

PZU: THE OPPORTUNITY IN MERGING 3 BANKS UNDER ALIOR'S LEAD



by Inteliace Research
June 2015

IF ALIOR MERGES WITH BPH AND RAIFFEISEN, IT WILL HOLD 8% MARKET SHARE AND IT WILL RANK #4 OR #5 AMONG TOP BANKS

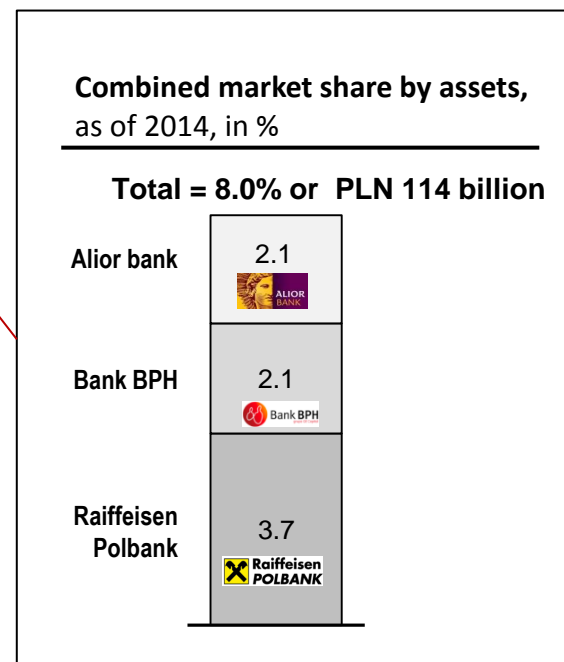
UNCONSOLIDATED ACCOUNTS

Top 14 commercial banks in Poland as of 2014

# Bank	Assets, PLN billion	Share* by Assets, %
1 Bank Polski PKO	243.8	17.1
2 Bank Pekao Pekao	164.3	11.5
3 Bank Zachodni WBK BZ WBK	121.6	8.5
4 mBank mBank	113.6	8.0
5 ING ING Bank Śląski	96.7	6.8
6 GETIN NOBLE Getin Noble	67.6	4.7
7 Millennium Millennium	60.5	4.2
8 Raiffeisen POLBANK Raiffeisen Polbank	53.5	3.7
9 BGK BGK	51.2	3.6
10 citi handlowy CITI Bank Handlowy	49.6	3.5
11 Bank BGZ BGŻ	40.5	2.8
12 Deutsche Bank Deutsche bank	36.3	2.5
13 Bank BPH Bank BPH	30.7	2.1
14 Alior bank Alior bank	30.2	2.1

Primary acquisition targets for PZU

Alternative acquisition targets for PZU



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Total TOP 14 = 1160 billion PLN

81.2

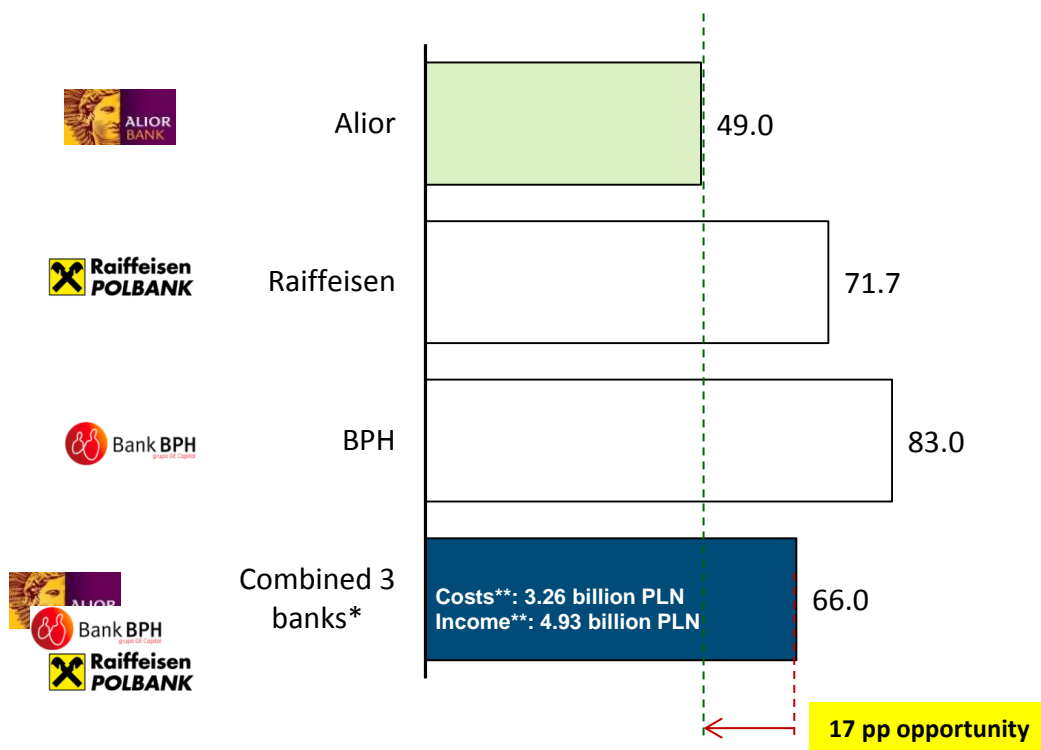
* Market share among commercial banks and foreign bank branches (cooperative banks excluded)
Source: banks, press, Inteliace Research, KNF

THE SUCCESS WILL DEPEND UPON ABILITY OF THE NEW BANK TO DRASTICALLY REDUCE OPERATING COSTS

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Opportunity

Cost to income ratio, as of 2014, unconsolidated results , in %



- Bank BPH and Raiffeisen Polbank have significantly higher cost levels than Alior bank.
- Substantial cost improvement opportunities exist at both: Bank BPH and Raiffeisen Polbank.
- Closing of multiple redundant branches, centralization of administration incl. other HQ functions and significant personnel cuts could offer savings of up to PLN 790 million p.a.

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* Calculated based on aggregated costs and income of all banks involved.
 ** Costs including depreciation; Income including balance of other operating income and costs
 Source: Banks, Inteliace Research

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Inteliace Research is an independent and privately owned research firm based in the heart of Eastern Europe in Warsaw / Poland.

Our company specializes in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their customers, competitors and overall market dynamics.

The lead researcher and founder of Inteliace Research is Marcin Mazurek.

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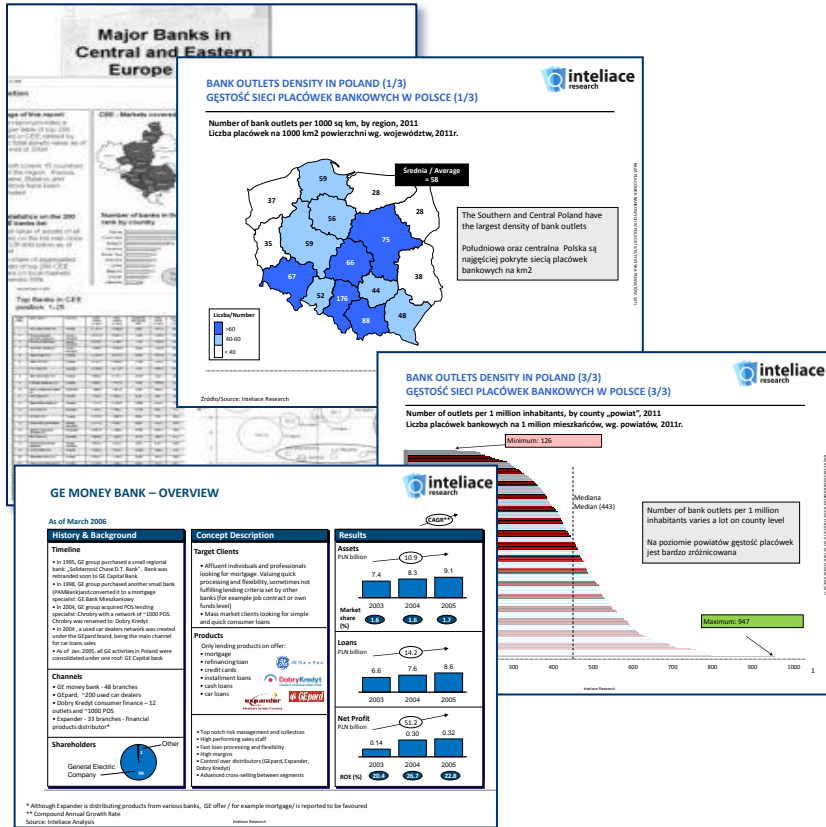
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