



Closing of the transaction of acquisition of shares in Meritum Bank ICB S.A. by Alior Bank S.A., issue and subscription for the series D subscription warrants of Alior Bank S.A., issue and subscription for the series H shares in Alior Bank S.A. and the intention to merge Alior Bank S.A. with Meritum Bank ICB S.A.

Current Report No. 12/2015 of 19 February 2015

Legal basis: Article 56 Section 1 Item 1 of the Offering Act – inside information; Article 56 Section 1 Item 2 of the Offering Act – current and periodic information

Contents of the report:

With reference to Current Report No. 56/2014 of 21 October 2014 concerning the execution by Alior Bank S.A. (the **“Bank”**) of: (i) the preliminary share sale agreement concerning the shares in Meritum Bank ICB S.A., with its registered office in Gdańsk (**“Meritum”**), with Innova Financial Holdings S.à r.l (**“IFH”**), WCP Coöperatief U.A. (**“WCP”**) and the European Bank for Reconstruction and Development (**“EBRD”**, together with IFH and WCP, referred to hereinafter as the **“Sellers”**); and (ii) the subscription agreement in respect of the new issue of Bank shares with IFH and WCP (the **“Investors”**)(the **“Subscription Agreement”**), the Management Board of the Bank hereby informs that, following the satisfaction of conditions precedent for the Transaction (as defined below) named in the said Current Report No. 56/2014, the closing of the Transaction took place on 19 February 2015.

Within the framework of the closing of the Transaction the Bank entered into the final share sale agreement concerning the shares in Meritum with the Sellers (the **“Meritum Shares Sale Agreement”**) pursuant to which the Bank purchased: from EBRD – 3,026,886 Meritum shares with the nominal value of PLN 30 each (representing 23.9% of the share capital of Meritum and 23.9% of votes at the Meritum General Meeting, from WCP – 3,048,471 Meritum shares with the nominal value of PLN 30 each (representing 24.1% of the Meritum share capital and 24.1% of votes at the Meritum General Meeting) and from IFH – 6,307,389 Meritum shares with a nominal value of PLN 30 each (representing 49.9% of the Meritum share capital and 47.0% of votes at the Meritum General Meeting). Altogether, the Bank purchased 12,382,746 Meritum shares with a nominal value of PLN 30 each, representing 97.9% of the share capital of Meritum and 95.0% of the total number of votes at the General Meeting of Meritum, in exchange for an aggregate price of PLN 352,541,731.72 (the **“Meritum Shares Purchase Price”**) (the **“Purchase of Meritum Shares”**).

In connection with the execution of the Meritum Shares Sale Agreement by the Bank and the Sellers, the Bank and the Investors entered into agreements on the acquisition of series D subscription warrants of the Bank (the **“Series D Subscription Warrants of the Bank”**), following which the Bank offered to Investors the Series D Subscription Warrants of the Bank, and each of the Investors accepted the Bank's offer and took up, free of charge, the Series D Subscription Warrants of the Bank, with WCP taking up 767,505 Series D Subscription Warrants of the Bank and IFH taking up 1,587,993 Series D Subscription Warrants of the Bank. The Series D Subscription Warrants of the Bank entitle the holders to take up Series H Shares in the Bank (as defined below),

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issued within the framework of a conditional increase of the Bank's share capital pursuant to Resolution No. 3/2014 of the Extraordinary General Meeting of the Bank of 2 December 2014 on a conditional increase of the Bank's share capital through the issue of series H ordinary bearer shares with the full exclusion of the pre-emptive right of current shareholders of the Bank, the issue of series D subscription warrants with the full exclusion of pre-emptive right of current shareholders of the Bank, and the amending of the Bank's Charter.

Exercising their rights arising from the Series D Subscription Warrants of the Bank, on 19 February 2015 the Investors filed representations on the acquisition of the Bank's series H ordinary bearer shares with a nominal value of PLN 10 each (the "**Series H Shares in the Bank**"), and paid for Series H Shares in the Bank with a cash contribution (the issue price of one series H share paid for in this manner was PLN 73.30) in the aggregate amount of PLN 172,658,003.40. In connection with the foregoing, on the terms defined in the Subscription Agreement, the Investors took up a total of 2,355,498 Series H Shares in the Bank, including: 767,505 Series H Shares in the Bank that were acquired by WCP, and 1,587,993 Series H Shares in the Bank acquired by IFH (the "**Subscription for Shares in the Bank**"; the Purchase of Meritum Shares, together with the Subscription for Shares in the Bank, will be referred to hereinafter as the "**Transaction**").

The Meritum shares purchased by the Bank pursuant to the Meritum Shares Sale Agreement constitute "assets of a material value" within the meaning of the provisions 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 the information required by legal regulations of a non-member state may be recognized as equivalent (the "**Ordinance**"), as their value exceeds 10% of the Bank's equity.

The book value of the assets acquired by the Bank pursuant to the Meritum Shares Sale Agreement in the Bank's books of account is equal to the Meritum Shares Purchase Price. These assets are regarded as long-term investment of the Bank's capital.

The acquisition of assets pursuant to the Meritum Shares Sale Agreement was financed out of funds coming from the issue of the Bank's subordinated bonds and through the issue of Series H Shares in the Bank.

The Meritum Shares Sale Agreement constitutes a "material agreement" within the meaning of the provisions of the Ordinance as its value exceeds 10% of the Bank's equity.

The Meritum Shares Sale Agreement is not contingent on any conditions precedent or the meeting of any deadline, nor does it include any provisions concerning contractual penalties.

There exist no connections between the Bank and the Bank's management and supervisory personnel and the Sellers and the Sellers' management personnel, other than the connections arising from the execution of the Transaction and the connections between the member of the Supervisory Board of the Bank, Mr. Stanisław Popów, and EBRD, resulting from the consultancy agreement concluded between them. Additionally, the Sellers are not the Bank's affiliates within the meaning of the accounting rules by which the Bank is bound.

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The intention to merge the Bank with Meritum Bank ICB S.A.

Furthermore, the Bank informs of the intention of merging the Bank with the Bank's subsidiary, i.e., Meritum, in which the Bank holds shares representing 97.9% of the Meritum share capital and 95.0% of the total number of votes at the Meritum General Meeting.

The merger will take place pursuant to Article 492 § 1 Item 1 of the Commercial Companies Code through the transfer of all the assets of Meritum as the target company to the Bank as the surviving company (consolidation through acquisition).

The completion of the merger will be contingent on:

- (i) obtaining the consents and permits required by law and connected with the merger, including the permit of the Polish Financial Supervision Authority to the merger.
- (ii) the adoption of resolutions by the Bank's General Meeting and the Meritum General Meeting concerning the merger, and in particular resolutions voicing consent to the merger plan.

The purpose of the contemplated merger is to propel further dynamic growth, increase the market share, scale of operations and, consequently, elevate the merged bank into the group of the key participants of the Polish banking market. It is also intended to serve the optimization of revenue generation strategy, strengthen the offered range of products and enhance sales processes, including the supporting IT solutions, reinforce the resources dedicated to innovation and technology, as well as the merged bank's presence across all distribution channels for its strategic products.

Alior Bank is a rapidly growing universal bank that commenced its business in the end of 2008. As at 30 September 2014 the Bank offered its products in more than 849 outlets which means that it has built the fourth largest distribution network in Poland in terms of the number of outlets (including branches, partner outlets and mini-branches "Alior Bank Express").

On 30 September 2014 the Bank had 2,437 thousand clients, including 2,352 thousand retail clients and 121 thousand business clients. The Bank is a leader in Poland in terms of attracting new clients: it opened 277.9 thousand new PLN current accounts in 2013 and 244.1 thousand new PLN accounts in the first three quarters of 2014.

In 2014 Alior Bank continued its strategy aimed at enhancing and optimizing its product range, as well as maintaining the dynamics of attracting new clients. These goals define the Bank's strategy which focuses on developing relations with the existing clients and attracting new ones to the existing distribution network. In this way the Bank intends to double its market share in 2016 in comparison to the condition from 2012.

Meritum, earlier operating as Bank Współpracy Europejskiej S.A., conducted business on the Polish market since mid-1990.

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Meritum addresses its offer to moderately affluent individuals, micro- and small enterprises, as well as individual entrepreneurs. The strengths of Meritum Bank's offer addressed to these segments include a modern and client-friendly e-banking platform, a competitive deposit offer and a very attractive range of products available to micro enterprises.

An important element of Meritum's business is the development of Consumer Finance products. The Bank offers a full range of credit products, including the popular cash loans, consolidation loans and credit cards. This range is supplemented by installment plans. In 2011 Meritum engaged in a cooperation with Tesco and offers a broad range of credit products under Tesco's brand.

A distinctive feature of Meritum is its diversified network of distribution channels: online banking, own and partners' outlets (170 outlets in aggregate), financial intermediaries as well as installment plans offered in stores.

Legal basis:

Article 56 Section 1 Item 1 of the Offering Act and § 5 Section 1 Items 1, 3 and 13 and § 7, § 9 and § 19 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 the information required by legal regulations of a non-member state may be recognized as equivalent

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