

# **Demerger Report**

**of the Supervisory Board of**

**Raiffeisen Centrobank AG**

**Tegetthoffstr. 1**

**1010 Vienna**

**FN 117507 f**

**concerning the demerger of the division Equity Value Chain of  
Raiffeisen Centrobank AG by way of absorption by Raiffeisen Bank**

**International AG**

**in accordance with the Demerger and Acquisition Agreement**

# **I. Introduction**

## **1. Raiffeisen Centrobank AG**

The transferring Raiffeisen Centrobank AG has the legal form of an Austrian stock corporation and is an Austrian credit institution with its registered office and central administration in Vienna and its business address at Tegetthoffstr. 1, 1010 Vienna, registered in the commercial register of the Commercial Court of Vienna under FN 117507 f (hereinafter also referred to as “**RCB**” or the “**assigning company**”). RCB is primarily active in the business areas of securities trading and sales, structured products, equity capital markets and research.

RCB has issued 655,000 no-par value shares. Accordingly, the share capital amounts to EUR 47,598,850.00.

## **2. Raiffeisen Bank International AG**

The acquiring Raiffeisen Bank International AG has the legal form of an Austrian stock corporation and is an Austrian credit institution. It has its registered office and head office in Vienna and its business address at Am Stadtpark 9, 1030 Vienna, registered in the commercial register of the Commercial Court of Vienna under FN 122119 m (hereinafter also referred to as “**RBI**” or the “**acquiring company**”).

RBI operates in the commercial and investment banking sector.

RBI has issued 328,939,621 no-par value shares. Accordingly, the share capital amounts to EUR 1,003,265,844.05.

All shares of the assigning company RCB are indirectly held by RBI as the acquiring company.

RBI IB Beteiligungs GmbH, FN 256827 m, holds 654,999 no-par value shares in RCB; Raiffeisen International Invest Holding GmbH, FN 276072 p, holds 1 (one) no-par value share in RCB.

RBI KI Beteiligungs GmbH, FN 208249 z, holds a company share in RBI IB Beteiligungs GmbH, FN 256827 m, which corresponds to a fully paid-up original capital contribution of EUR 35,000.00 and an ownership interest of 100%. Raiffeisen RS Beteiligungs GmbH, FN 252949 i, holds a company share in Raiffeisen International Invest Holding GmbH, FN 276072 p, that corresponds to a fully paid-up original capital contribution of EUR 35,000 and an ownership interest of 100%.

RBI holds (a) a company share in RBI KI Beteiligungs GmbH, FN 208249 z, corresponding to a fully paid-up original capital contribution of EUR 48,000.00 and an ownership interest of 100%, and (b) a company share in Raiffeisen RS Beteiligungs GmbH, FN 252949 i, corresponding to a fully paid-up original capital contribution of EUR 35,000.00 and a participation quota of 100%.

## **II. Subject matter of the report**

RCB intends to demerge its division Equity Value Chain by way of absorption by Raiffeisen Bank International AG pursuant to the Demerger Act (Spaltungsgesetz – SpaltG), applying Article VI of the Reorganisation Tax Act (Umgründungssteuergesetz – UmgrStG) in accordance with the provisions of the Demerger and Acquisition Agreement. Pursuant to Point 3.1 of the Demerger and Acquisition Agreement, a granting of shares to the acquiring company is omitted, because the acquiring company is (indirectly) the sole shareholder in the assigning company. No shares in the acquiring company, RBI, will be granted to the shareholders of the assigning company (Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH) because such a grant of shares would result in the shareholders of the assigning company (Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH) indirectly holding shares in themselves. Such a “shareholding circuit” is not permitted in the present case, which concerns companies with limited liability - namely Raiffeisen International Invest Holding GmbH

and RBI IB Beteiligungs GmbH. The managing directors of Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH have also given a separate waiver declaration in respect of the grant of shares in the acquiring company. For this reason, no agreement according to Section 17 in conjunction with (2) (1) no. 5 of the Demerger Act is required. Information on the exchange of shares is therefore not required.

The demerger in question is a demerger that preserves the existing relationship without granting shares. The effective date of the demerger within the meaning of Section 17 in connection with Section 2 (1) no. 7 of the Demerger Act and Section 33 (6) of the Reorganisation Tax Act is 30 June 2020. The effective date of the demerger corresponds to the closing balance sheet as at 30 June 2020 of the assigning RCB. The share capital of the assigning company will not be reduced in the course of the demerger; RCB as the assigning company will continue to exist after the demerger. The transfer of the division Equity Value Chain is effected by way of universal succession, the carrying amounts in accordance with company law and tax law will carry on with the acquiring entity, RBI. The division Equity Value Chain constitutes an operation within the meaning of Section 32 (2) of the Reorganisation Tax Act.

### **III. Report**

The Supervisory Board of RCB as the assigning company hereby submits the report to be prepared according to Section 6 of the Demerger Act.

#### **1. Basis of the report**

This report is based on the following documents:

- closing balance sheet of the assigning company RCB as at 30 June 2020, including the notes and audit certificate;

- acquisition balance sheet in accordance with company law of the acquiring company RBI as at 1 July 2020, which shows the assigned assets (“**demerger assets**”);
- demerger balance sheet of the assigning company RCB as at 1 July 2020, showing the assets remaining with the assigning company after the demerger (“**retained assets**”);
- Demerger and Acquisition Agreement between RCB and RBI including annexes (in particular the balance sheets attached to the Demerger and Acquisition Agreement) dated 09/09/2020;
- the Demerger Report of the Management Board of RCB pursuant to Section 4 of the Demerger Act,
- the report of the demerger auditor in accordance with Section 5 of the Demerger Act.

## **2. Economic justification of the demerger by absorption**

As part of an analysis project, the Management Boards of RBI and RCB adopted a decision to demerge the banking division Equity Value Chain from RCB and integrate it into the RBI for reasons of efficiency. Because of the shared vision for the future, RBI’s strengths will be bundled to expand the range of products which can be offered to clients. On the one hand, this makes it possible to offer an attractive range of products as part of RBI’s existing client portfolio; it should also result in additional sales opportunities being generated.

### **2.1. RCB after demerger**

Following the demerger of the banking division Equity Value Chain from RCB for absorption through RBI, RCB will remain an Austrian credit institution. There will be no reduction of the share capital.

## 2.2. RBI after the demerger

In the course of the demerger, RBI will take over the division Equity Value Chain of RCB and continues to operate it.

## **3. Explanatory notes on the Demerger and Acquisition Agreement**

### 3.1. General

The Demerger and Acquisition Agreement was drawn up by the Management Boards of RCB and RBI on 9 September 2020 and explained and substantiated in the Demerger Report of the Management Board of RCB pursuant to Section 4 of the Demerger Act.

### 3.2. Company name, registered office and Articles of Association of the participating companies

The mandatory information on the company name, registered office and the planned articles of association of the companies involved, in accordance with Section 17 in connection with Section 2 (1) no. 1 of the Demerger Act, is contained in Point 1 of the Demerger and Acquisition Agreement.

### 3.3. Assignment of assets of the assigning company

Pursuant to Point 2 of the Demerger and Acquisition Agreement, RCB, as the assigning company, transfers the demerger assets, namely the division Equity Value Chain (as defined in Point 10 of the Demerger and Acquisition Agreement), via demerger by absorption by way of universal succession pursuant to the Demerger Act, applying Article VI of the Reorganisation Tax Act, to RBI as the acquiring company in accordance with the provisions of the Demerger and Acquisition Agreement. RCB as the assigning company continues to exist; it will not be dissolved in the course of the demerger.

#### 3.4. No granting of shares

Points 3 and 5 of the Demerger and Acquisition Agreement set out that no shares in the acquiring company, RBI, will be granted to the shareholders of the assigning companies (Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH) because this would result in the shareholders in the assigning companies (Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH) indirectly holding shares in themselves. Such a “shareholding circuit” is not permitted in the present case, which concerns companies with limited liability - namely Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH. The managing directors of Raiffeisen International Invest Holding GmbH and RBI IB Beteiligungs GmbH have also given a separate waiver declaration in respect of the grant of shares in the acquiring company. Accordingly, an exchange ratio does not have to be determined, and no additional cash payments will be made.

In Point 6 of the Demerger and Acquisition Agreement, it is explained that a provision regarding an entitlement to profits for shares granted is not applicable, since no shares will be granted in the course of the demerger.

#### 3.5. No reduction in share capital.

Point 4 of the Demerger and Acquisition Agreement states that the share capital of RCB will not be reduced in the course of the demerger.

#### 3.6. Demerger date and transfer of rights

Point 7 of the Demerger and Acquisition Agreement states that the demerger date in accordance with company law and tax law is 30 June 2020. RCB has prepared an audited closing balance sheet, as at that date. As to the relationship between the companies involved, all activities by RCB carried out after 30 June 2020 with respect to the demerger assets are deemed to have been carried out for the account of RBI.

The transfer of rights takes place with effect from 1 July 2020, at which time RBI enters into all rights and obligations and pending legal transactions of the demerger assets.

### 3.7. Special rights and measures

Point 8 of the Demerger and Acquisition Agreement clarifies that no one is granted special rights pursuant to Section 2 (1) no. 8 of the Demerger Act. There are no special rights such as those arising from shares without voting rights, preference shares, shares with multiple voting rights, profit participation bonds, convertible and warrant bonds, profit participation rights or similar rights.

### 3.8. Special benefits

In accordance with Point 9 of the Demerger and Acquisition Agreement, no special benefits within the meaning of Section 2 (1) no. 9 of the Demerger Act are granted. It is clarified that an appropriate fee for the auditors of the annual financial statements, the demerger and residual assets or any other auditor does not constitute a special benefit within the meaning of Section 2 (1) no. 9 of the Demerger Act.

### 3.9. Description and allocation of assets

Points 10.1 to 10.4. of the Demerger and Acquisition Agreement describe, with reference to the acquisition balance sheet, the assets which belong to the banking division Equity Value Chain of RCB and which are accordingly being demerged by absorption through RBI ("**demerger assets**").

In Point 10.5. of the Demerger and Acquisition Agreement it is stated that only the object of transfer described in more detail in Points 10.2. to 10.4. will be assigned to RBI, and that all other assets of RCB will be part of the remaining assets and remain with RCB.



Point 10.6. stipulates that if an asset cannot be allocated to either RCB or RBI, it is allocated according to its stronger economic relation to the business activities listed in Point 10.2, and is therefore deemed either assigned or remaining with RCB.

Point 10.7. of the Demerger and Acquisition Agreement contains the regulation for the allocation of assets that cannot otherwise be allocated to any of the companies involved in the demerger on the basis of the Demerger and Acquisition Agreement. These assets are assigned to RCB.

According to Point 10.9., RCB is obliged to continue to hold assets that cannot be assigned to third parties or where this would be economically impractical, as trustee for RBI, if RBI requests this.

### 3.10. Closing balance sheet, demerger balance sheet, acquisition balance sheet

In accordance with Section 17 in connection with Section 2 (1) no. 12 of the Demerger Act, the Demerger and Acquisition Agreement must contain the following balance sheets:

- the closing balance sheet of the assigning company as at 30 June 2020
- the demerger balance sheet of the assigning company as at 1 July 2020
- the acquisition balance sheet of the acquiring company as at 1 July 2020

The demerger will accordingly be carried out in accordance with Point 11 of the Demerger and Acquisition Agreement on the basis of the audited closing balance sheet of the assigning company as at 30 June 2020 that has been given an unqualified audit certificate.

The demerger balance sheet of RCB as at 1 July 2020 shows the assets remaining in the course of the demerger.

The acquisition balance sheet as at 1 July 2020 shows the demerger assets. It is further explained that the book value amount in accordance with company law of the assigned division Equity Value Chain will be carried forward by RBI.

The balance sheets were prepared and are attached to the Demerger and Acquisition Agreement.

### 3.11 Cash compensation offer

Point 12 sets out that no information concerning the cash compensation has to be provided because the present demerger preserves the share ratio and will not entail any change in the legal form.

### 3.12 Reorganisation tax law and market value

Point 13 of the Demerger and Acquisition Agreement states that the demerger will be carried out in accordance with Article VI of the Reorganisation Tax Act, that the demerger assets constitute an operation within the meaning of Section 32 (2) in conjunction with Section 12 (2) no. 1 of the Reorganisation Tax Act, and that the division Equity Value Chain does not own any real estate and therefore no real estate transfer tax is payable. It is further explained that the closing balance sheet as at 30 June 2020 and the acquisition balance sheet as at 1 July 2020 each show positive book equity. The Equity Value Chain division does not have positive market value as at the reference date for the demerger and as at the day of the conclusion of the Demerger and Acquisition Agreement. By reason of the negative market value of the division forming the subject matter of the present demerger, no accompanying measures are required to protect the shareholders of RCB because no financial assets is being withdrawn from these companies due to the negative market value.

### 3.13 Indemnification

Point 14 contains a provision for a reciprocal obligation to indemnify and hold harmless, within the internal relationship between RCB and RBI, in the event of a claim arising from liabilities or other obligations from the remaining assets or the division.

### 3.14 Costs and other provisions

Point 15.2 of the Demerger and Acquisition Agreement sets out who bears the costs of establishing and implementing the Demerger and Acquisition Agreement.

Points 15.1. and 15.3. of the Demerger and Acquisition Agreement contain customary legal provisions, such as, in particular, a severability clause and the application of Austrian law.

### 3.15 Conditions precedent and conditions subsequent

Pursuant to Point 16 of the Demerger and Acquisition Agreement, this is subject to the conditions precedent of approval by the shareholders' meeting of the acquiring company and approval of the European Central Bank pursuant to Section 21 (1) no. 6 of the Banking Act (Bankwesengesetz – BWG). Further, the effectiveness of this Demerger and Acquisition Agreement is subject to the condition subsequent that notification for entry into the Commercial Register for the present demerger for absorption is not provided at the latest by 31 March 2021.

### 3.16 Attachments

The attachments are listed at the end of the Demerger and Acquisition Agreement.

## **4. Demerger audit by the demerger auditor**

We have inspected the demerger report by the demerger auditor, PwC Wirtschaftsprüfung GmbH, 1220 Vienna, Donau-City-Straße 7, registered in the commercial register of the Commercial Court of Vienna under FN 88248 b (“**PwC Wirtschaftsprüfung GmbH**”). In the demerger report, PwC Wirtschaftsprüfung GmbH set out that the demerger complied with the provisions of the Demerger Act, the Stock Corporation Act (Aktengesetz - AktG) and the provisions of the articles of association of the companies involved in the demerger.

According to the Supervisory Board's best knowledge, we hereby state that the report of the demerger auditor is based on accurate factual circumstances.

## **5. Final assessment**

After examining the Demerger and Acquisition Agreement between RCB and RBI, the Demerger Report of the Management Board of RCB and the report of the demerger auditor, the Supervisory Board of RCB has concluded that the demerger complies with the legal requirements.

The Supervisory Board of RCB therefore hereby adopts this audit report. It is signed by the Chairman of the Supervisory Board.

Vienna, on 15 September 2020

The Supervisory Board of Raiffeisen Centrobank AG

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Lukasz Januszewski