



ALIOR
BANK

Acquisition of Meritum Bank

October 20th 2014

- **Consistent with Alior strategy and targets**
- **PLN 198 m of revenue and cost synergies in 2015-2017**
- **Scale benefit from increased utilization of current Alior IT and Operation platforms**
- **11% instant market share increase (up to 3%)**
- **10% loan portfolio growth**
- **Leverage of Meritum expertise and advanced IT systems in consumer lending**
- **Limited and contained risks given track record in deal execution and post merger integration**
- **Anticipated smooth regulatory acceptance process**

- **Transaction price : 352,5 M PLN (97,9%)**
- **No claw back provisions**
- **Transaction to be financed by:**
 - 1) Issue of new equity (up to 2,35 m shares) conditional upon regulatory approvals**
 - 2) Cash component (cash + equity = 352,5m PLN)**

	Alior	Meritum	Market
P/B	1,8	1,2	1,5
P/E	20,4	6,9	18,2

Source:

Alior: Ceduła GPW 15/10/2014;

Market: calculated as average based on Ceduła GPW 15/10/2014

Meritum: own estimates



- Strong Consumer Finance business (non-collateralized lending)**
- Established and effective distribution of high margin loan products**
- Innovative technological platform**
- PLN 2,5 bn loan book**

in PLN m		30.06.14
Total loans		2 485
Total deposits		2 718
Total assets		3 150
Equity		261
Distribution network (own + franchise)		187



STAND ALONE MERITUM BANK FINANCIAL PLAN (RATE CAP IMPACT INCLUDED)

m PLN	2014 E	2015 E	2016 E
Net Interest Income	320	385	470
Net Fee and Commission	26	24	26
Trading Income	-1	3	8
Net banking revenues	345	412	504
Other operating income and expense	11	3	2
Costs	118	126	132
Provisions	171	179	209
Pre-tax Income	67	110	165
Net Income	52	86	129

Source: Meritum Bank ICB S.A.

ESTIMATED MERGER SYNERGIES

M PLN	2015	2016	2017
Total income	5	15	15
Risk cost reduction	6	13	21
Costs	25	49	49
Total synergies	36	77	85

Source: Alior estimates

Synergies:

- **Business processes and HQ costs**
- **Distribution network optimization**
- **Marketing**
- **Product offering**

Integration costs estimated at 50 m in year 1

- **Migration from PAS (Polish accounting standards) to IAS (international accounting standards)**
 - **Assessed by Big 4 auditor at ~20 m PLN equity impact**

- **Mitigating rate cuts impact**
 - **Robust plan for new and existing portfolio re-pricing already being implemented**
 - **Track records and statistics from previous rate cut related re-pricings**

- **Maintaining current and attracting new deposit clients in recent low interest rate environment**
 - **Combined expertise in relationship banking**