



Execution of the agreement for the purchase of shares in Meritum Bank ICB S.A.

Current Report No. 56/2014 of October 21, 2014

Legal basis: Article 56 Section 1 item 1 – Inside Information; Article 56 Section 1 item 2 – Current and periodic information

The report: Pursuant to Article 56 Section 1 of the Act of July 29, 2005 on the Public Offering, Conditions Governing the Introduction of Financial Instruments to an Organized System of Trading, and on Public Companies (the “**Offering Act**”) and Article 56 Section 1 item 2 of the Offering Act in conjunction with §5 Section 1 item 3 of the Regulation of the Minister of Finance of February 19, 2009 on current and periodic information provided by securities issuers and conditions for recognizing as equivalent the information required by law of a non-EU member state (the “**Regulation**”) and in reference to the Current Report No. 47/2014 of September 25, 2014, the Management Board of Alior Bank S.A. (the “**Bank**”) hereby announces that on October 20, 2014: (i) negotiations on the terms of the acquisition by the Bank of shares in Meritum Bank ICB S.A. with its registered office in Gdańsk (“**Meritum**”) from Innova Financial Holdings S.à r.l, WCP Coöperatief U.A. and the European Bank for Reconstruction and Development (the “**Sellers**”) were completed, (ii) the Bank and the Sellers entered into a preliminary agreement for the purchase of shares in Meritum (the “**Preliminary Share Purchase Agreement**”); and (iii) the Bank and Innova Financial Holdings S.à r.l and WCP Coöperatief U.A. entered into a subscription agreement (the “**Subscription Agreement**”).

The Transaction will involve: (i) the acquisition by the Bank from the Sellers of 12,382,746 shares in Meritum 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 a total price of PLN 352,541,731.72 (the “**Purchase Price**”); subject to the terms set forth in the Preliminary Share Purchase Agreement (the “**Purchase of Shares**”) and (ii) the subscription by Innova Financial Holdings S.à r.l and WCP Coöperatief U.A. for 2,355,498 newly-issued shares in the Bank in exchange for a cash contribution in the aggregate amount of PLN 172,658,003.40, being a portion of the Purchase Price, subject to the terms of the Subscription Agreement (the “**Subscription for Shares**”; collectively with the Purchase of Shares hereinafter referred to as the “**Transaction**”).

Pursuant to the Subscription Agreement, the issue price of one new share of the Bank was fixed at PLN 73.30.

The Subscription for Shares will take place by way of exercising subscription warrants which the Bank will offer to Innova Financial Holdings S.à r.l and WCP Coöperatief U.A. The relevant resolution on the conditional increase in the share capital of the Bank through the issuance of Series H ordinary bearer shares, with the existing shareholders of the Bank being deprived of all their pre-emptive rights, the issuance of Series D subscription warrants, with the existing shareholders of the Bank being deprived of all their pre-emptive rights and on amendments to the Articles of Association of the Bank (the “**Share Capital Increase Resolution**”), is included in the proposed agenda of the Extraordinary General Meeting of the Bank convened for October 22, 2014, which was published in the Current Report No. 48/2014 of September 25, 2014.

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Furthermore, taking into account the short amount of time remaining before the commencement of the Extraordinary General Meeting of the Bank, the agenda of which includes adopting Share Capital Increase Resolution, the Management Board of the Bank will recommend the shareholders of the Bank to adopt a resolution on the adjournment of the sitting of the Extraordinary General Meeting of the Bank for 9 days (until 31.10.2014), the time necessary for the shareholders of the Bank to analyse the terms and conditions of the Transaction prior to taking the vote on the Share Capital Increase Resolution.

The completion of the Transaction will be subject to the satisfaction of certain conditions precedent, which include: (i) obtaining the relevant antitrust consent, (ii) receiving the PFSA's decision confirming that there are no grounds for an objection to the Bank's planned Purchase of Shares in Meritum, and (iii) the General Meeting of the Bank adopting the Share Capital Increase Resolution, (iv) obtaining the PFSA's consent to amendments to the Articles of Association of the Bank, to be introduced as a result of the adoption of the Share Capital Increase Resolution and (v) the relevant registry court registering the amendments to the Bank's Articles of Association and the increase in the share capital of the Bank as provided in the Share Capital Increase Resolution.

The Preliminary Share Purchase Agreement represents a "material agreement" as defined in the Regulation, since its value exceeds 10% of the Bank's equity.

Financing the Transaction

The Transaction will be completed using the proceeds of the issuance of the new shares in the Bank and will be partly financed with the proceeds of the issuance of subordinated bonds of the Bank.

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