

Entering into an underwriting agreement relating to series I shares

Current Report No. 38/2016 of 18 May 2016

Legal basis: Article 56 Section 1 item 1 of the Public Offering Act – inside information

Report: The Management Board of Alior Bank S.A. (the “**Bank**” or “**Company**”) hereby announces that on 18 May 2016, in connection with the public offering (the “**Offering**”) of series I ordinary bearer shares of the Bank (the “**Offer Shares**”) conducted on the basis of the prospectus approved by the Polish Financial Supervision Authority on 18 May 2016 (the “**Prospectus**”), in the performance and on the terms of the Standby Underwriting Agreement, which was reported by the Bank on 6 April 2016 (current report No. 17/206) and on 11 May 2016 (current report No. 34/2016), Bank Zachodni WBK S.A. (“**BZWBK**”), Goldman Sachs International (“**GS**”), J.P. Morgan Securities plc (“**JP Morgan**”) and Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Dom Maklerski PKO Banku Polskiego w Warszawie (“**DM PKO BP**”) (jointly, the “**Offer Managers**”) entered into an underwriting agreement (the “**Underwriting Agreement**”), pursuant to which each of the Offer Managers agreed severally (and not jointly, nor jointly or severally), subject to certain terms and conditions, to use reasonable endeavors to procure subscribers at the issue price (subject to the terms of the Underwriting Agreement), and in their respective proportionate shares, for the Offer Shares that are not subscribed for in the exercise of the pre-emptive rights or additional subscriptions, up to an aggregate of approximately PLN 1,645 million (the “**Underwriting Commitment**”).

To the extent the Offer Managers fail to procure subscribers for all of the underwritten Offer Shares up to the Underwriting Commitment, each Offer Manager shall, subject to certain conditions, subscribe at the issue price and pay for such Offer Shares themselves in their respective proportionate shares (30% – BZWBK, 30% – GS, 30% – JP Morgan, 10% – DM PKO BP) and the Company shall allot such Offer Shares to subscribers procured by the Offer Managers or the Offer Managers themselves (or as may be otherwise directed by the Offer Managers), as the case may be.

The Underwriting Agreement contains, among others, the following further provisions:

- (a) GS, JP Morgan and BZWBK act as Joint Global Coordinators, Joint Bookrunners and Joint Underwriters; BZWBK acts also as the Offering Agent and DM PKO BP acts as the Local Joint Bookrunner and Joint Underwriter;
- (b) the Company shall pay the Offer Managers fees and commissions of up to 1.79 per cent. of the gross amount of the Underwriting Commitment and, subject to certain limitations, shall reimburse the Offer Managers’ other costs, charges, fees and expenses together with any applicable value added tax thereon;
- (c) the Company shall pay (together with any applicable VAT) all other costs, charges, fees and expenses relating to the Underwriting Agreement and the Offering;
- (d) the obligations of the Offer Managers pursuant to the Underwriting Agreement are subject to certain conditions, including (i) Powszechny Zakład Ubezpieczeń S.A.

(“**PZU**”) having irrevocably committed to subscribe for Offer Shares in proportion to their existing shareholding in the Company (which was done in the side letter issued by PZU on 31 March 2016) and such commitment not having been revoked or waived, (ii) a warranty or undertaking of the Company being true, accurate and not misleading, (iii) the delivery of customary comfort packages, (iv) no matter having arisen that requires publication of a supplementary annex to the Prospectus (save if may be required in connection with proper performance by the Company of its obligations under the share sale and demerger agreement regarding Bank BPH S.A. or execution of the Underwriting Agreement) and other customary conditions;

(e) the Company gave, in the Underwriting Agreement, certain customary representations, warranties and covenants to the Offer Managers;

(f) the Company gave, in the Underwriting Agreement, certain indemnities in a form that is standard for an agreement of this nature to the Offer Managers, their affiliates and their respective directors, officers and employees which, indemnify the Offer Managers against, *inter alia*, claims made against them or losses incurred by them, in connection with the Offering;

(g) the Offer Managers shall be entitled to terminate the Underwriting Agreement in certain circumstances, including (i) a breach by the Company of its obligations; (ii) a representation or warranty becoming untrue, inaccurate or misleading; (iii) failure of a condition to be satisfied (or waived by the Offer Managers); (iv) challenge to the validity of shareholder resolutions in connection with the Offering, (v) the occurrence of certain material adverse changes in the financial condition prospects, earnings, solvency, liquidity, funding position or operations of the Bank’s group taken as a whole and/or the Bank BPH S.A. core business making it in the judgment of the Offer Managers (after consultation with the Company) impractical or inadvisable to proceed with the Offering or certain changes in the credit or financial strength ratings of the Bank’s group; (vi) occurrence of certain disruptive market events, calamities, crises or changes in financial, political or economic conditions (vii) publication of a supplementary annex to the Prospectus (save if may be required in connection with proper performance by the Company of its obligations under the share sale and demerger agreement regarding Bank BPH S.A. or execution of the Underwriting Agreement); (viii) it coming to the attention of the Offer Managers that a statement in the Prospectus is untrue, incorrect or misleading in any material respect or a matter arising which would constitute a material omission from the Prospectus such that the Offer Managers consider it, in good faith, to be adverse and material in the context of the Offering.

In accordance with the Underwriting Agreement, during the period of 180 days from the receipt of the proceeds from the Offering, neither the Company nor any of its subsidiaries or other affiliates



over which it exercises management or voting control, nor any person acting on its or their behalf shall, *inter alia*, issue, offer, sell, contract to sell, pledge or otherwise dispose of any shares of the Company or securities convertible, exchangeable or exercisable for or into the shares of the Company or warrants or other rights to purchase shares of the Company or other securities whose value is determined by reference to the price of the underlying securities, including equity swaps, forward sales and options without prior written consent of the Offer Managers, except for the issuance of new shares to the minority shareholders of Bank BPH S.A. in connection with the demerger of Bank BPH S.A. (if applicable) and except for certain other situations provided in the Underwriting Agreement.

The Underwriting Agreement is governed by the laws of England and Wales.

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The Company’s securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States, unless registered under the Securities Act or unless an exemption from the registration requirements set forth in the Securities Act applies to them. No public offering of the securities will be made in the United States and the Company does not intend to make any such registration under the Securities Act.

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