



Resolution of the Alior Bank's Management Board on adoption of the plan for the implementation of the Bank's Strategy for 2017-2020

Company: Alior Bank S.A.

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Legal basis: Article 17 (1) of MAR – confidential information

Content of the report:

The Management Board of Alior Bank S.A. with its registered office in Warsaw ("the Bank") announces that on October 3rd, 2017, it adopted a resolution approving the plan for the implementation of the Bank's Strategy for 2017-2020.

Key highlights of the Digital Disruptor Strategy implementation plan:

- In line with the strategy implementation plan Alior Bank aims to achieve the ROE 14%, C/I 39% and NIM 5.1% targets already in 2019 (one year earlier than assumed in the strategy) and to maintain annual growth of gross loan volume at the level of PLN 5-6 B (in line with the strategy).
- Alior Bank's strategy implementation plan assumes achieving dividend payout capacity already in 2020 (i.e. distribution from 2019 profit) subject to the regulator's guidelines and expectations.
- Alior Bank does not plan to issue equity with an objective of raising capital throughout the strategy time horizon.
- The capital plan until 2020 assumes that Alior Bank will meet Tier1 regulatory requirements without the need to utilize any capital optimization instruments (such as guarantees or securitization) while maintaining the planned growth.
- Alior Bank's capital plan assumes maintaining a capital buffer of minimum 50 bps above the Tier 1 minimum regulatory requirement. Consequently, the Bank plans to temporarily (in 2018) utilize a guarantee line with Tier 1 capital release potential of up to PLN 300 M. In addition, Alior Bank will consider conducting one securitization transaction. The Bank assumes utilization of the above mentioned instruments at the combined amount of up to PLN 230 M release of Tier 1 capital.
- According to the plan, Alior Bank aims to achieve Cost of Risk (CoR) of 1,6% in 2020.
- The strategic target for cost of financing remains unchanged at 1,1%.
- Alior Bank's objective is to maintain its current equity allocation structure between business clients (~51%) and retail clients (~49%).
- In the business client segment, Alior Bank plans to increase equity allocation to micro and small enterprises from the current level of 31% to 47% in 2020 while concurrently implementing initiatives aimed at stabilizing the cost of risk (CoR).
- The increased capital allocation to micro and small enterprises will lead to a release of approximately PLN 350 M of Tier 1 capital in the strategy time horizon.



- In the retail client segment, Alior Bank plans to increase the number of current account holders by 77% until 2020 and achieve a 55% share of such clients in the total number of newly acquired daily banking clients.
- Approximately 30% of new daily banking clients will be acquired through digital channels.
- The Bank is currently implementing both a proprietary IT development methodology (AGILOR) as well as Alior Bank Innovation Management Model to strengthen its competitive advantages based on technology.
- Alior Bank plans to invest PLN 100 M each year in IT and innovation in four key areas:
 - IT infrastructure,
 - new systems and mobile tools,
 - innovation and fintech,
 - cyber security.
- Alior Bank will develop cooperation with PZU and Pekao in order to achieve both revenue and cost synergies.
- The Digital Disruptor Strategy implementation plan will be delivered through 70 initiatives in 12 areas.
- Following the Digital Disruptor Strategy, Alior Bank will analyze growth opportunities through further M&A transactions.

Detailed information on the implementation of the Bank's Strategy for 2017-2020 is included in the presentation attached to this report.