non-banking services.

As a result, the satisfaction of our clients will increase. We will achieve our goal when we hear from them that Alior Bank is more than a bank.

**Krzysztof Bachtka**  
President of the Management Board of Alior Bank S.A.

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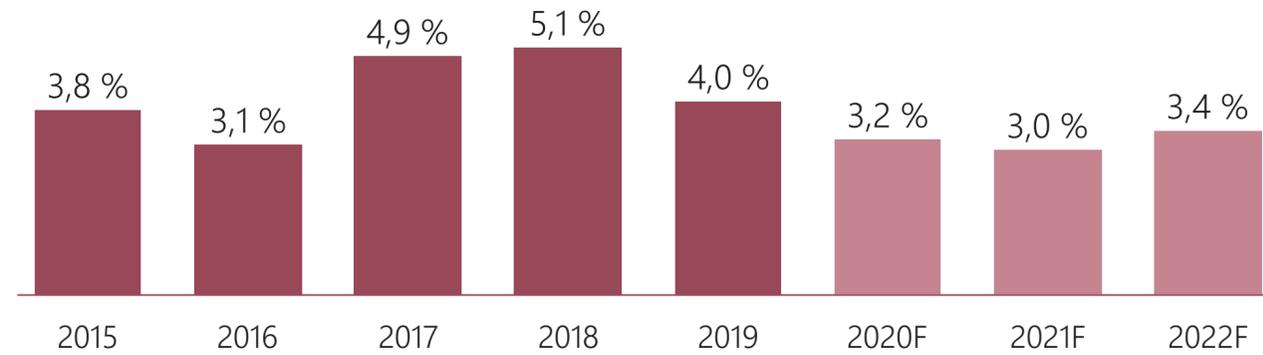
- ▶ 1. How is the environment changing
- ▶ 2. What do we want to achieve
- ▶ 3. How are we going to achieve that
- ▶ 4. How are we going to measure success



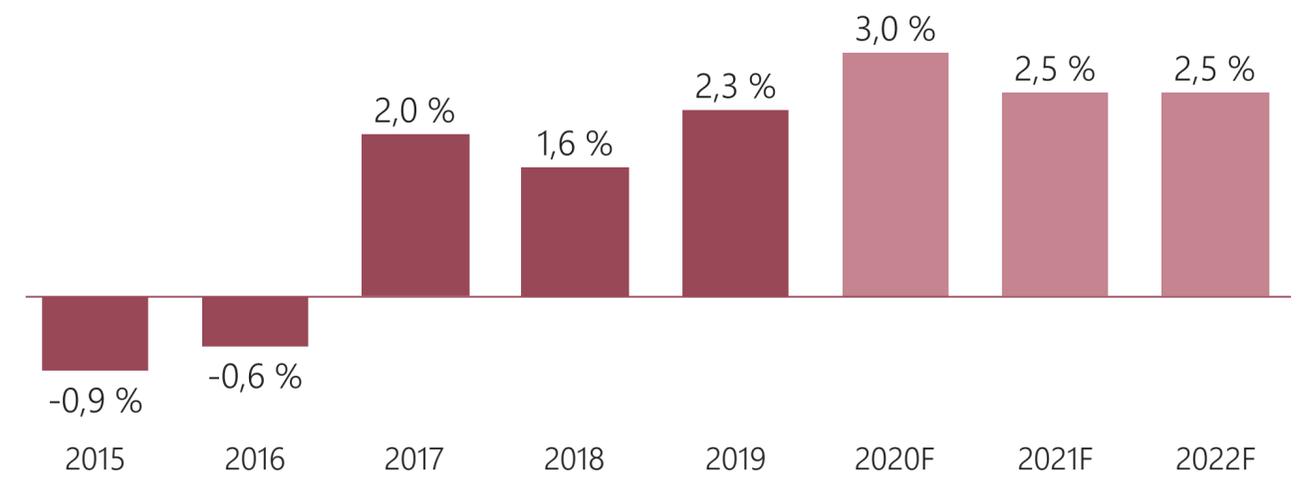
▶ **1. How is the environment changing**

# Stable macroeconomic conditions for banking development in Poland...

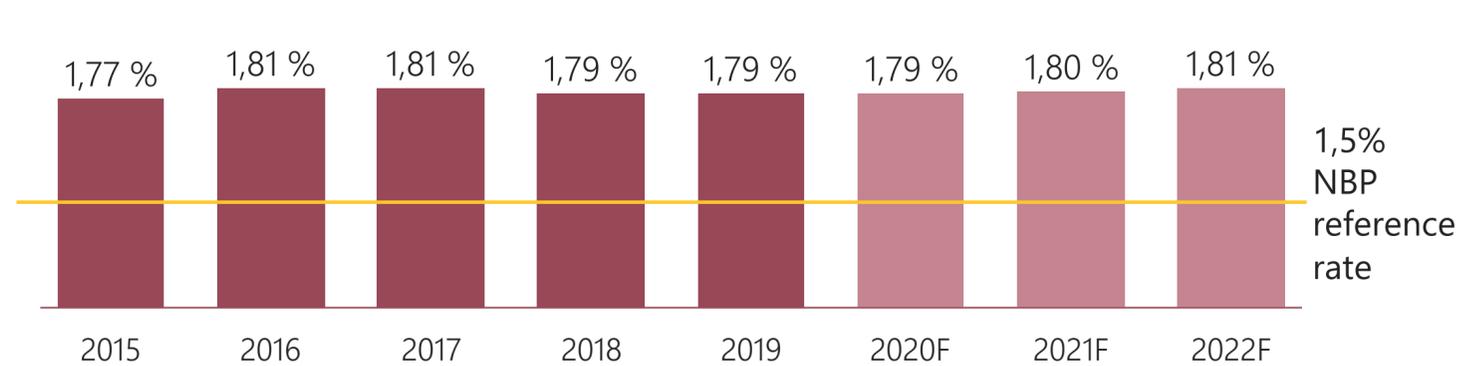
► Real GDP growth [% YoY]



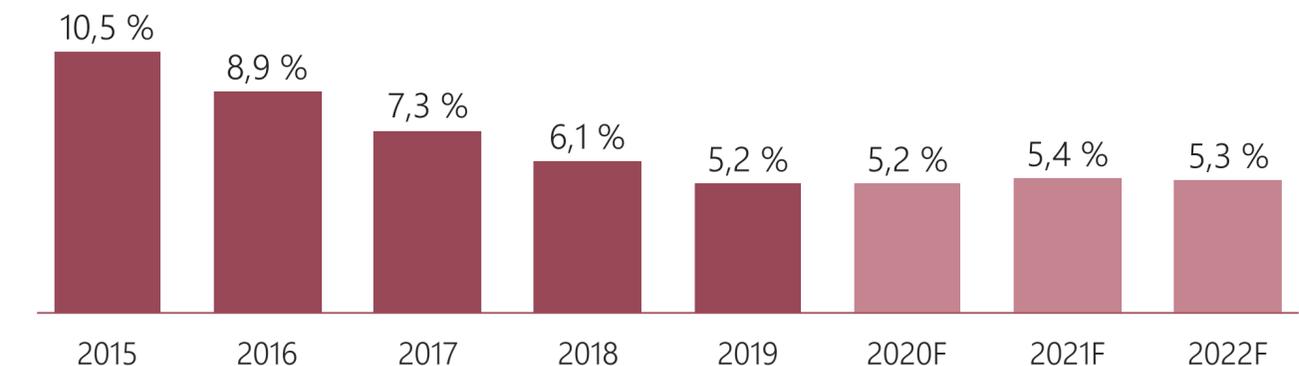
► Average annual CPI [% YoY]



► WIBOR 6M [%]



► Average annual unemployment rate [% YoY]



Source: PZU Macroeconomic Analysis Office

## ...will allow to maintain volume growth in key segments

### Expected growth rate by sectors

#### ▶ Loan volume

	CAGR 2016-19	CAGR 2020-22
Corporate loans	6.2%	~5%
Consumer loans	8.2%	~6%
Mortgage loans in PLN	11.1%	~10%

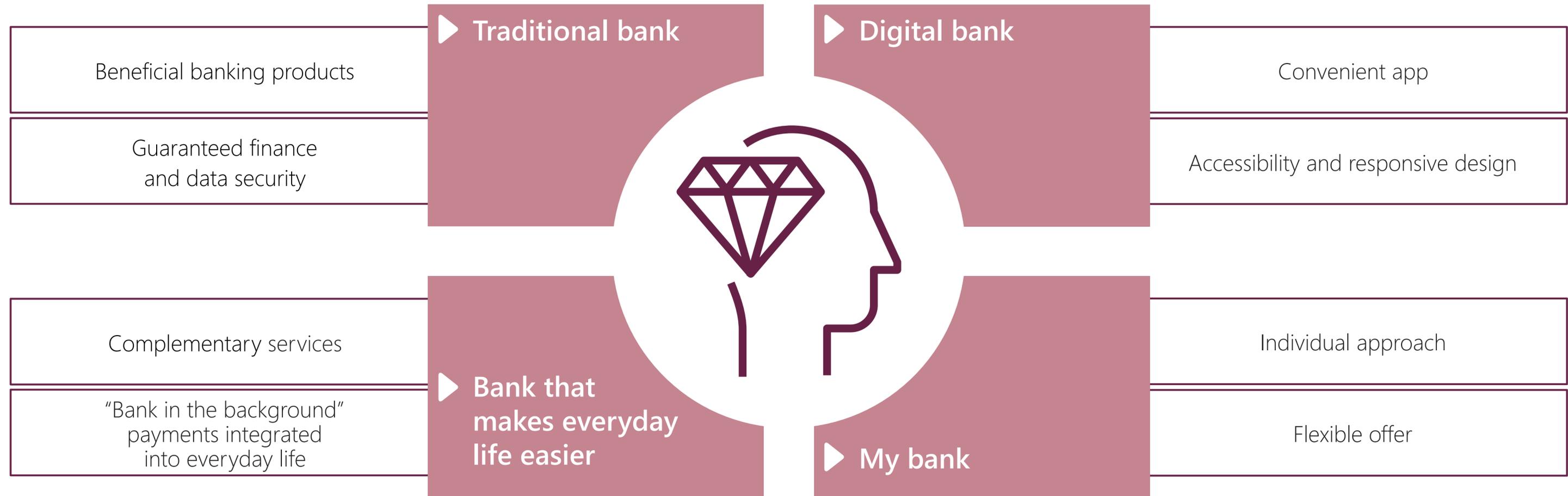
- Growing wages and low unemployment will support demand for consumer and mortgage loans as well as borrowers' creditworthiness. An additional impulse will still be social transfers and tax reductions which along with stable low interest rates will be conducive to lending activities, only a bit slower than in the previous periods
- Late stage of the business cycle, uncertainty of the external environment and falling demand from abroad will result in a lower growth rate of corporate loan volumes

#### ▶ Deposit volume

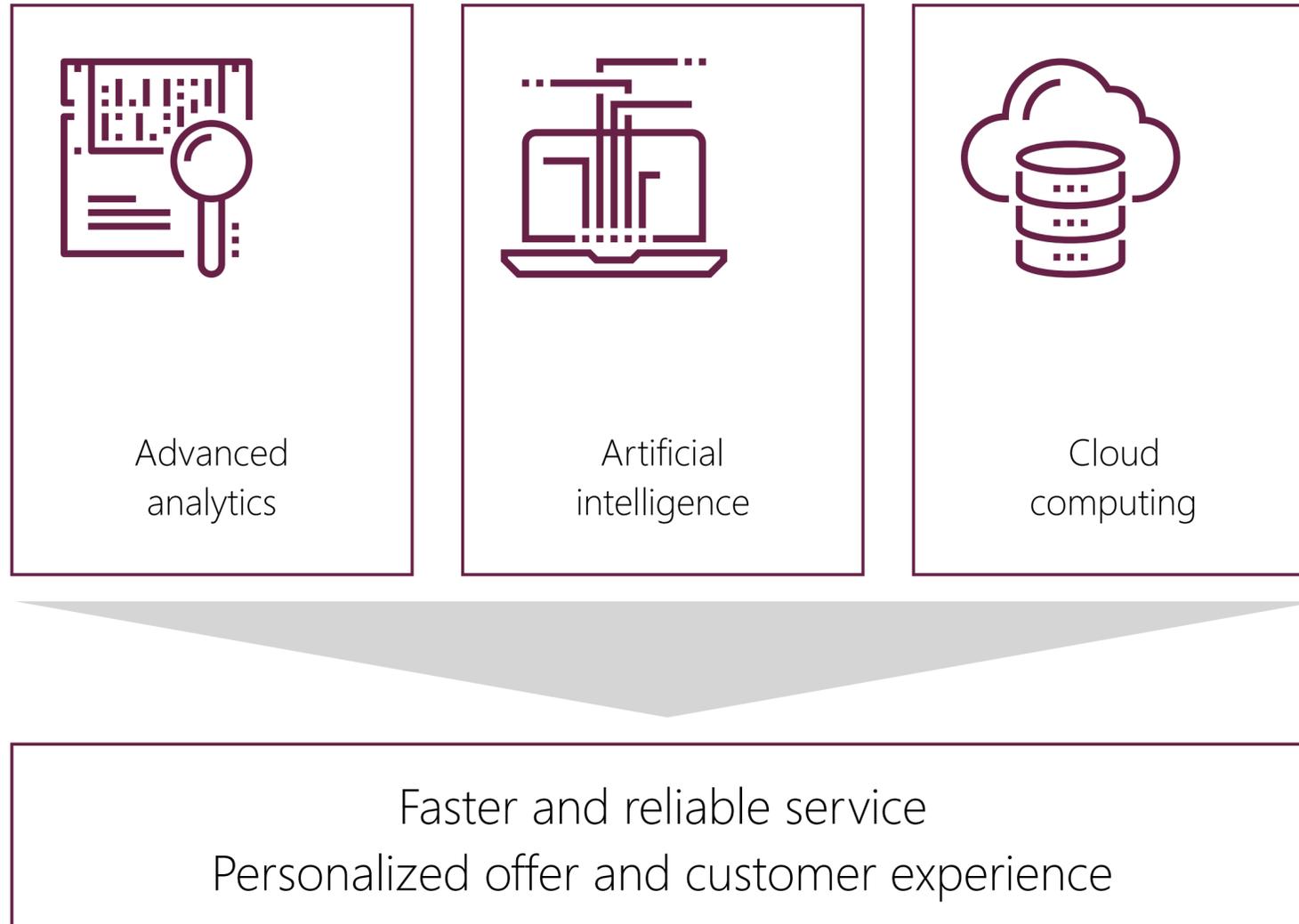
	CAGR 2016-19	CAGR 2020-22
Corporate deposits	5.0%	~5%
Personal deposits	8.2%	~7%

- Expected lower economic growth in Poland will impel companies to maintain a liquidity cushion. It will impact the growth rate of deposit volumes
- Part of household disposable income will be saved which, combined with the high risk aversion of people in Poland, will be conducive to an increase in funds on deposits and current accounts
- Bonds issued as a part of the MREL requirement will increase the financing costs of banks (due to higher costs of bonds and their increased share in the financing structure), which will intensify market pressure on the decrease in the average cost of deposit

# Client expectations of banks are constantly growing...



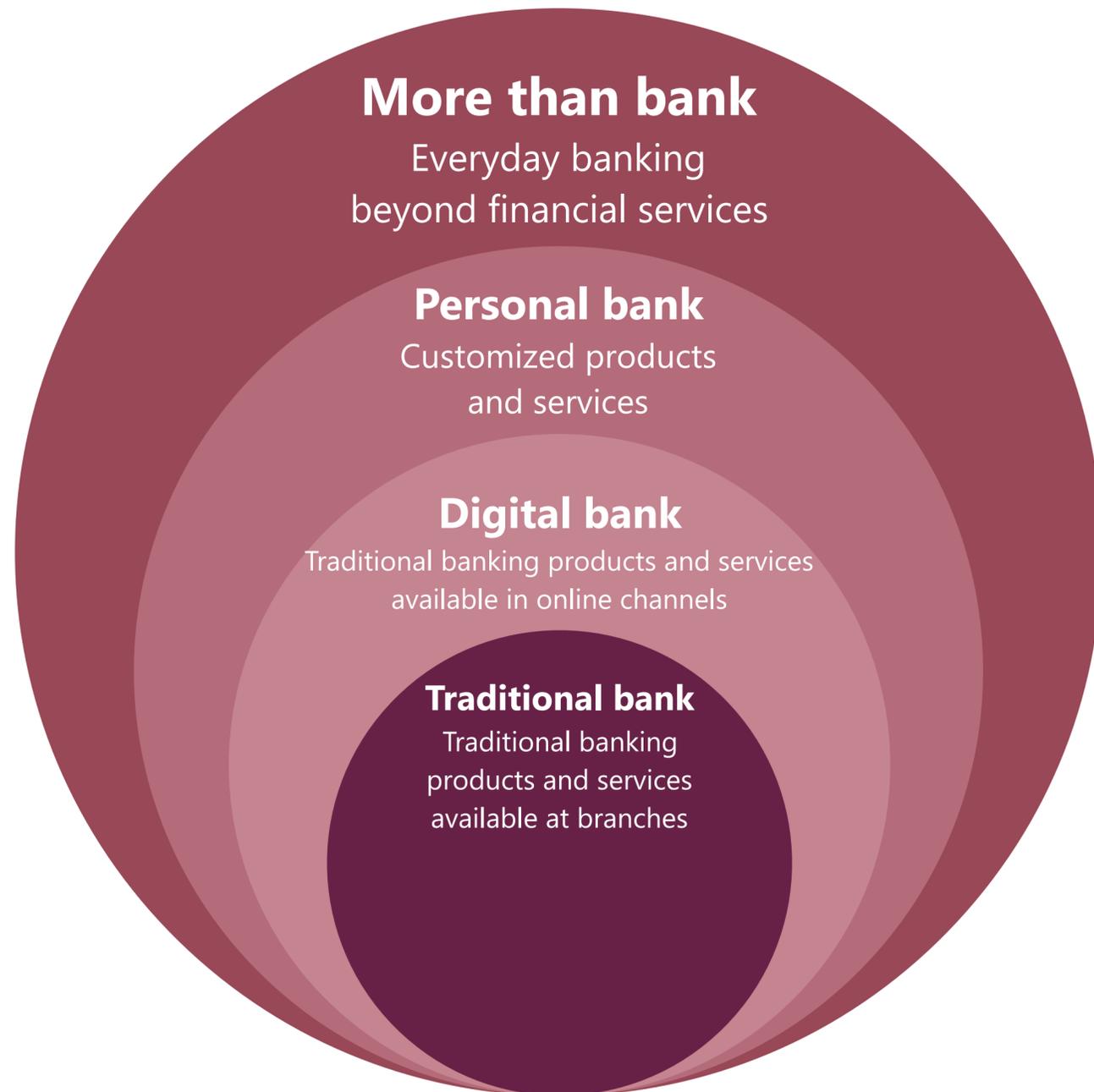
## ...and technological development makes meeting these expectations possible



- Growing use of artificial intelligence and advanced analytics leads to reducing cost of these technologies, making them more and more available. The cost of computing power constitutes now 0.01% of what it was in 2000
- Simultaneously, the effectiveness of these technologies is growing, facilitating the use of an increasing range of data, also from unstructured sources
- Popularisation of new interfaces, such as biometrics or chatbots, results in their growing accuracy. Percentage of error in machine image recognition processes has fallen below 5%
- Startups specialise in quick implementation of new technologies and building innovative services based on them. Cooperation with them is becoming an increasingly important element of the strategy of leading companies from various sectors, bringing considerable benefits to their clients

▶ **2. What do we want to achieve**

# We will step beyond the realm of banking to become more than a bank



## ► Our approach

- We facilitate everyday activities for our clients through integration of banking and non-banking services provided by Alior Bank and our partners
- We provide user friendly, attractive and reliable services
- We build a long-lasting partner relationship with each client
- We select products suited to clients' needs
- We bear clients' interest in mind, therefore we communicate with them openly
- We care for the security of our clients finance and data

## We will provide financial and non-financial services to our clients online...



### ▶ Alior Mobile: More than a banking app

- Support in everyday matters available directly in the app
- A range of products and complementary services provided by Alior Bank and our partners
- Offering to our clients the best solutions and freedom of choice
- Available at any time - always when clients need it

...and we will provide them with a friendly and professional advice offline...

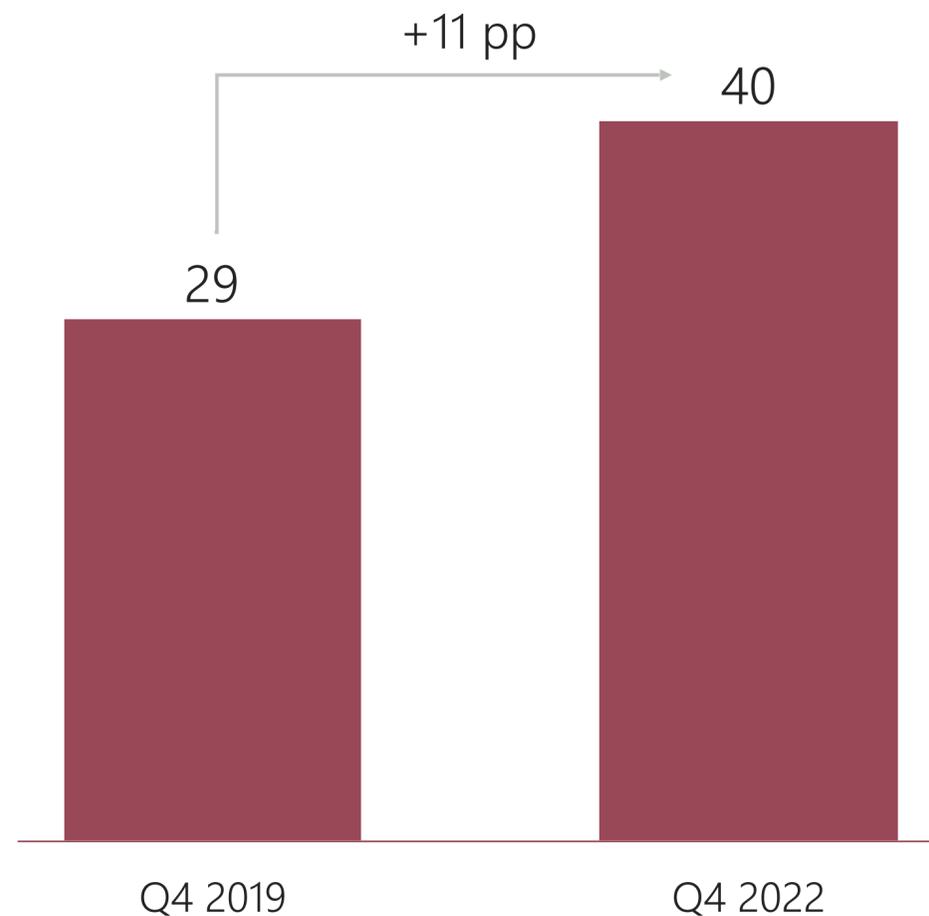


► **More than a branch**

- Professional support in using digital products and solutions for retail clients
- Financial and sector-related consultancy for business clients
- Modern service standard at branches designed with comfort, trust and the environment in mind

## ...to constantly improve customer satisfaction

### ▶ NPS (%)



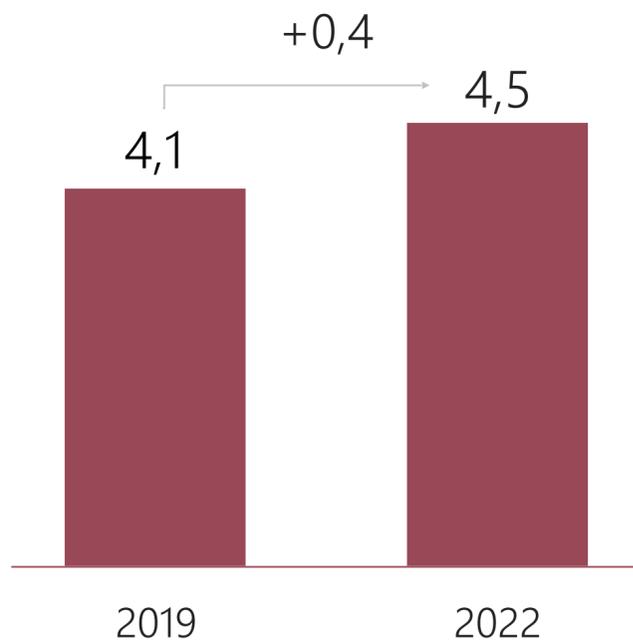
### ▶ Customer experience: more than service quality

- Thanks to continuous process improvement and investments in our branch network, we will provide personalised and cohesive experience for all channels and products
- We will go beyond traditional banking products and broaden Alior Mobile app functionalities to offer our clients services that will make their everyday lives easier
- Modern technologies will allow us to shorten processes and reduce their costs, at the same time increasing convenience for clients

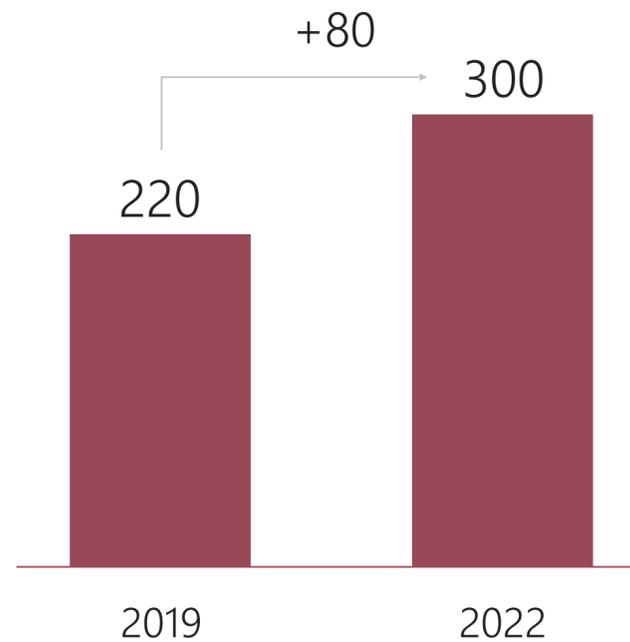
The improved customer experience will result in NPS score increase by 11 pp, to 40% at the end of 2022, and will support growth in the number of clients and the use of our products and functionalities

# Thanks to improved customer experience we will increase our client base, reach 95 bn PLN in total assets...

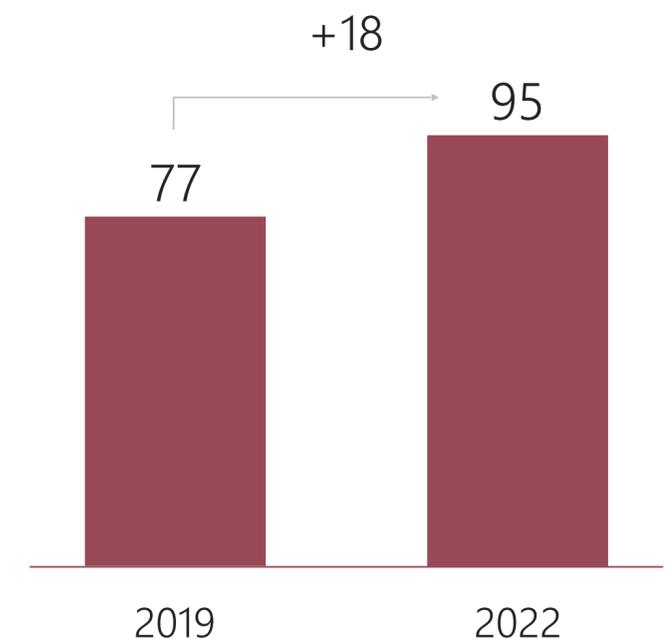
▶ Retail clients (M)



▶ Business clients (k)



▶ Assets (bn PLN)



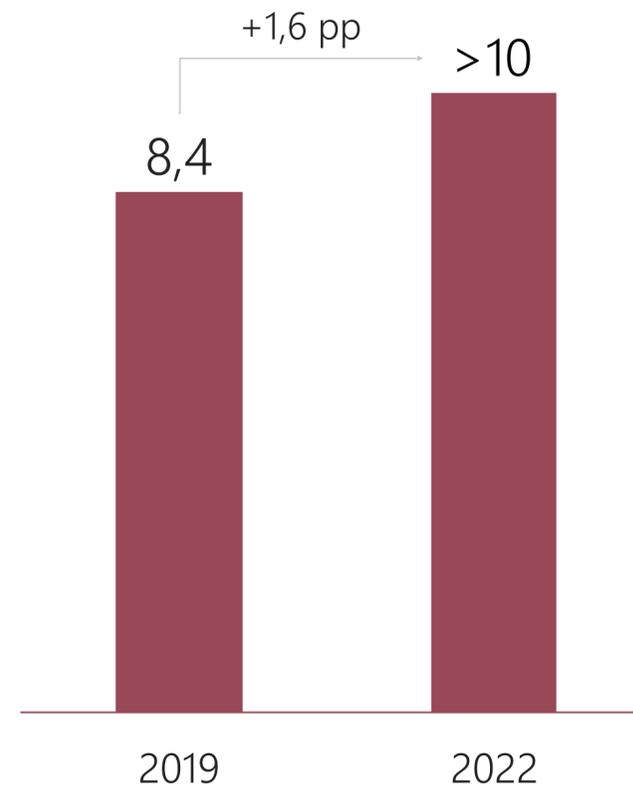
The total number of business clients includes the micro-enterprise segment

## ...and boost our key profitability ratios

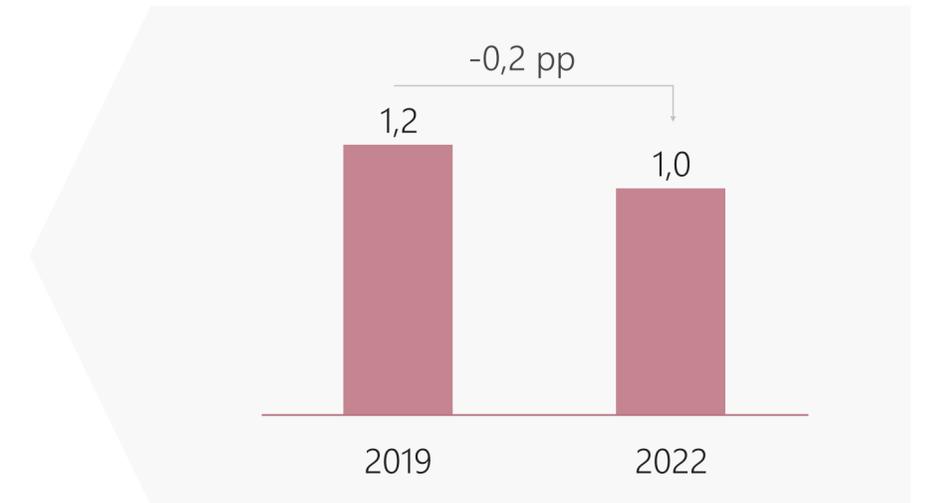
### ▶ NIM (%)



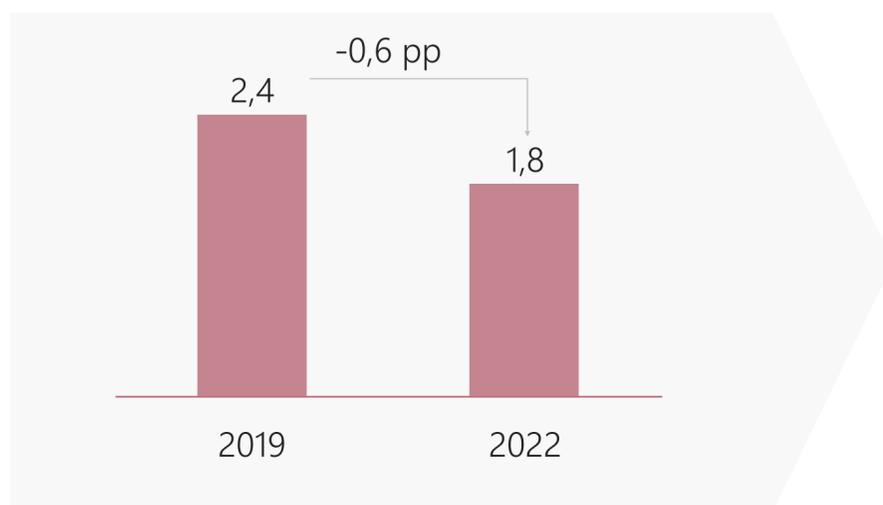
### ▶ ROE (%)



### ▶ COF (%)



### ▶ COR (%)



### ▶ C/I (%)



2019 ROE value normalised by excluding the effects of ECJ's ruling

▶ **3. How are we going to achieve that**

# We focus on our clients' needs and building strong relationships with them...

▶ Strategic pillar	Customer experience			
▶ Strategic programmes	Alior Mobile	Personalisation	Convenience	Business client relationship
▶ Key outcomes	Non-banking services in Alior Mobile app	Products meeting clients' expectations	Convenient digital processes	Modern service and sector-specific support
▶ Main KPIs	Number of Alior Mobile app users <b>1.5M</b>	Increase in the number of retail clients and micro-enterprises <b>+500k</b>	Relational NPS <b>40%</b>	Proportion of loans granted to companies from preferred sectors <b>35%</b>

# ...and we transform our bank to meet their expectations effectively

▶ Strategic pillar	Transformation of the bank				
▶ Strategic programmes	Technology leader	Effectiveness	Risk and capital management		Bank of engaged experts
▶ Key outcomes	Technological advantage	Process and cost optimisation	Resilience and predictability		Employee development and social responsibility
▶ Main KPIs	Time needed to develop a new product or business value <b>2 weeks</b>	C/I <b>41%</b>	NPE <b>-1.5 pp</b>	Surplus Tier1 <b>&gt;125 bps</b>	Employee engagement index <b>&gt;55%</b>



## ▶ Customer experience

Strategic programmes

Alior Mobile

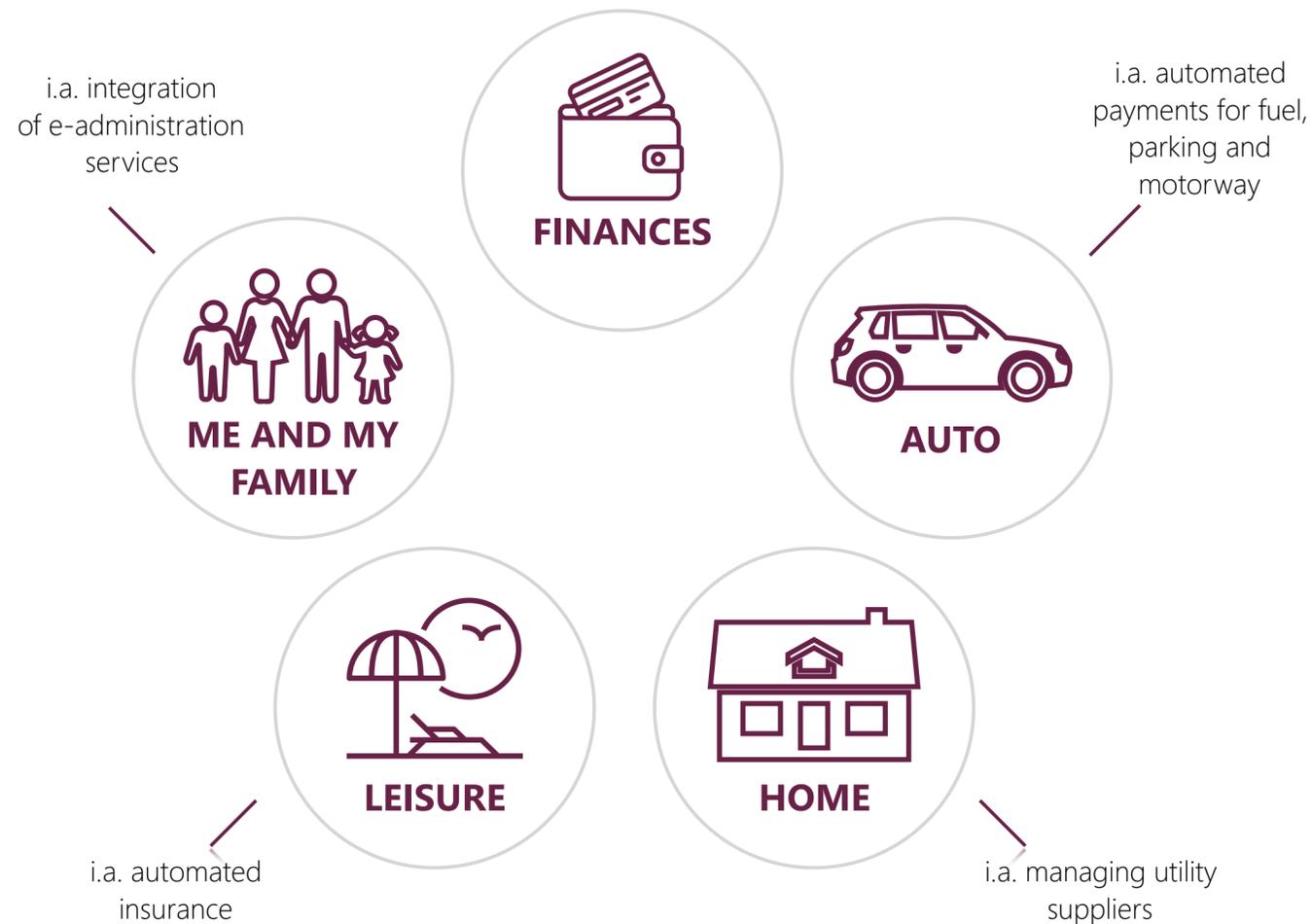
Personalisation

Convenience

Business client relationship

# We will use our competitive advantages to support dynamic development of Alior Mobile

Use of Alior Mobile app will be an everyday experience for our clients thanks to a wide range of services we will provide...



...thanks to integration of the best for clients scalable external solutions...

**RBL\_**  
One of TOP 25 financial innovation centres in the world\*

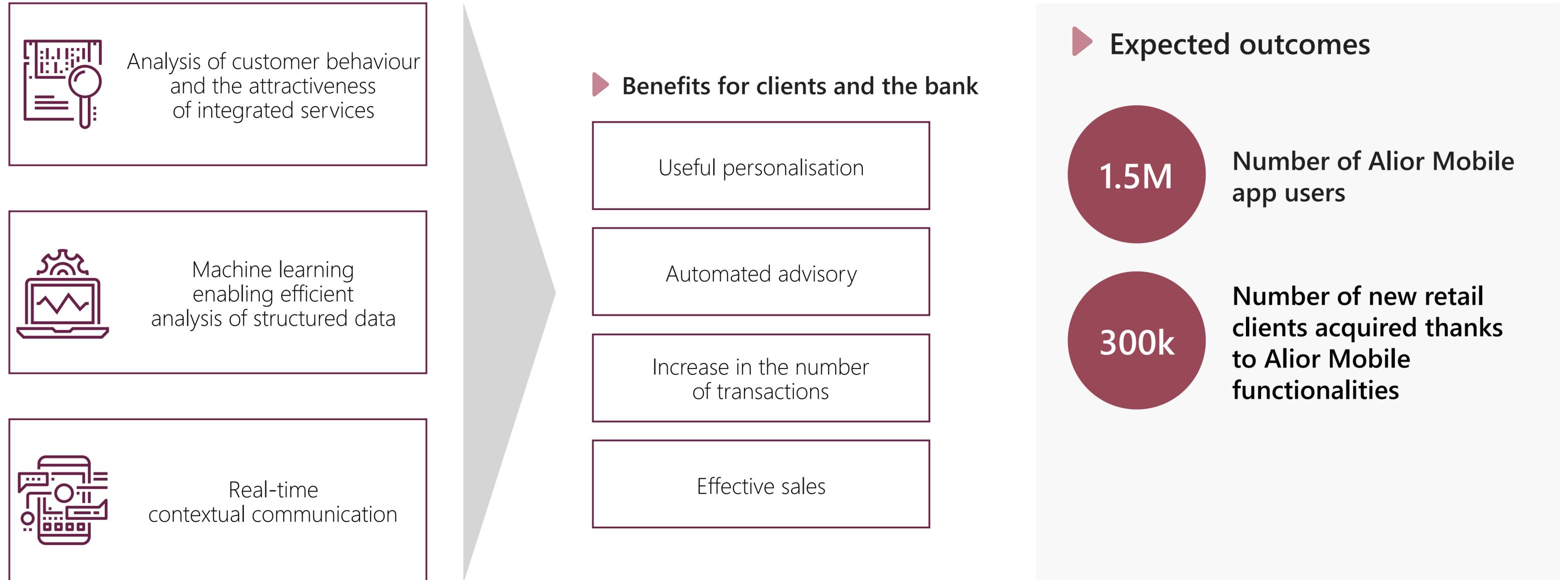
- Selection of functionalities based on market research and advanced analytics
- Customer-centric prototyping and co-creating client path with app users
- Solutions provided by FinTechs and strategic partners

...and utilizing our technological advantages

- Microservice-based open architecture
- Tools for quick integration into banking services
- Working in Alior Bank's agile methodology - AGILOR

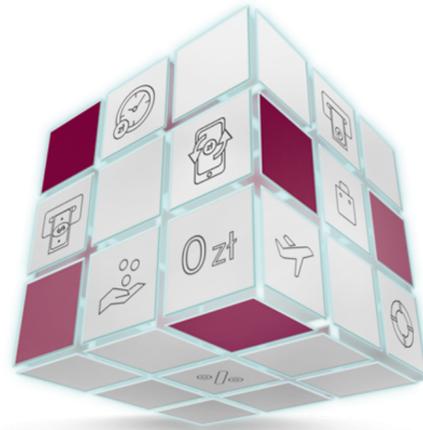
\*Global Finance 2019 Ranking

# The development of Alior Mobile is focused on deepening relationship with clients



## Flexible account will remain our basic acquisition tool

### ▶ Individual clients



**Konto Jakże Osobiste**

- We offer flexible financial benefits - exempting from fees or changing interest rate of banking products
- We appreciate active clients, therefore we offer them even more free benefits and bonuses
- We communicate with our clients in real time and suggest which products or solutions are the most beneficial for them
- We extend our offer by non-financial benefits developed for specific segments, including young clients or players

### ▶ Micro-enterprises



**4x4 account**

### ▶ Expected outcomes

**420k**

**Increase in number of retail clients**

**80k**

**Increase in number of clients in the micro-enterprise segment**

# We adjust our cash loan offer to new market conditions

## ▶ New price conditions

- Commission and interest rate adjustment
- Attractive external consolidation products

## ▶ Utilising PSD2 opportunities

- Extensive application of the new revenue confirmation method - in all channels and for nearly all applying clients



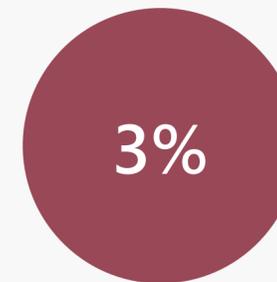
## ▶ Tailored CRM strategy

- New approach to loan retention
- Better price adjustment in internal consolidation
- Special offer for Consumer Finance clients

## ▶ Development of remote channels

- Continuation of the strategy for remote sales share growth
- Dynamic development of self-service channels

## ▶ Expected outcomes



**Regular growth of the loan volume (CAGR)**



**Share of cash loan volume sales in remote channels**



## Strategic cooperation with PZU will complement our offer

### ► Bancassurance

- Broad insurance offer, starting with loan protection insurance
- Extending the offer with i.a. health insurance
- Availability of insurance products in Alior Mobile and Alior Online

### ► Assurbanking

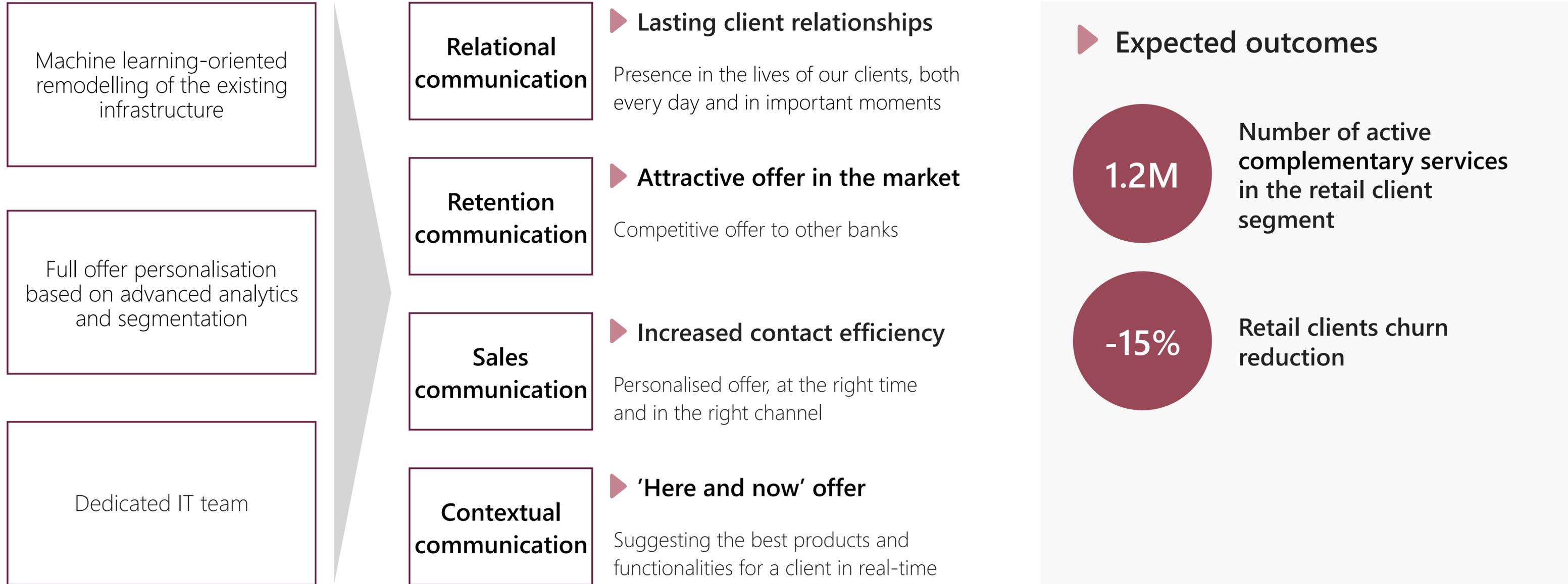
- CASH platform offer extension with other banking products, including salary finance, and introduction of insurance products
- Alior Bank's special offer as an additional benefit of PZU Employee Capital Plans (PPK)
- Efficient analysis of clients' needs thanks to Alior Bank and PZU CRM cooperation

### ► Expected outcomes



**Increase in Alior Bank's revenue from the initiatives implemented together with PZU (CAGR)**

# Leading CRM will enable us to offer products in the right time and channel



## We will increase the role of remote channels for sales...



▶ **Remote end-2-end processes**

- Sales of current accounts, deposits and loans for retail clients and micro-enterprises



▶ **Simplification of sales processes**

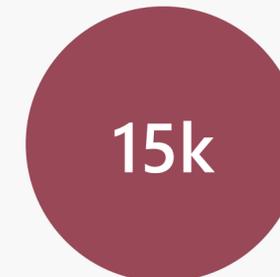
- Using open banking to shorten customer path for clients applying for a loan

Increasing loan sales in remote channels will enable bankers at our branches to focus on deposit products that strengthen relationship with clients

### ▶ Expected outcomes



Share of retail current accounts sold online



Number of new clients from the micro-enterprise segment acquired online

## ...and at the same time we will remain available at modern branches

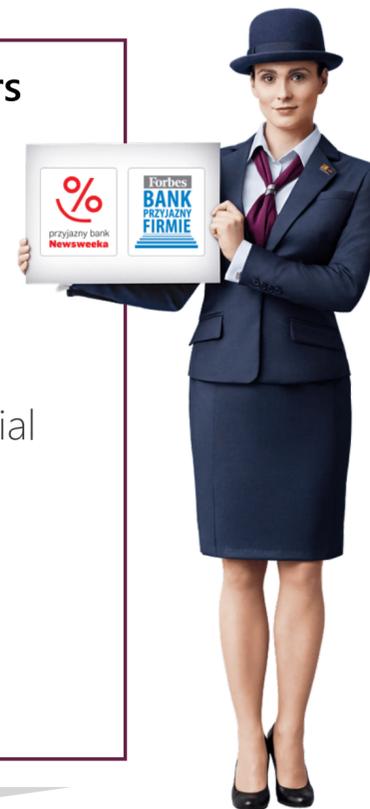


### ▶ Relationship banker

- Assistance in client migration to the digital world
- Personalized support for clients in the most difficult financial decisions
- High quality private banking services and certified investment advisors

### ▶ Cooperation with partners

- Presence in smaller, local communities
- Flexible cooperation model based on variable costs
- Maintaining the entrepreneurial mindset of distribution



### ▶ Expected outcomes

80%

**NPS for branch services**

-25%

**Reduction of the number of branches**

We will adjust the structure and size of our sales network to the number of transactions resulting from our clients' needs

The high quality of services at all our branches remains our priority  
- our bankers' attitude and professionalism affect the opinion on our products

# We modernise our branches with client's comfort, digitisation and the environment in mind

## ► Our new branch model:

- Supporting digital transformation and client independence through iKiosks, Digital Demo, ATMs and CDMs replacing cash desk services
- Client-advisor meetings in the space ensuring privacy
- Modern and eco-friendly design - recycled materials (e.g. desktops made from yoghurt containers, fabric made from PET bottles), fast growing wood, products from local suppliers, using daylight and energy saving light
- Comfortable bankers' workplace

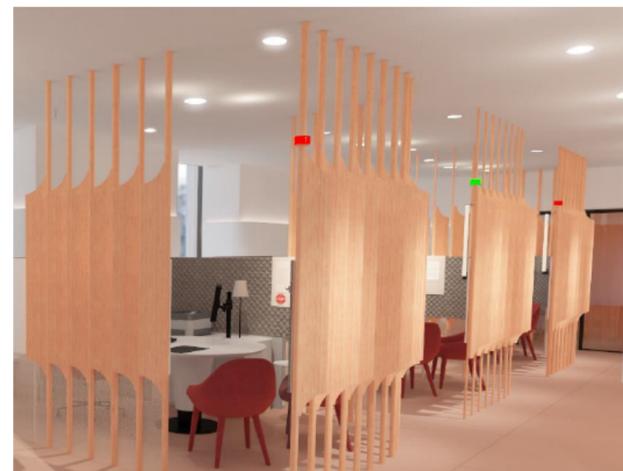
Bankers' workspace



Remote sales room



Client service desks



ATM and CDM



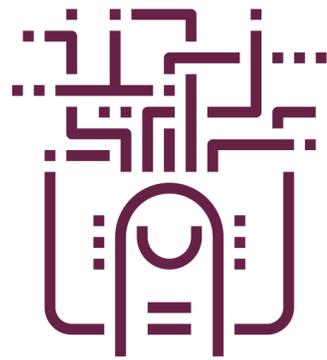
Digital Demo



**110**  
modern  
branches

Comfortable  
and eco-friendly design

## Process digitisation will result in increase of the share of client's self-service



### Product and service management available at any time and in any place

- Remote identification in particularly sensitive moments that require remote authentication, i.a. using voice biometrics
- Online access to certificates and client documentation
- More control over products - freedom to open, modify and close products available online



### One-click and chatbots - quick and easy access to assistance

- Chat channel development with chatbots using machine learning
- Voicebots to take over repetitive service operations processes
- Sales support using voicebots
- Chat channel to unburden e-mail and online form handling

More client independence in remote channels will improve customer experience and make product and information management less time-consuming as well as available in any place and at any time

### Expected outcomes

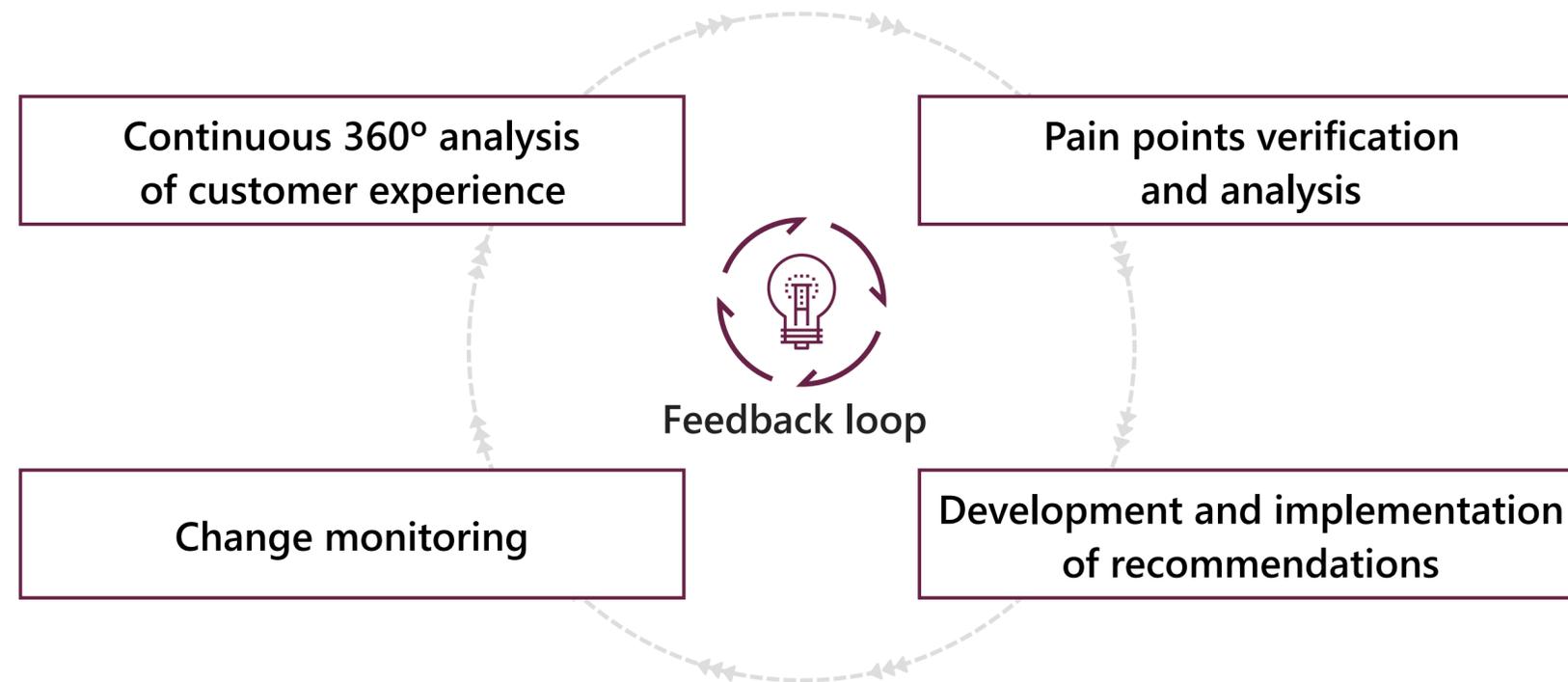
40%

Share of disposals executed in an automated manner or independently online by retail clients

40%

Share of disposals executed in an automated manner or independently online by micro-enterprise clients

## Continuous process improvement helps us to take care of our clients' comfort



▶ **We undertake comprehensive and continuous actions to provide cohesive customer experience**

- Special team continuously analyses complaints to include clients' expectations into new processes and products design
- We run a comprehensive programme to simplify communication and improve mutual understanding

▶ **Expected outcomes**



## We will be partners for entrepreneurs at every stage of their business development

### Company establishment and first steps

- Your Business with Alior Bank - acquisition through full integration with CEIDG
- Alior Box - quick account opening at a branch, in mobile app or via website
- Zafirmowani.pl 4.0 - a website with advices for newly established companies and an even broader package of financial and non-financial services

### Financial advisory

- Marketplace supporting selection of a proper financing type and source from Alior Bank or its partners
- Mobile Banker available wherever our clients need its support
- Remote product processes that enable applying and selecting new services on client's own, including fast remote loan application

### Independent growth and time-saving

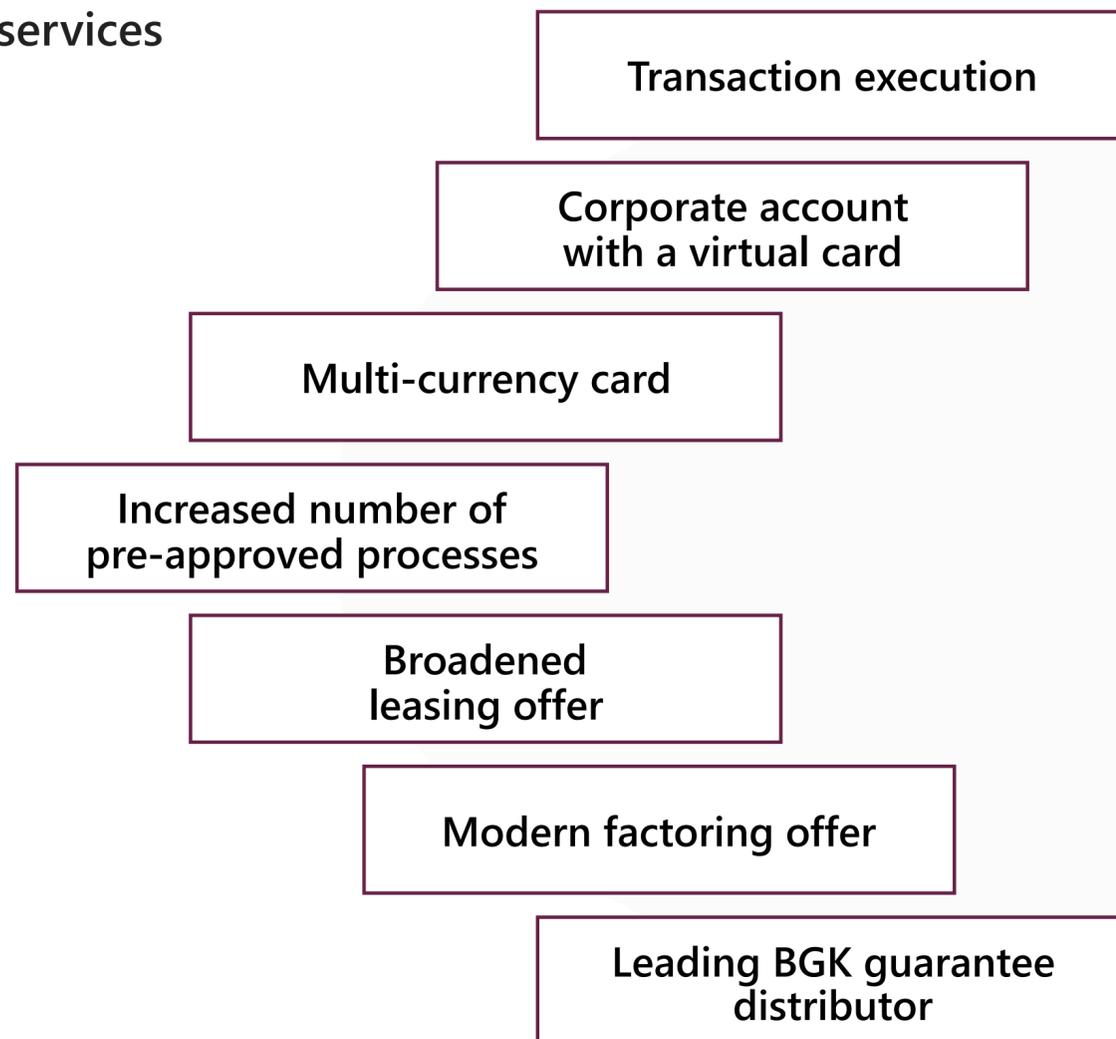
- Reduction of activities that require a branch visit, including a possibility to apply for a corporate account with a virtual card
- Signing documents online based on blockchain technology
- After-sales services centralisation - a possibility to modify limits and complementary services in a flexible and independent manner
- Access through the online banking to medical packages, insurance, etc.

### Sector-specific advisory

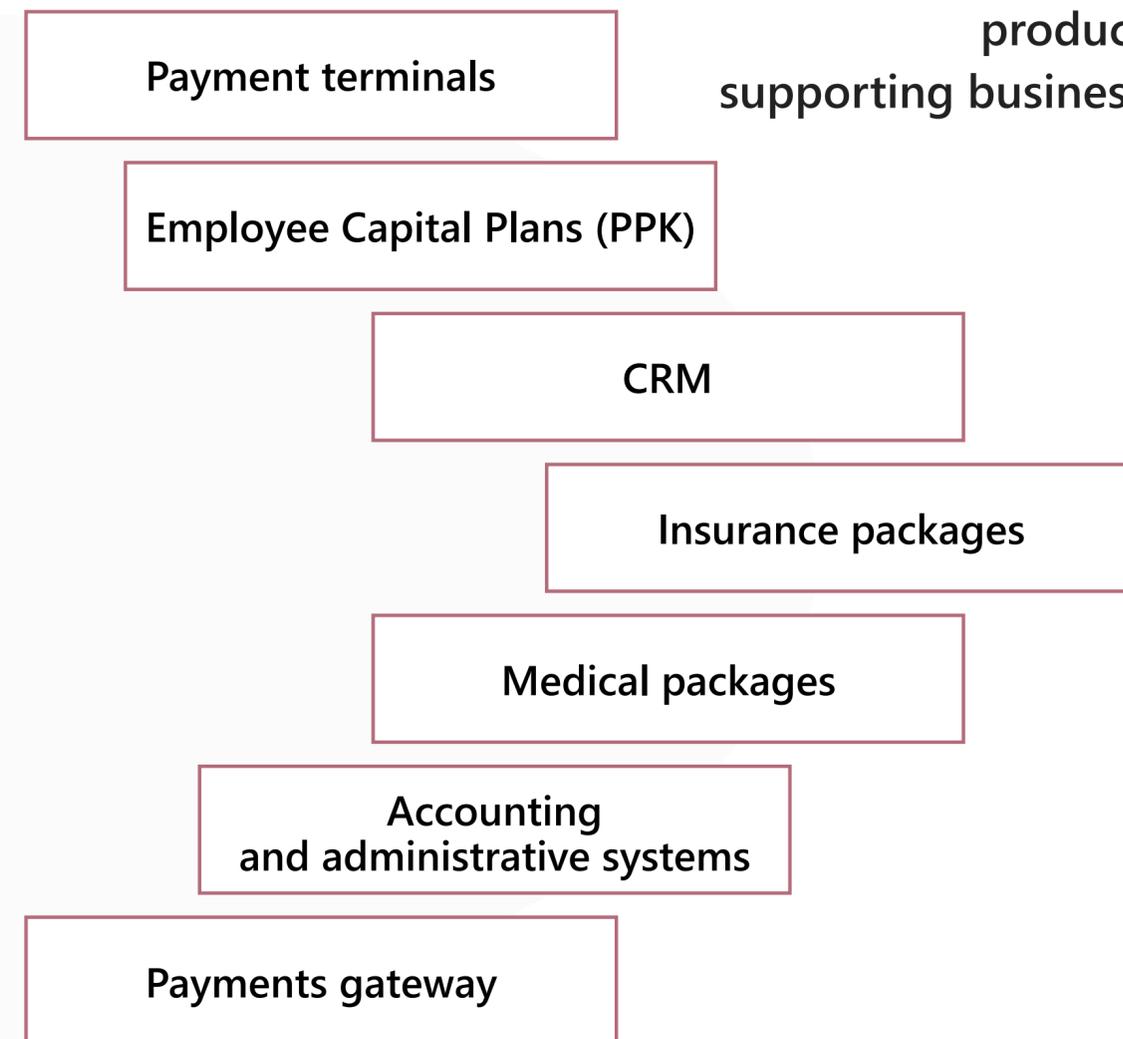
- Alior Bank as a business partner - service regionalisation and specialisation in selected sectors, e.g. paper packaging manufacturers, e-commerce and trade, food service or cosmetics as well as private healthcare
- Support via sharing with clients broad sector, competition and global trend analyses related to their industry

# We will deepen our business client relationships with a comprehensive product and service ecosystem

Modern banking products and services



Comprehensive non-banking products and services supporting business development



# We will develop a network of product and sector-specific advisors

## ▶ Sector-specific competencies

- Development of bankers' sector-specific competencies
- Preferred sector analyses and benchmarks
- Sector events and networking
- Sector-specific training and certification

## ▶ Product competencies

- Regional sales support structures:
  - Transaction banking experts
  - Trade finance experts
  - Treasury experts
  - Leasing experts

## ▶ Regionalisation and competence specialisation

- Development of competencies adjusted to the specific character of business in a given region
- Sales specialities



## ▶ Digital competencies

- Bankers as digitisation consultants and ambassadors

## ▶ Expected outcomes

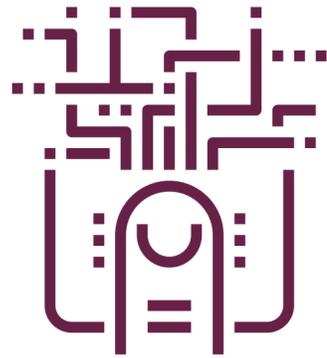


**Share of loan sales to preferred sectors in the business client segment**



**Share of business client bankers with industry certificates**

## We will develop digital channels and processes for business clients



### New online and mobile banking system

- Modern solutions ensuring client security, i.a. using behavioural biometrics
- Use of open banking to access accounts from other banks
- Integration of ERP and FA/HR systems to facilitate provision of services to a company at any time and in any place
- Invoicing, warehouse management, human resources management, business reports and soft debt collection services



### Sales and after-sales processes digitisation

- Digitisation of loan processing with the use of an automated client assessment
- Repository of clients' private documents in online banking, including loan document digitisation
- Personalized pre-approved and pre-sale offer through a modern CRM
- Increased number of actions a client can perform independently in the mobile app or online

### Expected outcomes

+20%

Increase in the number of transactions in the mobile channel in small and medium-sized enterprises segment

45%

Share of actions performed independently by clients in small and medium-sized enterprises segment



## ► Transformation of the bank

Strategic programmes

Technology leader

Effectiveness

Risk and capital management

Bank of engaged experts

# Technological advancement enables us to move swiftly and efficiently in the changing market conditions

1...

2...

3...

▶ **For clients**

Secure services

Access to product information  
through all channels

Services available  
'here and now'

▶ **For the bank**

1 hour to set-up necessary  
IT infrastructure

2 weeks for development

Every 3 weeks  
- release into production

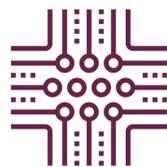
# Efficient IT architecture and competencies will remain the source of our advantage

## ▶ Cloud technologies



- A hybrid cloud model combining resources of a private cloud and multiple public clouds
- Using PaaS (Platform as a Service) services and tools supporting the effectiveness of building and managing the IT environment
- Standard ERP-class tools and services delivered from a public cloud in the SaaS (Software as a Service) model
- Cognitive services delivered from a public cloud

## ▶ Modern architecture



- Open architecture of an integration platform for our partners
- Designing in microservice domains
- Architecture and organisation adapted to working in independent development teams

## ▶ Processes and organisation



- Software development and testing process automation
- Programmable and automatic processes in the IT environment, available in a self-service model
- Competence centres responsible for transformation in key areas such as AI, advanced analytics and cloud computing
- Working in our own agile methodology AGILOR

## ▶ System unification



- Unified cross-channel customer experience
- Mobile device services while maintaining cohesive customer experience
- Key systems unification areas: Front- and Back-office, Authentication and Authorisation Centre

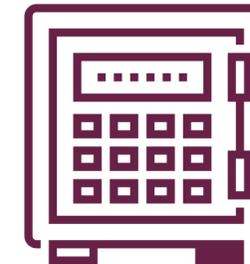
## We will ensure the highest standards of security and protection of our clients' interests

### ▶ Secure client



- Implementation of behavioural biometrics and solutions that simplify product security management for our clients
- Digital identity verification in online channels
- Malware Shield 3.0 – development of a solution facilitating malware detection on clients' devices
- An AI-based tool for alert and areas of potential misuse analysis automation

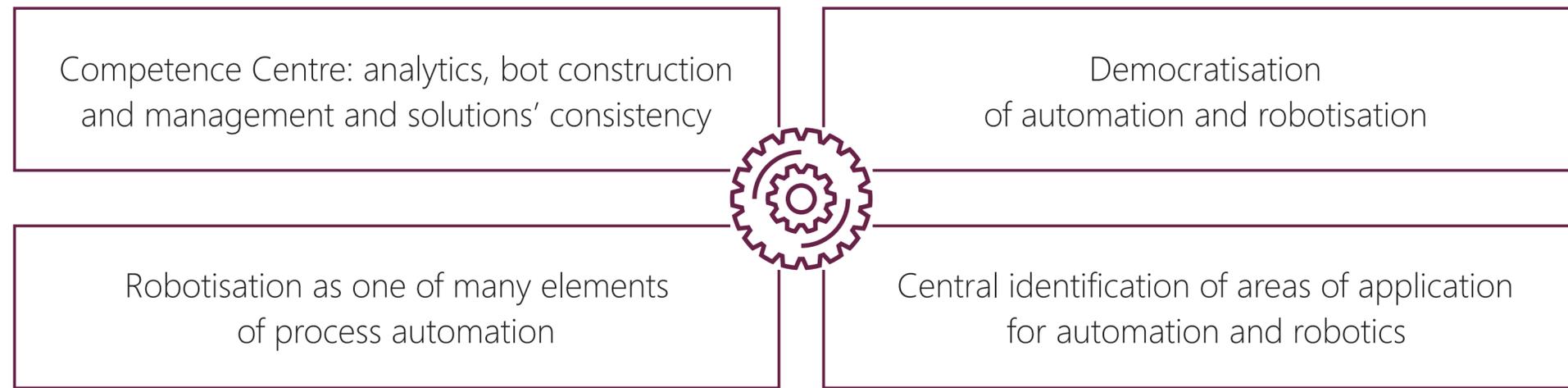
### ▶ Secure bank



- Security Operation Center development – extension of monitoring and abuse detection in internal systems with the use of machine learning and robotisation of tasks
- Building the Central Technical and Physical Security Management System to integrate bank's security systems
- Prevention through efficient data aggregation and analytics

# Robotisation and algorithms will make our processes more efficient

## ▶ Robotisation programme



### Data digitization and process mining

- More extensive use of the OCR technology
- Identifying the most appropriate for automation processes (Robotic Process Automation as a tool to support process mining)

### Robotic Process Automation Robotic Desktop Automation

- Effectively combining functionalities of attended/unattended robots (integration of RPA/RDA platforms)
- Robot as a service

### Low-code and no-code tools

- Providing tools (low-code, no-code and RPA) for development of IT solutions by business employees

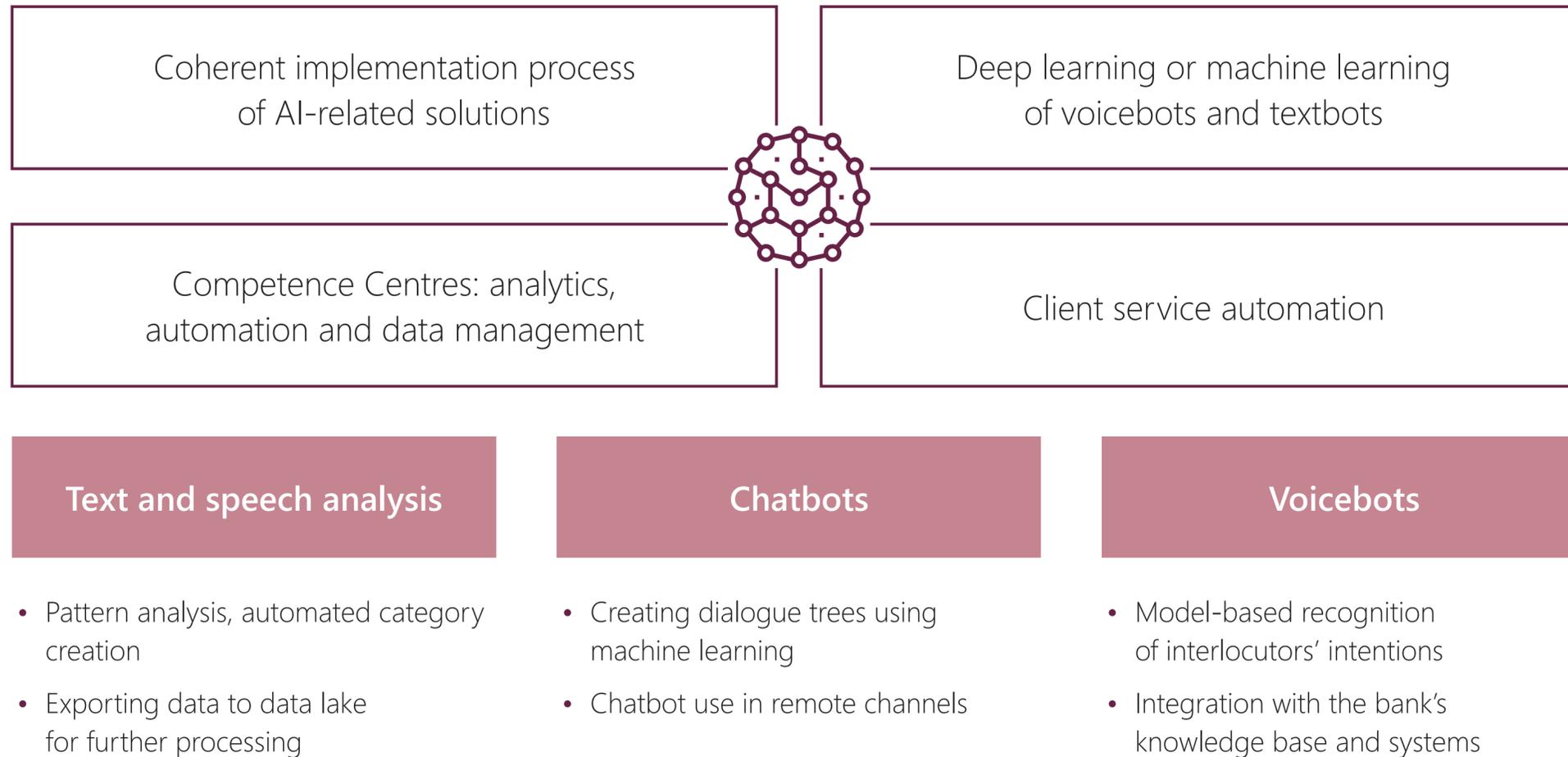
## ▶ Expected outcomes



**Number of robotised processes per year**

# The AI platform will allow us to reduce cost and provide services faster

## ▶ Our approach to AI platform development



## ▶ Expected outcomes

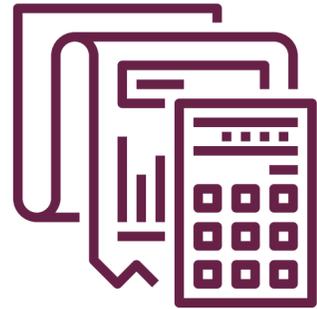


**Share of helpline calls with voicebot participation**



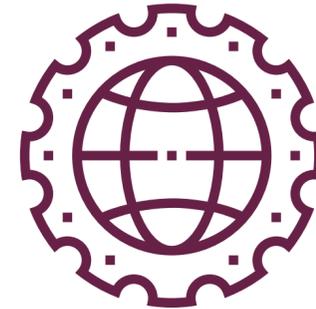
**Share of conversations with clients held via chatbots**

## Risk management strategy supports the bank's strategy



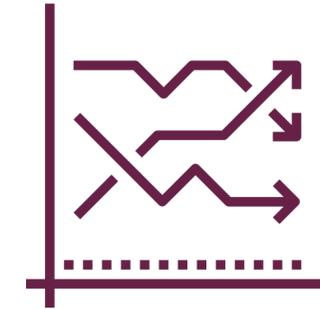
### ► Credit risk

- Development of credit activity in accordance with the planned structure and quality of the credit portfolio
- Reduction of loan portfolio sensitivity related to changes in macroeconomic situation
- Development and consistency of risk management standards within the Alior Bank Group



### ► Operational risk

- Further reduction of operating losses limit in relation to the bank's own funds
- Building a culture and awareness of operational risks with an emphasis on prevention
- Automation of operational risk control functions
- Further development of the AMA method



### ► Market and liquidity risk

- Maintain a stable level of market risk and liquidity measures and limits, taking into account stress conditions
- High liquidity buffers reflected in the balance sheet structure
- Continue to improve measures of deposit base concentration and reduce the funding cost ratio below 1%

# We optimise all of the key areas relevant to the acquisition of preferred clients

2,4%

Cost of risk in 2019 as a result of portfolio, hedging and recovery rates review

1,5%

Average annual standardised long-term cost of risk of new lending between 2020-2022

1,8%

Annual cost of risk in 2022

## Pricing policy based on Risk-Based-Pricing methodology

- Improvement of processes of risk margin pricing and adjust the price to the level of client's and transaction's risk
- Optimisation of the cut-off policy by migrating from the probability of default model towards an individualised assessment of expected loss
- Increase of share of clients with main relationship and low risk profile

## Comprehensive policy update will ensure long-term profitability of lending

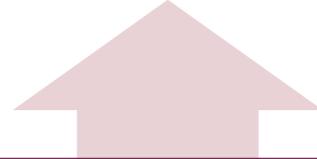
- Credit policy adjustment to the profiles of individual industries (business client segment) and risk profiles (retail client segment), stimulating the development of segments with the most favourable risk profile
- Risk management strategy and risk appetite define the objectives in terms of life-time (curves of the cost of risk and profitability of a loan over its life cycle)
- Risk assessment aimed at increasing the resilience of the cost of risk to changes in the economic cycle

## AI-based credit process optimisation and digitisation

Product	Current level of process optimisation	Moment of reaching above-market level
Cash loan	Above market level	2019
Mortgage loans	Market level	H2 2021
Loans for micro-enterprises	Above market level	2019
Loans for corporations	Below market level	H1 2021

# We continue balancing our loan portfolio structure

## Consistent growth



Increase in the share of less risky products in our loan portfolio, including mortgage loans, factoring and leasing

Increase in lending to small and medium enterprises

Development of bankers' sector competencies, deepening client relationships and increasing their transaction execution

## Active and efficient management

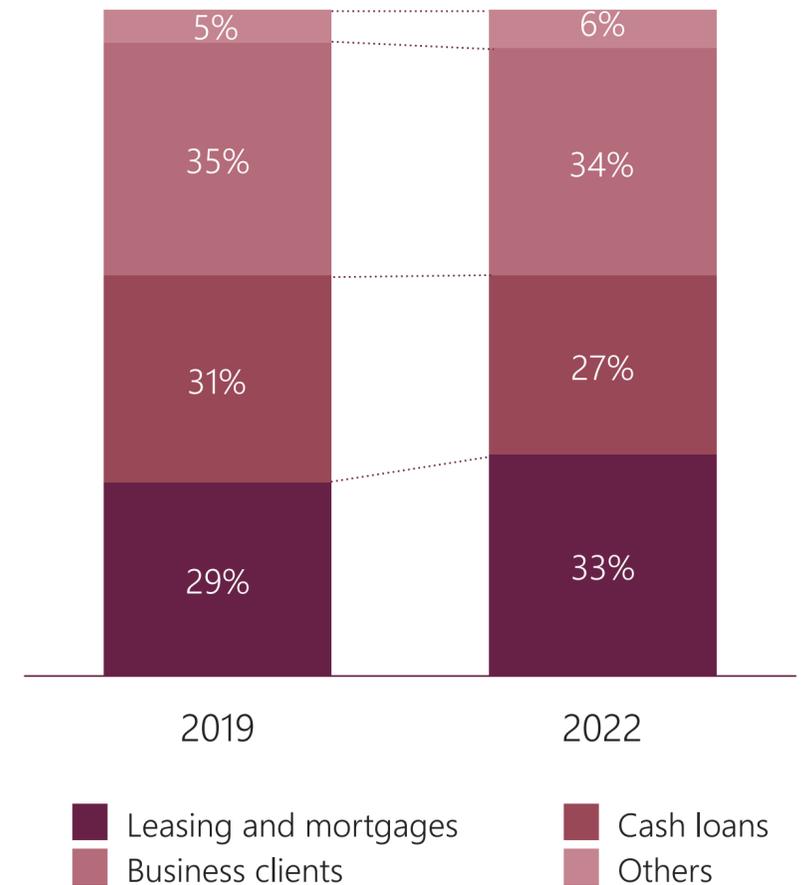
Consciously building the expected sector structure

Efficient concentration risk management in relation to individual exposures

Reduction in high-risk profiles or those characterised by low resilience to economic cycle fluctuations



## Portfolio structure



## We will introduce advanced methods of credit risk management

### ▶ Advanced credit risk management methods

- Building our portfolio's resistance to business cycles
- Advanced management methods - regulatory (IRBA) and internal (IRMS)
- Using advanced analytics tools
- Using BGK guarantees to additionally secure our portfolio

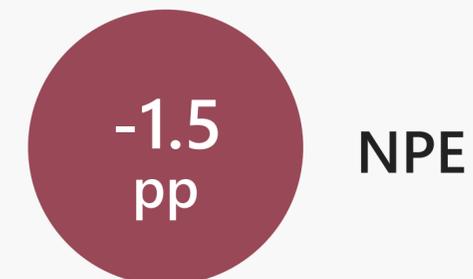
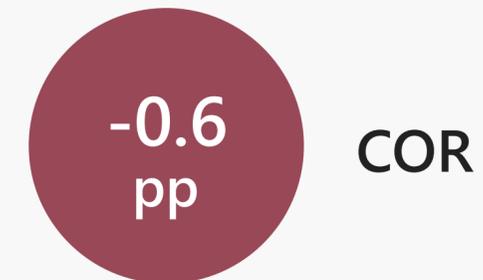
### ▶ Efficient monitoring and debt collection

- Further development of KYC processes and of the existing portfolio monitoring
- Maximising process automation and integration of supporting systems

### ▶ Integrated risk approach within Alior Bank Group

- Integrated risk processes
- Transparent acceptance and rejection criteria for more efficient acquisition activities
- Exchange and integration of analytical data – a holistic view of a client profile
- Using data from portfolio monitoring in credit process automation and simplification
- Comprehensive evolution of methodologies towards a risk-based approach (RBA)

### ▶ Expected outcomes



## We will maintain our capital position distinctly above the regulatory requirements

2019: We achieved capital ratios allowing us to pay out dividend

2020 - 2022: We assume that we will maintain stable capital position

Capital buffers at the end of each year of our strategic horizon

>125  
bps

>650M  
PLN

### ► Pillars of maintaining adequate capital position

High profitability of lending activities	ROE	↑
Increase in the share of non-interest income not charged to capital	%	↑
Decrease in the costs of risk	CoR	↓
Increase in cost-effectiveness	C/I	↓

### ► Initiatives to support protection and growth of own funds

- Conscious forming of credit asset structure (classes) – increased share of less capital-consuming assets
- Implementation of capital initiatives along with strict control of results achieved in comparison to the assumptions (AMA 3, RWA in the business client segment, securitisation, optimised use of guarantee instruments)
- Start of the IRB project in 2020 (capital yields from 2024 onward, despite expected regulatory changes related to i.a. capital requirements of the IRB regime)

## We will take care of employee development to become the bank of engaged experts

### ▶ Stable employee relations

Interpersonal relationships are the most important source of our advantage. 84% employees perceive cooperation within their teams as good

- We put emphasis on lasting employee relationships – it's them who build lasting relationships with our clients
- We plan long-term professional development for experts

### ▶ Development

70% Alior Bank employees think they developed their skills considerably in the last year

- Further development of key expert roles and skills
- Reskilling programmes – obtaining competences demanded and appreciated by the clients
- Development of leadership competencies in the proper management of experts

### ▶ Employee experience

Employees can influence decisions made at the bank – culture of open communication, delegation of authority, flat organisational structure

- Limiting simple administrative tasks through automation and robotisation to unburden our employees
- Development of the digital work environment
- Flexible forms and methods of work

### ▶ Expected outcomes

**>55%**

**Employee engagement index**

## We grow responsibly and support communities and the environment in which we operate



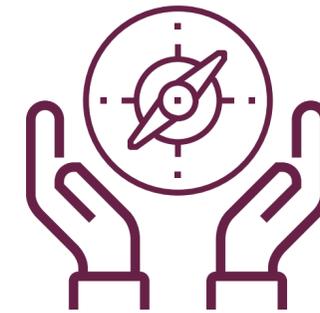
### ► Social responsibility

- Promotion of reading – cooperation with Zacztyani.org Foundation and Polish Language Festival in Szczecbrzeszyn
- Supporting young talents – cooperation with the Polish Children’s Fund
- Counteracting digital exclusion of seniors
- Development of employee volunteering



### ► Environmental protection

- Transition to low-emission car fleet
- New resource-efficient branches using products from local suppliers
- Reducing paper consumption – digital signature



### ► Corporate governance

- Development and implementation of a new CSR strategy
- GRI-compliant reporting

▶ **4. How are we going to measure success**

## Within our strategic horizon, we set ourselves ambitious and realistic goals

### ▶ Business volumes

Total assets	
2019	2022
PLN 77bn	PLN 95bn

Number of retail clients	
2019	2022
4,1M	4,5M

Number of business clients	
2019	2022
220k	300k

### ▶ Risk and capital

COR	
2019	2022
2.4%	1.8%

Surplus Tier1	
2019	2022
180 bps	>125 bps

NPE	
2019	2022
14%	12,5%

### ▶ Profitability

ROE	
2019	2022
8.4%	>10%

NIM	
2019	2022
4.5%	4.6%

C/I	
2019	2022
43%	41%

COF	
2019	2022
1.2%	<1%

The total number of business clients includes the micro-enterprise segment. 2019 ROE value normalized by excluding the effects of ECJ's ruling

## What will be the results of our key initiatives and how will we measure them (1/2)

Alior Mobile		Personalization		Convenience		Business client relationship	
Number of Alior Mobile app users in 2022	1.5M	Increase in the number of retail clients and clients from the micro-enterprise segment till 2022	500k	Relationship NPS in 2022	40%	Share of loan sales to preferred sectors in the business client segment in 2022	35%
Number of new retail clients acquired thanks to Alior Mobile functionalities till 2022	300k	Increase in the number of clients from the micro-enterprise segment till 2022	80k	Share of retail current accounts sold online in 2022	35%	Share of business client bankers with industry certificates in 2022	60%
		Number of active complementary services in the retail clients segment in 2022	1.2M	Number of new clients from the micro-enterprise segment acquired online in 2022	15k	Increase in the number of transactions in the mobile channel in small and medium-sized enterprises segment till 2022	20%
		Retail clients churn reduction till 2022	-15%	NPS for branch services in 2022	80%	Share of actions performed independently by small and medium-sized enterprises segment in 2022	45%
		Regular growth in the loan volume (CAGR)	3%	Reduction of the number of branches till 2022	-25%		
		Share of cash loan volume sales in remote channels in 2022	25%	Number of modern branches in 2022	110		
		Increase in Alior Bank's revenues from the initiatives implemented together with PZU (CAGR)	50%	Share of disposals executed in an automated manner or independently online by retail clients and clients from the micro-enterprise segment in 2022	40%		

CAGR: compound annual growth rate (in the years 2020-2022)

## What will be the results of our key initiatives and how will we measure them (2/2)

Technology leader		Effectiveness		Capital and risk management		Bank of engaged experts	
Time needed to develop a new product or business value in 2022	2 weeks	C/I in 2022	41%	NPE in 2022*	-1.5 pp	Employee engagement index in 2022	>55%
Frequency of new product or business value implementation in 2022	every 3 weeks	Number of robotised processes per year in the years 2020-2022	60	Surplus Tier1 at year-end in the years 2020-2022	>125 bps		
Time needed to put IT infrastructure into operation	1 hour	Share of helpline calls with voicebot participation in 2022	60%	Surplus Tier1 at year-end in the years 2020-2022	PLN >650M		
		Share of conversations with clients held via chatbots	30%				

\* Difference in comparison to Q4 2019

CAGR: compound annual growth rate (in the years 2020-2022)

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# More than Bank

Alior Banku 2020-2022 Strategy

