



Outsourcing Agreements relating to the planned acquisition of the demerged business of Bank BPH S.A.

Current Report No. 30/2016 of 30 April 2016

Legal basis: Article 56 Section 1 item 2 – current and periodic information

Report: Pursuant to Article 56 Section 1 item 2 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (the “**Public Offering Act**”) in conjunction with § 5 Section 1 item 3 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (the “**Ordinance**”), the Management Board of Alior Bank S.A. (the “**Bank**”) hereby announces that on 29 April 2016 the Bank entered into: (i) an outsourcing agreement concerning the servicing of a portfolio of mortgage receivables (the “**Ops SLA**”) and (ii) an IT services outsourcing agreement (the “**IT SLA**”) (together jointly the “**Agreements**”) with Bank BPH S.A.

The Agreements were executed in connection with the preliminary share purchase and demerger agreement regarding the acquisition of the core business of Bank BPH S.A. (the “**Bank BPH Core Business**”), which was disclosed by the Bank on 1 April 2016 in current report No. 14/2016.

The IT SLA concerns the provision of IT services to Bank BPH S.A. required by Bank BPH S.A. to operate and conduct its business as usual following the transfer of the Bank BPH S.A. IT platform to the Bank as a part of the Bank BPH Core Business. The IT services shall include: (i) services supporting Bank BPH S.A. business processes; (ii) IT process services, (iii) user support services and (iv) *ad hoc* / project services. The Bank shall be obliged to maintain a separate IT platform to provide services under the IT SLA.

The Ops SLA concerns the provision of a wide scope of administration and operation services related to the servicing of the mortgage portfolio retained by Bank BPH S.A. following the demerger and transfer of the Bank BPH Core Business to the Bank.

Under the Agreements the Bank shall receive reimbursement of the actual costs incurred in relation to the provision of services, calculated in accordance with the agreed methodology (the “**Costs**”). Additionally, each year the Bank shall receive a fee paid in 12 instalments. In the case of the IT SLA, the yearly fee has been fixed in the amount of PLN 1,960,000. In the case of the Ops SLA, the yearly fee shall be equal to 10% of the Costs incurred in a given year (margin based fee). Based on the Costs forecast specified in the schedules to the Ops SLA, the Bank estimates that the fee for the provision of services during the first year of the Ops SLA shall amount to PLN 1,530,000. Due to the variable amount of the Costs borne and the Bank’s prediction that the value of the annual fee under Ops SLA in future years will gradually decrease compared to the fee for the first year in which the Ops SLA is in force (as a result of the Cost optimization), it is not possible to precisely determine the amount of the fee for the entire term of the Agreements.

The Bank’s fee may be subject to variation depending on the actual performance of the service under the Agreements. Should the Bank exceed the agreed service levels, the yearly fee may be subject to increases up to twice its amount. In case of a failure to achieve the agreed service levels, contractual



penalties will be imposed and the Bank's fee may be subject to a decrease up to no more than the amount of the yearly fee.

The services under the Agreements will be provided as of the date of the registration of the demerger and the transfer the Bank BPH Core Business to the Bank (the "**Effective Date**"). In case of the Ops SLA, the condition precedent of the entry of the agreement into force is either a Polish Financial Supervision Authority permit for the outsourcing of the services covered by the Ops SLA by Bank BPH S.A. to the Bank or a comfort letter from the Polish Financial Supervision Authority that such permit is not required.

Both Agreements were concluded for a limited period of time and shall expire upon the earlier of: (i) the full settlement of the Bank BPH S.A. mortgage receivables; or (ii) 30 (thirty) years following the Effective Date. Each agreement may be terminated earlier by either party in the circumstances set out therein such as e.g.: (a) with respect to Bank BPH S.A., in case of: (i) a change of control over Bank BPH S.A. understood also as a sale of 50% of the portfolio mortgage receivables; (ii) the Bank's default under the Agreement which is irremediable; (iii) receipt of a bona fide offer to assume the services covered by a given agreement from a third party, provided however that such termination may not take place before 31 December 2018; (iv) an increase of the Costs by 15% (other than as a result of compliance with the regulatory requirements or changes in the applicable law) in comparison to the level of Costs for the first year of providing the services under a given agreement; (b) with respect to the Bank, in case of: (i) Bank BPH S.A.'s default under the Agreement which is not remedied within a period of 30 days; (ii) submission of a termination notice regarding another of the Agreements.

The Agreements jointly constitute a "significant agreement" within the meaning of the Ordinance because of their value (including the reimbursement of the Costs and the Bank's fee), which exceeds 10% of the Bank's equity.