

Your Bank of everyday life, your Bank for the future

Alior Bank S.A. Strategy 2023-2024

February 2023





For almost 15 years, we have been undergoing constant development while progressively implementing the adopted plans and assumptions. Our subsequent strategies resonated widely and set new standards. The term “Digital Disruptor” has become a permanent element of the financial sector vocabulary. With this strategy, we went beyond the framework of traditional banking, relying our offer on modern digital solutions. The next stage of development rendered it possible for us to prove that Alior is “More than a Bank”. Thanks to the implementation of this strategy, our customers not only used banking services but also a wider range of additional services. Our then innovations have now become standard in the banking sector.

The current strategy “Your Bank of everyday life, your Bank for the future” will lay its focus on everyday banking and ensuring customer convenience and business development. We based it on three pillars: a higher culture of mobility, support for entrepreneurship and a modern bank . We do understand current trends, which is why we desire to be a strong institution focused on building the main relationship through digital channels.

As far as the retail customer sector is concerned, the innovative ecosystem of Alior Pay services will ensure a higher culture of mobility. It will make it possible to encapsulate almost the whole of individual banking in an inclusive and intuitive mobile application.

We will support micro-, small- and medium-sized enterprises. Because they are the cornerstone of the Polish economy. This segment will also be developed in reliance on new technologies, thanks to the new digital banking system and product platforms for business customers.

The development of IT technologies will focus on the efficiency and security of agile-supported processes. Business users can count on improved key functionalities. Through advanced analytics and proactive management, we will improve the risk assessment and decision-making path. Our credit process will stand out through its speed and comprehension of the customer’s needs.

As much as 80 percent of our capital expenditures is related to the strengthening of the technological foundations of growth, including but not limited to data management, new electronic banking, and a new credit system in the business customer segment. In the long run, this will allow growth in the number of relational and digital customers and maintain key indicators at attractive levels.

Our Bank is a good investment. We have been strengthening the capital base and reducing portfolio risk. The ESG area is to be an important factor when it comes to planning the development of all business lines. The sustainable development we have pursued equals real actions, which we want our customers and partners to be inspired by.

Alior Bank is, first and foremost, people. It is them on whom we focus. This very fact is reflected in one of the highest employee loyalty indicators in the banking sector. We do find it crucial to improve professional qualifications and use them effectively. Accordingly, we will extend the internal development programme offer and access to additional medical tests. We are building a friendly workplace, which is proved by industry rankings – both Polish and international.

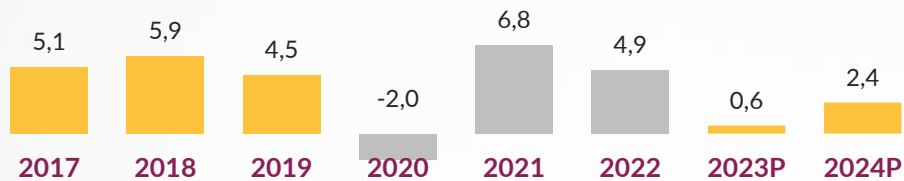
Alior Bank is your Bank of everyday life, your Bank for the future. Evidence to confirm this slogan can be found in the new strategy.

Grzegorz Olszewski
President of the Management Board of Alior
Bank S.A.

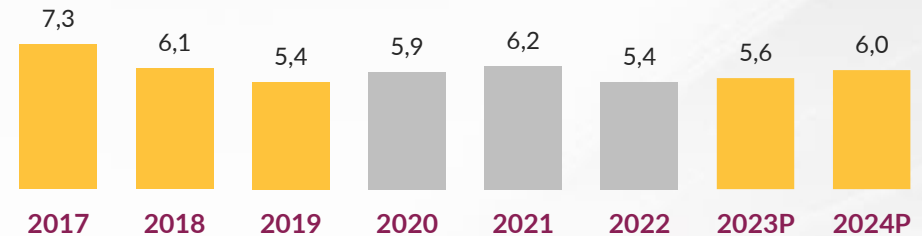
Macroeconomic environment

demanding conditions will temporarily cool down the lending potential

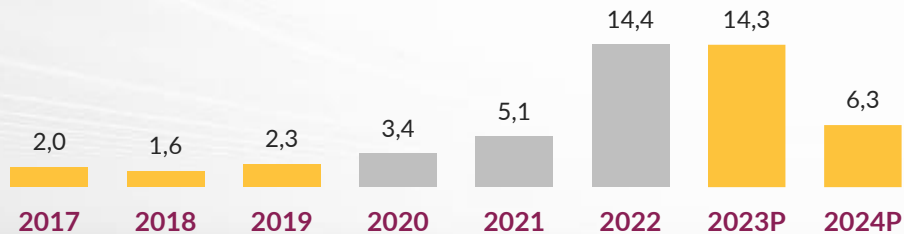
GDP (real, %, y/y)



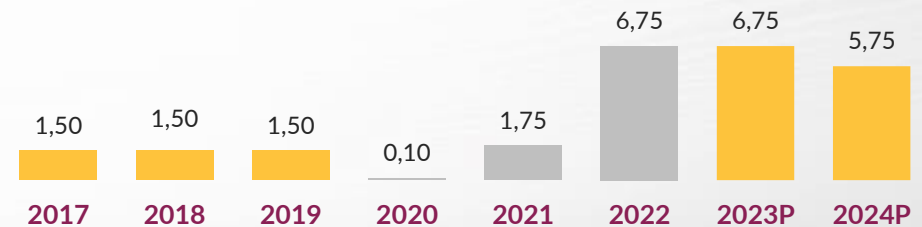
Average annual unemployment rate (%)



CPI inflation - average (% , y/y)



NBP reference rate (% , end of period)



- The consequences of combating inflation will reduce the GDP rate of growth. The economic situation in Poland will continue to be supported by a strong labour market. New technologies will be not only an opportunity, but also a growing competitive pressure.
- It will slow down the dynamic of deposits. Free household funds will be limited by inflation and high interest rates. High costs and tighter regulations will affect lending.

- Structural changes in working capital financing as well as investment projects as part of the green transformation and ESG financing will have a positive impact on the business sector. The prospect of obtaining additional funds from the KPO will be important.
- The fundamental risk in the sector will still rest in legal risks related to the portfolio of FX housing loans and the high volatility of the regulatory environment. Black swans (namely uncertainty about the impact of the war in Ukraine, epidemiological risk, cybercrime) will pose an additional threat to banks.

We will effectively exploit Alior Bank's advantages

as well as dynamically develop in spite of the hardships of the market environment

Profitable and stable business model

High resilience of the business model confirmed by record revenues in 3Q2022 (excluding one-off events) **1 292M PLN**

Experience of dynamic growth (in a difficult macro environment) **Launch in 2008**

Negligible share of the CHF mortgage loans portfolio (no significant impact on the results) **0,2%***

Effective solution to historical challenges
Consistent costs of risk (CoR) reduction **-0,96 pp.****

We are part of the largest financial institution in Poland and Central and Eastern Europe



Agility in Alior Bank's DNA

Innovativeness of a startup and stability of public trust institutions 

Solid IT architecture 

One of the largest IT teams among banks in Poland **700+ persons**

High employee engagement **56%*****

Young team open to innovation **62% Generation Y**

* The volume of CHF mortgage loans in gross customers receivables as at 30.09.2022

** CoR - 09/2022 (1.47%) vs 09/2019 (2.43%).

*** Employee engagement rate 2022.

Our advantage also rests with a distinctive brand

and high customer satisfaction

Brand and customer loyalty

Strong brand

4th result in the ranking of the strength of banking brands*

Unique communication format

„The gentleman in the bowler hat” is the most recognisable and effective icon in banking communication

Alior Bank’s NPS another year in TOP3**

2nd NPS result

among young customers (18-29 years old)**



* Based on Kantar Polska data – Alior Bank brand condition in Q4 2022.

** ARC Rynek i Opinie, Monitor Satysfakcji Klientów Detalicznych Banków, recommendation rate, Warsaw 2022 .

We want to be a bank

for customers, investors, and employees

**Your Bank of everyday life,
your Bank for the future**

More than a bank

**Digital
Disruptor**

We draw benefits from our experience:

- Leader in consumer finance
- Successful digitisation to date
- Successful scaling (also amid the difficult conditions of the 2008 financial crisis)

We will take advantage of market opportunities and be the bank for everyday life and for the future:

- Universal bank focused on building a core digital relationship
- Maintaining the leading position in financing purchases of retail customers
- Balanced loan portfolio with a diversified business customer base
- Leader in the use of technology with an improved production model supported by competent and engaged employees
- Effective data monetisation in all areas of operations

We have a long-term vision of development, and therefore, we have adopted an open strategic perspective.

In order to maintain high flexibility amid the conditions of high market volatility, we are presenting a two-year operationalisation.

To achieve this goal, we will focus on 3 pillars

and 8 directions developed in an open strategic perspective

Strategic directions of Alior Bank

Higher Culture of Mobility

- 1 Innovative Alior Pay ecosystem & leader in financing purchases
- 2 Main digital relationship and multi-channel offer for individual customers
- 3 Inclusive and modern mobile application

Supporting Entrepreneurship

- 4 Convenient electronic banking and remote service
- 5 Credit process distinguished by speed and understanding of the business customer

Modern Bank

- 6 Organisational effectiveness through agile technologies, competences, and organisational culture
- 7 Stability through risk and capital management
- 8 Responsible Alior Bank (ESG)

Strong position for growth

of the core digital relationship with retail customers

RETAIL
CUSTOMERS

4M

ALIOR MOBILE
USERS

1M

SHARE IN THE
INSTALMENT MARKET

LEADER IN THIS AREA

23%

SHARE IN THE CASH
LOAN MARKET

8%

We will build our services on the Alior Pay ecosystem

and maintain a leading position in financing purchases

Use modern payment methods...

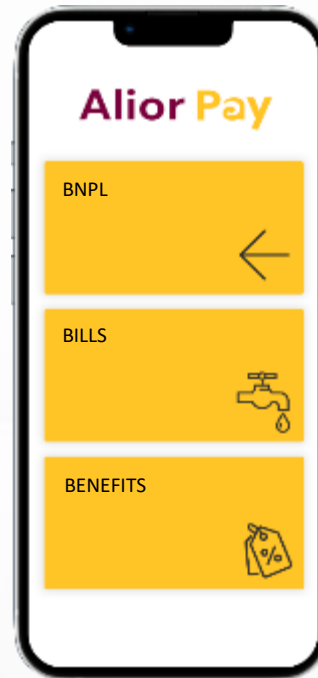
- Versatile deferred payments
- Salary available upon request
- Comprehensive eCommerce payments (oneclick)

... tools and benefits:

- Recurring payments assistant
- Loyalty programme
- Flexible benefits management

Alior Pay

Omni-purchase solution



New forms of financing in Consumer Finance:

- Consumer rental
- Deferred payments with CF partners
- Micro leasing

myPZU



New recommendation system:

Tool for cooperation with external partners

We will develop a new and inclusive mobile application

We are building a strong digital relationship

New ALIOR MOBILE

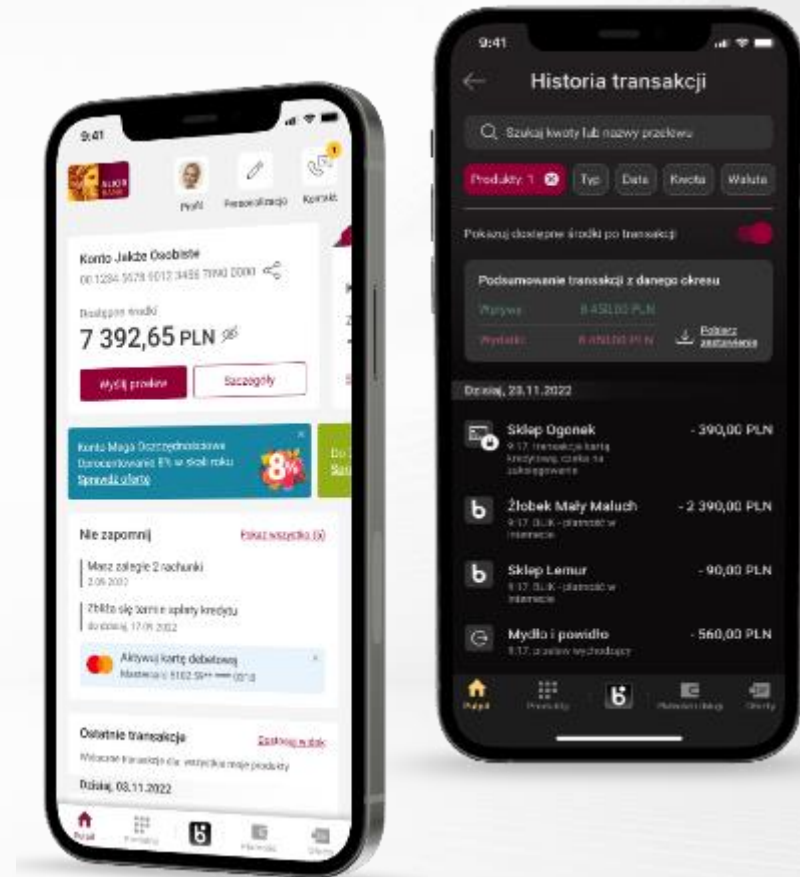
- Real-time interaction
- eTożsamość (eID) development
- Omnichannel based on mobility

SuperAPP

- For children <13
- Senior-friendly
- Multilingual

Dynamic communication

- Alior Stories
- Individualisation – content factory



We will make communication individualised

and the offer personalised

Excellent knowledge of the customer

Real-time reaction of the Bank to events generated by the customer

The right product at the right time and channel

Thousands of variants of personalised messages in active 1:1 communication

AI & advanced analytics in diagnosing individual customer needs



Personalisation of the product and message



Hyperpersonalisation of Customer Experience

Increase in the number of active customers for whom Alior Bank is the bank of their first choice

Strengthening the relationship with the retail customer, everyday transactionality

Increase in customer satisfaction (NPS) as a result of strong individualisation of the offer and message

Building safe digital habits

We are continuing strategic cooperation within the PZU Group in key areas



Bancassurance

Wide offer of PZU insurance for IC, BC, and CF customers

Cost synergy

Negotiating the prices of external service providers within the PZU Group, significantly reducing costs

Assurbanking

Cash loan offer



cash
portal korzyści pracownika

CRM

Common data repository for the PZU Group

We have a solid foundation for growth

in the business customer segment

Diversified customer base:



Micro 160K
Leasing 70K
SMEs + corporations 20K

250k

Advanced credit process automation



Micro: 95%
Growing SMEs: 34%

95%

Remote service model



Increasing the share of orders
processed remotely

45%

Credit risk costs



Further cost of risk reduction
in 2020-22

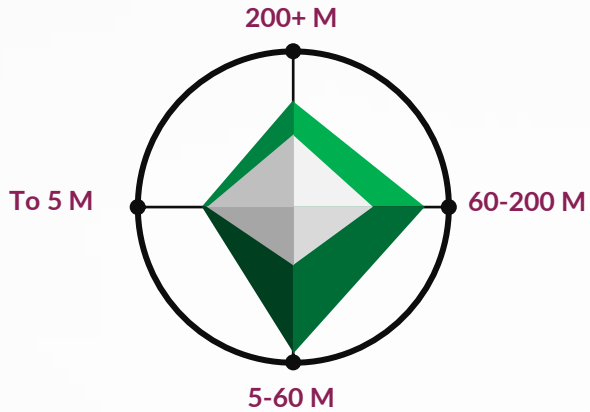
47%

We will increase the profitability of the relationship

and further improve the quality of the portfolio

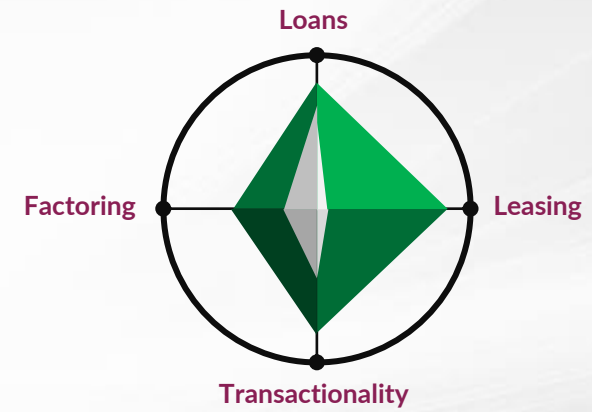
Assets

We will strengthen SMEs growth



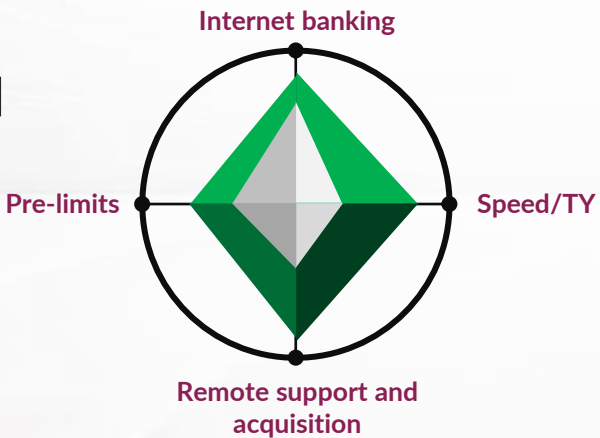
Cross-selling

We will develop relations through cross-selling



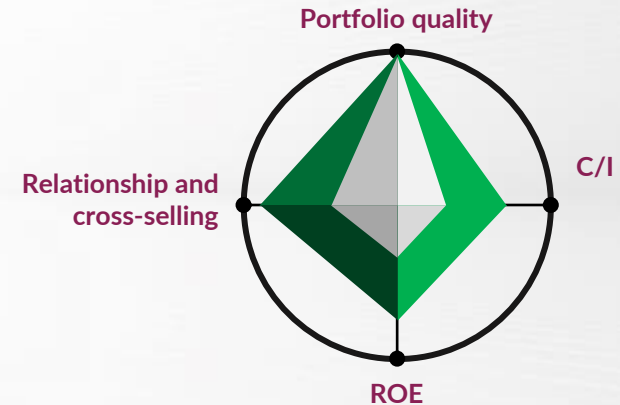
Processes and technology

We will save customers' time



Effects

We will increase efficiency



We will invest in strengthening the technological foundations of growth

GROWTH DRIVE

20% Capital
expenditures

Growth management
segment-sector-product

Customer relationship management
Customer service

Data management
new support system for Bankers' work

New electronic banking
ecosystem of digital service tools

New credit system
technological transformation

Process transformation
growth of efficiency

CUSTOMER RELATIONS

TECHNOLOGY

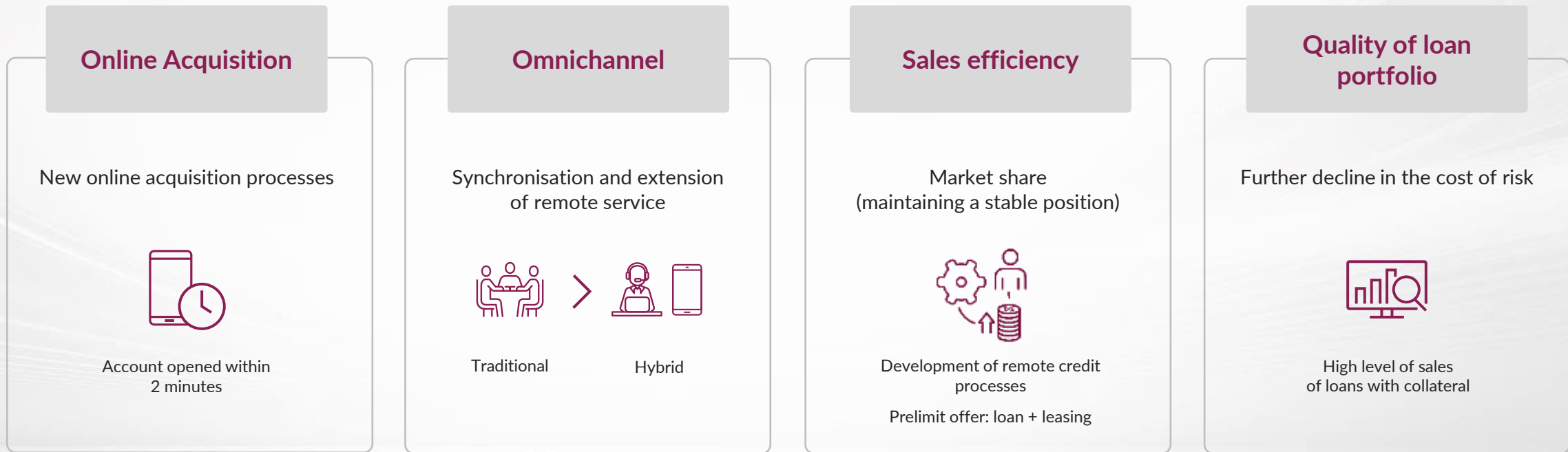
RISK MANAGEMENT

GROWTH FOUNDATIONS

80% Capital
expenditures

The development of technology

will strengthen microcompanies acquisition in digital channels and in the branch network



Maintaining a high attractiveness of the offer with a range of benefits and additional services

1. Multi-product credit decisions in an automatic process integrated with online service channels.
2. Package-based account offers with a management panel in online banking and a quick process of setting up accounts.
3. Discount programmes, additional services, medical and insurance packages from the PZU Group.

We will significantly improve the speed and quality of service

in the SMEs and corporations segments

Automatic processes

Technologically advanced system for all credit processes



Quick decisions

Shorter decision-making path by automating credit processes and simplifying documentation



Remote service

Multichannel customer service using automated remote processes



New online banking

Digital transformation – new electronic banking and product platform ecosystem



1. Investments in credit processes – increase in the share of credit decisions in the automatic process, automation of the credit process with the participation of an analyst.
2. Growth of the loan portfolio based on sector and segment competencies, including financing the energy transformation.
3. Development of customer service channels and digitisation of after-sales service.

We are developing competences, technology, and responsibility

to be a modern and effective bank

Impressive results of
AI-based projects

Share of automated calls
on the call center

40%

High potential for IT
efficiency

Due to one of the largest
IT teams among Polish banks

700+ persons

Diversity
and responsibility

Share of women
in managerial positions

52%

Automatic credit
decisions

Percentage of decisions made
without human intervention

99.5%

We will accelerate business transformation

by introducing new technologies

IT development pillars

Efficiency

- Iterative value delivery
- IT cost efficiency
- Potential of 700+ IT specialists of the Bank

Innovations

- Private and public cloud
- Deliberate use of AI
- Agile organization AGILE@AliorScale

Security

- Ensuring operational continuity
- Proven technology partnerships
- Resistance to Darknet threats

We will release a New Production Model

for digital banking

Light Architecture

- Priority for Multicloud solutions
- Accelerate the use of XaaS platforms
- Fast integration of IT systems

Simple Organisation

- IT structure for the customer's needs
- Using agile methodologies
- Principles of Servant Leadership

Work of the Future

- Flexible hybrid work
- Availability of data and analysis tools
- The universality of LowCode programming

Management Efficiency

- Simple and metered processes
- Automated monitoring
- ESG-compliant IT transformation

We will use artificial intelligence

to improve the customer experience

Impressive results of InfoNina

15% shorter conversation time with the Customer

40% Automated calls

5M Conversations held



InfoNina 2.0

- Multi- channel Customer consultant
- Assists in making purchasing decisions for personalised products
- It ensures an increase in the level of automated calls up to 50%



Chatbot

- Available from the website, online banking, and mobile application
- It guarantees 24/7 information support
- It optimises the operations of service and sales departments



AI Modelling

- Improves the quality of services by using AI models
- It guarantees better matching of the products offered

InfoNina appreciated in the world



Cybersecurity will be a necessary condition

for innovative digital banking



Effective business and IT support services

Cybersecurity support as an element of the life cycle of each Alior Bank's product and service, building value for internal and external customers



Secure customer and secure Bank

Actions and tools limiting threats in customer access channels as well as risks and vulnerabilities related to the security of the bank's IT systems

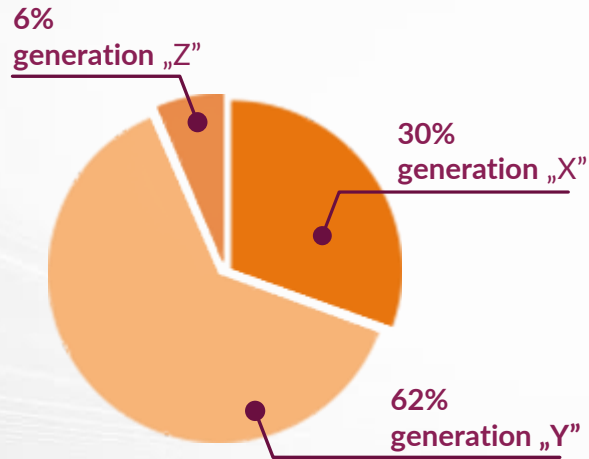


Safe Bank development

Actions and tools supporting the responsible and safe development of Alior Bank

We will build our development on the competencies and engagement of employees

Our employee in 2022:



7 years

average work experience

60%

women

52%

managers are women

31%

managers from internal promotion

Awards



23 pp. increase in the level of involvement y/y.
Alior Bank moved closer to top-notch survey results*

*Employee engagement rate - 56% (Kincentric study 12.2022)

We build organisational effectiveness

through a personalised approach to employees, an engaging work environment, and a distinctive organisational culture

#You'reIMPORTANT

Personalisation

- **Employee potential:** programmes developing individual talents, generational management
- **Healthy lifestyle:** mental and physical well-being of the employee and his family, outstanding medical care
- **Customised benefits**
- **Remuneration policy:** adapted to the market

Employee in the center

#AliorisYOU

Engaging work environment

- **Development culture:** Reskilling and Alior University guaranteeing broad access to knowledge and education, transparent development prospects
- **Technological transformation:** digital work environment, digital learning, internal TV channel
- **Agile:** agile work culture

Competences supporting business goals

#AliorisUS

Distinctive culture

- **Values that build AB's identity:** support for work efficiency, results, and commitment
- **Leadership:** leadership programmes
- **EVP:** internship and talent programmes, cooperation with universities, scholarship programmes, new Employer Branding campaigns

Employer of the first choice

We will be responsible

for the social processes around us

Care for the health of employees and customers

- We will facilitate access to co-financed health and psychological assistance as well as well-being programmes
- We will promote preventive health care among employees and customers (full-paid day for preventive examinations „Dzień na U”, health packages attached to banking products)
- We will increase involvement in paid two-day employee volunteering and recreational and sports activities
- We will maintain a hybrid work model attractive to employees

Aid to Ukrainian citizens

- We are continuing systemic support at the Alior Bank Help Centre at 25a Towarowa Street (business centre of Warsaw)
- We will support the activities of the Alior Bank Foundation through financial education and volunteering of the Bank’s employees
- We will maintain a special product offer as well as online and mobile banking available in Ukrainian
- We will provide products financing the reconstruction of post-war Ukraine by Polish companies



We will respond to environmental and climate challenges

Support in the transformation of our customers

- We will implement the ESG assessment of corporate customers' portfolios
- We will expand our offer with sustainable banking products
- We will provide products enabling the use of EU funds and other public funds

Reduction of the Bank's negative impact on the environment

- We will create our own zero-emission energy sources for the bank – a Data Centre photovoltaic installation in Krakow
- We will reduce the use of energy, paper, and plastic
- We will continue to measure emissions in scopes 1 and 2 and start the calculation in scope 3
- We will engage employees in creating an environmentally friendly bank



We will apply even higher management standards



We will bring our score in the ESG ratings to a higher level



We will maintain high scores for our diversity policy



We will implement ESG training for all employees



We will expand ESG competences in key areas in the bank



We will publish ESG policies and documents, including sustainability reports



We will create a human rights policy and a regulation that includes ESG issues in the purchasing process



We will strengthen internal ESG risk management and provide customer scoring accounts for ESG factors



We will guarantee full regulatory compliance in the field of sustainable development



We will strengthen the capital base and reduce credit risk

Capital	09/2022	12/2024
Tier 1	12,4%	>13,5%
TCR	13,7%	>15,0%
Credit risk		
CoR	1,6%*	<1,6%
NPL	11%	<10%

We are continuing to improve the capital base as a result of the accumulation of profits and implementing new solutions in the area of capital

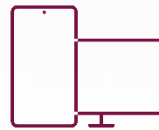
Despite the economic downturn, we manage to maintain the quality of new sales at the market level, leading to further long-term quality improvement of the portfolio

We have defined risk management transformation cornerstones



Increased capital stability

- Growth of the capital base through the accumulation of profits.
- Start of the IRB project
- Flexible RWA optimisation initiatives.



Advanced analytics

- Implementation of Real-Time features
- Scaling the use of advanced analytics to other areas of the bank.
- Democratisation of advanced analytics and analytical quality centre for the entire organisation
- Development of an open-source technology platform and cloud-ready services



Transformation of credit processes

- We have already brought processes for cash loans, instalment loans, and micro-entrepreneurs to full automation
- We will implement at least 50% of decisions for business customers in an automatic process
- The process for mortgage loans will be completely automatic in at least 30%

We have established measures of our success

key performance indicators by the end of 2024

NPS

>45

Employee
Engagement rate

>65%

ROE

>13%*

C/I

<45%

Ability to pay
dividends**

CoR

<1,6%

NPL

<10%

Tier 1

>13,5%

TCR

>15%

* ROE was calculated assuming an increase in equity over the period of the strategy by approx. 50%.

** Ability to pay dividends understood as obtaining by the Bank a sufficiently high surplus of own funds over regulatory requirements, which, after meeting the formal criteria, will allow the Management Board to recommend a dividend payment or buyback of own shares.

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