

MERGER REPORT

of the management board

of

Raiffeisen Bank Polska S.A.

KRS number: 14540

ul. Grzybowska 78, 00-844 Warsaw, Poland

(hereinafter referred to as the “Company Being Acquired” or “RBPL”)

drawn up in accordance with Art. 516⁵ CCC

as follows:

DEFINITIONS

“AktG”	Austrian Stock Corporation Act (<i>Aktiengesetz</i>), as amended;
“ArbVG”	Austrian Labour Constitution Act (<i>Arbeitsverfassungsgesetz</i>), as amended;
“AVRAG”	Austrian law amending the labour contract law (<i>Arbeitsvertragsrechts-Anpassungsgesetz</i>), as amended;
“BörseG 2018“	Austrian Stock Exchange Act (<i>Börsegesetz</i>), as amended;
“BWG”	Austrian Banking Act (<i>Bankwesengesetz</i>), as amended;
“EU Company Law Directive”	Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law;
“Mortgage Business”	has the meaning assigned thereto in section 2;
“Demerged Business”	has the meaning assigned thereto in section 2;
“Merger Date”	the merger date (<i>Verschmelzungstichtag</i>) pursuant to § 5 para 2 sub-para 6 EU-VerschG and § 2 para 5 UmgrStG and Art. 516 ³ (12) of the CCC;
“EUR“	Euro;
“EU-VerschG”	Austrian law on EU cross-border mergers (<i>EU-Verschmelzungsgesetz</i>), as amended;
“FN”	Registration number (<i>Firmenbuchnummer</i>) of the Austrian Companies Register (<i>Firmenbuch</i>);

“GrEStG”	Austrian Real Estate Transfer Tax Act (<i>Grunderwerbsteuergesetz</i>), as amended;
“CCC”	the Polish Commercial Companies Code (<i>Kodeks spółek handlowych</i>), as amended;
“Merger Plan”	has the meaning assigned thereto in section 3.3;
“Demerger”	has the meaning assigned thereto in section 2;
“Polish Employees Participation Act”	the Polish Act on the participation of employees in a company established as a result of a cross-border merger (<i>Ustawa o uczestnictwie pracowników w spółce powstałej w wyniku transgranicznego połączenia się spółek</i>), as amended;
“Polish Banking Law”	the Polish Banking Law (<i>Prawo bankowe</i>), as amended;
“Acquiring Polish Bank”	Bank BGŻ BNP Paribas S.A., a joint stock company organised and existing under the laws of Poland with its registered seat in Warsaw (address: ul. Kasprzaka 10/16, 01-211 Warsaw), entered into the Register of Business Entities maintained by the District Court for the Capital City of Warsaw, XII Commercial Division under KRS number 11571, tax ID No.: 5261008546, REGON number: 010778878, with a fully paid up share capital of PLN 84,238,318;
“Polish Labour Code”	the Polish Labour Code (<i>Kodeks pracy</i>), as amended;
“Merger”	the cross-border merger based on the merger plan dated 22 May 2018 effected pursuant to EU-VerschG and Title IV Division I Chapter 2 ¹ of the CCC taking into account the tax reliefs under Art. I UmgrStG;
“Company Being Acquired” or “RBPL”	Raiffeisen Bank Polska S.A., a joint stock company organised and existing under the laws of Poland, with its registered office in Warsaw (address: ul. Grzybowska 78, 00-844 Warsaw), entered into the Register of Business Entities of the National Court Register maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under KRS number 14540, tax ID No.: 526-02-05-871, REGON number 010000854, with a fully paid up share capital of PLN 2,256,683,400;
“Acquiring Company” or “RBI”	Raiffeisen Bank International AG, a joint stock company organised and existing under the laws of Austria with its registered office at Am Stadtpark 9, 1030 Vienna, entered in the Companies Register maintained by the Commercial Court in Vienna (<i>Firmenbuch des Handelsgerichts Wien</i>) under FN 122119 m;
“SNB”	the Special Negotiating Body (<i>besonderes Verhandlungsgremium</i>) pursuant to § 215 para 1 ArbVG;

“ÜbG”	Austrian Takeover Act (<i>Übernahmegesetz</i>), as amended;
“UGB”	Austrian Commercial Code (<i>Unternehmensgesetzbuch</i>), as amended;
“UmgrStG”	Austrian Reorganisation Tax Act (<i>Umgründungssteuergesetz</i>), as amended.

1. Subject matter of the report

Pursuant to Art. 516⁵ CCC, the management board of each company participating in a merger shall prepare a written report justifying the merger. The report shall contain at least: (i) the legal basis and economic reasons for the merger; (ii) the consequences of the merger for the shareholders, creditors and employees; (iii) the ratio of the exchange of the shares or other securities, referred to in the merger plan; and (iv) any particular difficulties in the valuation of the shares of the merging companies. Moreover, the management board shall append to the report the opinion of the employees’ representatives, if it is provided in due time.

Moreover, according to Art. 516⁷ and Art. 504 § 2 (2) in conjunction with Art. 516¹ of the CCC, the merger report must be made available to the employees’ representatives or, if there are no representatives, to the employees at least one month prior to the date of the general meeting at which the merger is to be resolved upon. Since according to Article 516¹⁵ § 2 in connection with Article 506 of the CCC no general meeting at RBPL is required, the merger report will be made available to the respective trade unions or the employees of the Company Being Acquired employed in the organised part of an enterprise relating to the Mortgage Business immediately after it has been signed.

Pursuant to § 3 para 2 EU-VerschG in conjunction with § 220a AktG and in conjunction with § 6 EU-VerschG, the management board of the Acquiring Company will draw up a separate report with regard to the planned Merger.

In accordance with the above-mentioned provisions, this merger report is drawn up by the management board of Raiffeisen Bank Polska S.A. with its registered seat in Warsaw, acting as the Company Being Acquired.

2. Preceding Demerger

Immediately prior to the Merger, an organised part of the enterprise of RBPL will be demerged by way of universal succession to the Acquiring Polish Bank pursuant to Art 529 § 1 (4) of the CCC, based on a demerger plan concluded between RBPL and the Acquiring Polish Bank on 28 April 2018 (the “**Demerger Plan**”) (the “**Demerger**”). Such demerged part of RBPL’s enterprise that will be transferred under the Demerger to the Acquiring Polish Bank (the “**Demerged Business**”) will consist of all of the assets and liabilities of RBPL other than those relating to: (i) mortgage loans held and evidenced in the accounts of RBPL in foreign currencies (denominated or indexed to CHF, EUR, USD or GBP), attributable to RBPL’s Mass, Affluent, FWR and Micro segments of clients, and which are amount-wise partly or fully secured by mortgages, (ii) loans which were originated as loans referred to in item (i) above and have been subsequently converted, whether voluntarily or not, into PLN and (iii) certain other rights and obligations, including specified credit exposures and rights and obligations of RBPL related to selected investment funds, according to Schedule 1 to the Demerger Plan (the “**Mortgage Business**”).

Upon the registration of the Demerger in the Polish Companies Register (i.e. upon the registration of the share capital increase of the Acquiring Polish Bank as a result of the Demerger), pursuant to Art 530 § 2 of the CCC, all of the assets and liabilities of RBPL connected with the Demerged Business will be transferred from RBPL to the Acquiring Polish Bank by way of universal succession. The Mortgage Business will remain with RBPL.

RBI and RBPL envisage that immediately after the Demerger has become effective, the Merger of RBPL and RBI shall be effected based on the Merger Plan dated 22 May 2018, whereupon all assets and liabilities of RBPL (including all assets and liabilities which remained in RBPL following the Demerger, i.e. the Mortgage Business) shall be transferred to RBI by way of universal succession, taking into account the tax reliefs under Art I UmgrStG. The above-referenced Merger is the subject of this merger report.

3. Explanation concerning the Merger and the Merger Plan

3.1 Raiffeisen Bank Polska S.A. (Company Being Acquired)

RBPL is a joint stock company organised and existing under the laws of Poland, with its registered office in Warsaw and business address at ul. Grzybowska 78, 00-844 Warsaw, Poland. RBPL is entered into the Register of Business Entities of the National Court Register maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under KRS number 14540, tax ID No.: 526-02-05-871, REGON number 010000854. RBPL's financial year corresponds to the calendar year. The closing date of RBPL's annual financial statements is 31 December.

3.1.1 Subject of business

Pursuant to § 6 of the articles of association, the subject of RBPL's business as at the date hereof is as follows:

1. accepting cash as demand deposits or term deposits and keeping deposit accounts;
2. keeping other bank accounts;
3. granting credit;
4. giving and confirming bank guarantees and opening and confirming letters of credit;
5. issuing banking securities;
6. conducting bank payment clearance;
7. issuing electronic money instruments;
8. granting cash loans;
9. performing banking operations regarding bills of exchange, cheques and warrants;
10. issuing payment cards and performing operations with the use of such cards;
11. handling financial futures and forward transactions;
12. purchasing and selling financial debts;
13. safekeeping of objects and securities, and making available safe deposit boxes;
14. conducting the purchase and sale of foreign exchange values;

15. granting and confirming sureties;
16. performing ordered activities related to the issue of securities; and
17. acting as an intermediary in carrying out money transfers and settlements in foreign exchange payments.

Apart from the activities provided for in the clause above, the subject of RBPL's business as at the date hereof also includes the following:

1. taking up or acquiring shares and share-based rights and participation interests in other legal entities, as well as acquiring participation units in investment funds;
2. performing the function of a depositary for investment funds;
3. maintaining registers and lists of participants in investment funds;
4. taking up obligations related to the issuance of securities (including underwriting) and trading in securities;
5. conducting brokerage activity and maintaining securities accounts, as well as performing operations not constituting brokerage activity, consisting of:
 - (a) accepting and transferring orders to acquire or dispose of financial instruments, including participation units in investment funds,
 - (b) executing orders to acquire or dispose of financial instruments for the account of clients,
 - (c) acquiring or disposing of financial instruments for its own account,
 - (d) providing investment advisory services,
 - (e) offering financial instruments,
 - (f) providing services under standby underwriting agreements and firm commitment underwriting agreements or executing and performing other similar agreements regarding financial instruments,

provided that the activities referred to in letters (a) to (e) are related only to securities issued by the State Treasury or the National Bank of Poland or to other financial instruments which are not admitted to organised trading and the bonds referred to in Art. 39p Section 1 of the Act on Toll Motorways and the National Road Fund of 27 October 1994;

6. carrying out the conversion of debt into the components of a debtor's property on terms and conditions agreed with the debtor;
7. acquiring and disposing of real estate;
8. providing consulting and advisory services related to financial matters;
9. providing and acting as an intermediary in providing financial services: leasing, factoring, forfeiting;
10. acting as an intermediary in providing insurance brokerage; and
11. providing services of reporting to trade repositories within the meaning of the Regulation of the European Parliament and of the Council (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories.

Moreover, according to its articles of association (§ 6a), RBPL may perform activities referred to in the act of 11 February 2016 on state aid in the education of children reserved for domestic banks.

As a result of the Demerger, the scope of RBPL's business activity will be subject to necessary changes connected with the limited scope of business activity that RBPL will conduct following the registration of the Demerger.

3.1.2 Share capital and shareholders

As at the date hereof, the share capital of RBPL amounts to PLN 2,256,683,400 and is divided into 225,668,340 series AA ordinary registered shares. No other shares have been issued. RBI is the sole shareholder of RBPL and thus holds all 225,668,340 series AA shares in RBPL. As a result of the Demerger, the share capital of RBPL will be decreased and will amount to PLN 877,818,730.

3.1.3 Employees

As at 30 April 2018, RBPL had 4,471 employees. As a result of the Demerger, RBPL will employ approximately 184 employees, who prior to the effective date of the Demerger have been employed in the Mortgage Business. No works council has been set up and there is no other form of employee participation in the corporate bodies of the Company Being Acquired.

3.1.4 Management board

Board member	Date of birth
Piotr Czarnecki, Chairman	7 April 1962
Maciej Bardan, 1 st Deputy Chairman	29 June 1963
Jan Czeremcha, 2 nd Deputy Chairman	26 October 1961
Piotr Konieczny, Member	26 September 1971
Witold Broniszewski, Member	27 June 1972
Werner Georg Mayer, Member	19 December 1970
Michael Höllerer, Member	14 January 1978

3.1.5 Supervisory board

Supervisory board member	Date of birth
Dr. Johann Strobl, Chairman	18 September 1959
Mag. Martin Grill, Deputy Chairman	25 October 1959
Mag. Peter Lennkh, Member	10 June 1963
Mag. Andreas Gschwenter, Member	16 January 1969
Dr. Hannes Mösenbacher, Member	11 March 1972
Beata Mońka, Member	3 March 1971
Krzysztof Rozen, Member	12 December 1960

3.2 Raiffeisen Bank International AG (Acquiring Company)

RBI is a joint-stock company organised and existing under the laws of Austria, with its registered office in Vienna and business address at Am Stadtpark 9, 1030 Vienna, Austria, entered into the Commercial Register of the Commercial Court of Vienna under FN 122119 m. RBI's financial year corresponds to the calendar year. The closing date of RBI's annual financial statements is 31 December.

3.2.1 Subject of business

Pursuant to § 2 of the articles of association, the subject of RBI's business is the operation of all types of banking transactions pursuant to § 1 para 1 BWG and related transactions; however, this does not include investment business (*Investmentgeschäft*), real estate fund business (*Immobilienfondsgeschäft*), investment fund business (*Beteiligungsfondsgeschäft*), company pension fund business (*Betriebliche*

Vorsorgekassengeschäft) and building society business (*Bauspargeschäft*) as well as the issuance of mortgage bonds (*Pfandbriefe*) and municipal bonds (*Kommunalschuldverschreibungen*).

In addition, RBI is entitled to perform all tasks assigned to it as the central institution of Raiffeisen Banking Group Austria (RBG); these tasks include in particular:

- a) to manage and invest cash and cash equivalents, in particular liquidity reserves of RBG placed at the disposal of the company;
- b) to facilitate money and business transactions for RBG entities, regardless of the legal form thereof, between such entities and with third parties, and to provide such entities with credit and liquidity support; and
- c) to ensure the uniformity of the advertising, organisation and the training of the employees of such entities.

The subject of RBI's business is furthermore:

- a) to provide advice and management services of all kinds to entities in which shares are held or which are otherwise affiliated; and
- b) to conduct transactions and provide all services directly or indirectly connected with the banking business, in particular to provide the activities listed in § 1 para 2 and 3 of the BWG, services in the area of management consultancy, including business organisations, as well as in the area of automatic data processing and information technology.

For the purpose of the financing of its subject of business, RBI may, to the extent permitted by applicable law, raise own funds within the meaning of Regulation (EU) No. 575/2013, or subordinated and non-subordinated debt capital in securitised and non-securitised form.

RBI is entitled to acquire real estate, establish branch offices and subsidiaries in its home country and abroad, and hold shares in other companies. Furthermore, RBI is entitled to carry out all transactions and take all measures as may be necessary or useful for the achievement of its corporate purpose, including in particular in all areas of activity which are similar or related to its subject of business.

3.2.2 Business Activity

RBI regards Austria, where it is a leading corporate and investment bank, as well as Central and Eastern Europe (CEE) as its home market. 14 markets of the region are covered by subsidiary banks. Additionally, the RBI Group comprises numerous other financial service providers, for instance in leasing, asset management or M&A.

In total, nearly 50,000 employees service 16.6 million customers through more than 2,400 business outlets, the majority thereof in CEE. RBI's shares are listed on the Vienna Stock Exchange. The Austrian Regional Raiffeisen Banks own around 58.8 % of the shares, the remainder is in free float. Within the Austrian Raiffeisen Banking Group, RBI is the central institution of the Regional Raiffeisen Banks and other affiliated credit institutions and renders important services in this capacity.

Prior to the Demerger, the RBPL Group is one of the top ten universal banking groups in Poland. The RBPL Group focuses on the Polish mid-market, covering in particular small and middle-market corporates as well as micro and retail customers, and also has strong relationships with large corporates and international clients. The RBPL Group conducts its operations and generates income only within the territory of Poland.

The RBPL Group offers its customers a wide range of banking services and products, including commercial and retail lending, deposits, factoring, transaction banking and capital markets products, through a multi-channel business model focused on product penetration and cross-selling. As at 31 December 2017, RBPL operated a nationwide network of 235 branches consisting of 227 retail branches (excluding seven standalone private bank branches) and 32 corporate branches (31 of which are co-located with retail branches throughout the country). Following the Demerger RBPL shall consist only of the Mortgage Business.

3.2.3 Share capital and shareholders

The share capital of RBI amounts to EUR 1,003,265,844.05 and is divided into 328,939,621 bearer shares with voting rights (ordinary shares). RBI's shares are admitted to trading on the official market of the Vienna Stock Exchange, Prime Market segment, and included in the ATX index.

The Regional Raiffeisen Banks (*Raiffeisen-landesbanken*) directly or indirectly hold a total of approximately 58.8% of the shares in RBI, whereas the remaining 41.2% comprise free-float shares. The Regional Raiffeisen Banks (*Raiffeisen-landesbanken*) are syndicate members under a syndicate agreement and, together with their holding companies having acceded to the syndicate agreement, are parties acting in concert within the meaning of § 1 sub-para 6 ÜbG. Beyond the parties acting in concert, there are no shareholders who have reported any holding of RBI's voting rights of 4% or more pursuant to § 130 and the following BörseG 2018 as of 31 March 2018.

3.2.4 Employees

As at 30 April 2018, RBI had 2,860 employees. RBI's works council is entitled to appoint one employee representative to RBI's supervisory board for each two members of the supervisory board elected by the general meeting of RBI; in the case of an odd number of members of the supervisory board elected by the general meeting of RBI, one further employee representative may be appointed.

3.2.5 Management board

Board member	Date of birth
Dr. Johann Strobl, Chairman	18 September 1959
Mag. Martin Grill, Member	25 October 1959
Mag. Andreas Gschwenter, Member	16 January 1969
Mag. Peter Lennkh, Member	10 June 1963
Mag. Dr. Hannes Mösenbacher, Member	11 March 1972
Mag. Łukasz Januszewski, Member	1 October 1978
Andrii Stepanenko, Member	28 April 1972

3.2.6 Supervisory board

Supervisory board member	Date of birth
Mag. Erwin Hameseder, Chairman	28 May 1956
MMag. Martin Schaller, 1 st Deputy Chairman	25 July 1965
Dr. Heinrich Schaller, 2 nd Deputy Chairman	11 November 1959
Mag. Peter Anzeletti-Reikl, Member (employee representative)	12 September 1965
Mag. Klaus Buchleitner, Member	21 January 1964
Univ.-Prof. Mag. Dr. Eva Eberhartinger, Member	07 July 1968
Dr. Natalie Egger-Grunicke, Member (employee representative)	26 January 1973
Mag. Peter Gauper, Member	4 November 1962
Betr.oec. Wilfried Hopfner, Member	25 June 1957
Mag. Rudolf Korten Hof, Member (employee representative)	9 November 1961
Dr. Rudolf Könighofer, Member	22 October 1962
Mag. (FH) Gebhard Muster, Member (employee representative)	22 March 1967
Mag. Birgit Noggler, Member	10 September 1974
Dr. Johannes Ortner, Member	30 December 1966

Mag. Helge Rechberger, Member (employee representative)	27 September 1967
Dr. Günther Reibersdorfer, Member	25 July 1954
Mag. Bettina Selden, Member	22 October 1952
Dr. Susanne Unger, Member (employee representative)	27 September 1961

3.3 Merger Plan dated 22 May 2018

On 22 May 2018, RBPL and RBI signed a joint merger plan in the form of a notarial deed (Ref. No 18,000 of Dr. Rupert Brix, notary public, 1010 Vienna, Seilerstätte 28) (the “**Merger Plan**”), pursuant to which RBPL, by transferring its assets and liabilities as a whole together with all rights and obligations, by way of universal succession, shall be merged with RBI as the Acquiring Company on the basis of the provisions of Title IV Division I Chapter 2¹ of the CCC and the EU-VerschG, taking into account the tax reliefs under Art I UmgrStG, on a cross-border basis, whereby the Company Being Acquired will be dissolved without liquidation and all its assets and liabilities as a whole together with all rights and obligations will be transferred to the Acquiring Company.

3.3.1 The ratio of the exchange of shares or other securities. Special difficulties connected with the valuation of the shares of the merging companies

RBI holds all shares in RBPL and is therefore its direct sole shareholder. Moreover, RBPL has not issued any securities other than shares. Accordingly, pursuant to § 3 para 2 EU-VerschG in conjunction with § 224 para 1 sub-para 1 AktG and Art. 516¹⁴ (1) of the CCC no shares shall be issued or allotted as a result of the Merger, and in particular, RBI’s share capital shall not be increased for the purpose of issuance or allotment of shares. No securities shall be granted and no additional cash payments shall be made.

Given that no shares or securities are granted, no share exchange ratio must be specified. No further explanation is therefore necessary, in particular concerning difficulties related to the valuation of the merging companies.

3.3.2 Profit entitlements

Given that no shares are issued or allotted, no description of profit entitlements is required.

3.3.3 Special rights

Neither natural persons nor legal entities have special rights in any of the companies participating in the Merger.

As a result of the Merger, RBI will not grant any shares or other types of interest with special rights.

Accordingly, no measures are required in order to address such special rights in the context of the Merger.

3.3.4 Special advantages

The members of the management board of RBPL will receive a bonus for the implementation of the Merger and the preceding Demerger. It is estimated that the total value of the bonus will not exceed the amount of PLN 4,035,079 including employer’s social contributions.

Besides that, no special advantages in connection with the Merger shall be granted to members of the relevant management board or the relevant supervisory board of the merging companies or to any statutory auditor.

Since RBI is the sole shareholder of RBPL, on the basis of § 3 para 2 EU-VerschG in connection with § 232 para 1 AktG and Art. 516¹⁵ § 1 in connection with Art. 516⁶ of the CCC, the Merger Plan will not be examined by a statutory auditor.

3.3.5 Articles of association

RBI's articles of association will not be amended in connection with the Merger. The current wording of RBI's articles of association is attached to the Merger Plan and constitutes an integral part of the Merger Plan.

3.3.6 Merger Date

The Merger is based on the audited interim financial statements of RBPL as at 31 March 2018 as the closing balance sheet in the meaning of § 220 para 3 AktG.

For Austrian accounting purposes, any and all actions taken by the Company Being Acquired in relation to the assets transferred as of the date immediately following the balance sheet date, i.e. 1 April 2018, shall be deemed to have been carried out for the account of RBI. From 1 April 2018 onwards (00:00), all benefits and encumbrances arising from the transferred assets shall accrue to RBI. Therefore, 31 March 2018 is the Merger Date pursuant to § 5 para 2 sub-para 6 EU-VerschG in conjunction with § 220 para 2 sub-para 5 AktG, and pursuant to § 2 para 5 UmgrStG.

For Polish accounting purposes, any actions of the Company Being Acquired taken as of the date of registration of the Merger in the Austrian Companies Register are considered as taken on account of the Acquiring Company. Based on the above, such date is the Merger Date within the meaning of Article 516³ (12) of the CCC.

RBI and RBPL agree that until the assets are transferred in accordance with the civil law regulations (being the date of registration of the Merger in the Austrian Companies Register), RBPL, subject to and in compliance with the applicable Polish legal provisions, may dispose of the transferred assets exclusively within the scope of the ordinary course of business or with the consent of RBI.

3.3.7 Taxes and levies

The business of the Company Being Acquired shall be continued by the Acquiring Company via a branch office by way of a permanent Polish establishment (within the meaning of Art. 5 of the Agreement between the Republic of Poland and the Republic of Austria for the avoidance of double taxation with respect to taxes on income and on capital); therefore, Poland shall retain taxation rights over the income of such permanent establishment and assets of the Company Being Acquired (Art. 7 and 13 para 3 in conjunction with Art. 24 para 2 of the Agreement between the Republic of Poland and the Republic of Austria for the avoidance of double taxation with respect to taxes on income and on capital).

3.3.8 Details on the valuation of the assets and liabilities transferred and the closing dates of the annual financial statements

The Merger shall be based on the audited interim financial statements of RBPL as at 31 March 2018 as the closing balance sheet. The closing balance sheet shall be prepared and audited in accordance with Polish accounting rules.

The statutory closing date for the annual financial statements for both RBI and RBPL is 31 December.

The value of the assets and liabilities of RBPL as at 1 April 2018 being understood as the net asset book value of RBPL established as at 1 April 2018, i.e. as at a defined day in the month preceding the announcement of the Merger Plan., is PLN 6,153,669

thousand, while the value of the assets and liabilities of the organised part of the enterprise of RBPL relating to the Mortgage Business as at 1 April 2018 being understood as its net asset book value established as at 1 April 2018 is PLN 2,375,248 thousand.

3.3.9 Required approvals

The Merger Plan is subject to the following conditions precedent: the obtaining of the consent of the European Central Bank pursuant to § 21 para 1 sub-para 1 BWG and the obtaining of the consent of the Polish Financial Supervision Authority pursuant to Art. 124 Section 1 of the Polish Banking Law. Additionally, the registration of the Merger in the Austrian Companies Register is also conditional on the signing by two representatives of the management board of RBPL of a written confirmation that the registration of the Demerger has taken place.

3.3.10 Costs

Any and all costs related to the Merger, including the preparation and completion thereof (inclusive of notarial fees, court fees and the costs of legal and tax representation) will be exclusively covered by the Acquiring Company.

4. No merger audit

In this specific case, an audit of the Merger Plan is not required, since RBI is the direct sole shareholder of RBPL, and under both the applicable Austrian law (see § 232 para 1 AktG in conjunction with § 3 para 2 EU-VerschG) and the applicable Polish law (see Art 516¹⁵ § 1 in conjunction with Art 516⁶ CCC), such an up-stream merger does not require an audit of the Merger Plan.

5. No consent from the participating shareholders of the companies

No resolution of the shareholders of RBPL is required concerning the approval of the Merger Plan, and no such resolution shall be adopted (see Art 516¹⁵ § 2 in conjunction with Art 506 of the CCC).

No resolution of the shareholders of RBI is required concerning the approval of the Merger Plan pursuant to § 3 para 2 EU-VerschG in conjunction with § 231 para 1 AktG, and no such resolution shall be adopted. The management board of RBI decided not to seek the approval of the general meeting of RBI. The shareholders of RBI will be notified of their rights pursuant to § 3 para 2 EU-VerschG in conjunction with § 231 para 3 AktG accordingly.

6. Effectiveness and legal consequences of the Merger

Pursuant to § 15 EU-VerschG, the Merger will become effective upon its registration in the Companies Register of the Commercial Court of Vienna being the competent Companies Register for the Acquiring Company.

Upon the registration of the Merger in the Companies Register of the Commercial Court of Vienna, all assets and liabilities (including all assets and liabilities remaining in RBPL following the Demerger, i.e. the Mortgage Business) together with all rights and obligations of the Company Being Acquired, RBPL, will be transferred to the Acquiring Company, i.e. RBI. RBPL will subsequently be dissolved without liquidation.

7. Economic effects and reasons for the Merger

As mentioned, the Demerger will be executed prior to the Merger. The Demerger is a part of a transaction allowing the disposal of RBI's interest in a major part

of RBPL – namely the Demerged Business - in a private transaction to another Polish bank whose shares are listed on the Warsaw Stock Exchange. This transaction also enables RBI to fulfil its commitment towards the Polish Financial Supervision Authority relating to execution of an initial public offering of RBPL.

In performance of the above commitment, RBI concluded a transaction agreement with the Acquiring Polish Bank and its dominant shareholder and agreed that, subject to certain conditions precedent, the Demerged Business will be transferred to the Acquiring Polish Bank by way of Demerger.

The Demerger is consistent with the development strategy pursued by the management board of RBPL in alignment with RBI as its shareholder and considering the dynamic growth of the Polish banking market including the resulting cost burden, and capital requirements as well as the risks inherent to the Mortgage Business.

RBPL has developed a restructuring plan to streamline its branch network, reduce the relating cost basis and expand its digital customer servicing channels with the aim to improve the development of the Demerged Business.

Due to the complementarity of the activities of RBPL and the Acquiring Polish Bank, the Demerger will allow that the development of the Demerged Business can be further pursued in an efficient and profitable manner, but at the same time ensuring economies of scale and synergies with the Acquiring Polish Bank's existing business.

The Mortgage Business comprises a limited business field, which requires particular management attention, and due to regulatory provisions and particular foreign currency funding requirements was perceived more and more as burdensome for the development and operations of RBPL; this perception was also confirmed by external markets in an effort to list RBPL's shares in June 2017.

Against this background RBPL has prepared, and is about to pursue the further implementation of a clear separation and segregation of its Demerged Business and the Mortgage Business. The operating model for the Mortgage Business is aiming at a tailor-made cost-efficient and lean organizational structure, which is managed independently from other activities of RBPL.

Immediately following the Demerger, RBPL (at this time holding only the Mortgage Business) as the company being acquired will be merged with RBI, being the surviving entity. From RBI's perspective, it is more efficient to combine the Mortgage Business with RBI's business areas. This is also driven by the fact that the Mortgage Business is a wind-down business; no new business of that nature will be initiated. Consequently, the Merger of RBPL – consisting merely of the Mortgage Business - with its parent RBI is the logical next step. The Mortgage Business operations will then be conducted by a Polish branch of RBI which is to be established.

8. Effects of the Merger on the shareholders

The Demerger will not have an adverse impact on the situation of the shareholders of RBI and RBPL because as a result of the Merger (and taking into account the preceding Demerger), RBI will acquire assets with a positive book value from its wholly owned subsidiary.

The Acquiring Company is the sole shareholder of the Company Being Acquired; therefore, the Merger will consist of the acquisition by RBI of all of the assets and liabilities (including all of the assets and liabilities remaining in RBPL following the Demerger, i.e. the Mortgage Business) of its wholly owned subsidiary. No shares will be granted and no additional cash payments will be made in connection with the

Merger. As a result of the Merger, RBI will assume, on the date of the registration of the Merger in the Companies Register of the Commercial Court in Vienna, all of the rights and obligations of RBPL.

For the purpose of indicating the conditions for the exercise of the rights of the minority shareholders of RBI, it is stated that the shareholders of RBI will be notified of their right to demand the convocation of a meeting of the shareholders in accordance with § 3 para 2 of EU-VerschG in conjunction with § 231 para 3 of AktG.

9. Effects of the Merger on and protection of the creditors

As a result of the Merger, the Company Being Acquired will be dissolved without liquidation, and its assets and liabilities as a whole (including all assets and liabilities remaining in RBPL following the Demerger, i.e. the Mortgage Business) together with all rights and obligations will be transferred to the Acquiring Company. The Merger has no capital reducing effect.

The Company Being Acquired and the Acquiring Company each have positive net assets and a positive market value. Therefore, the Merger will have no negative effects on the creditors of the participating companies.

Pursuant to Art. 516¹⁰ § 2 of the CCC, the creditors of RBPL who within 1 (one) month following the date of the announcement of the Merger Plan demonstrate the likelihood that the satisfaction of their claims is threatened by the Merger, may request that their claims be secured. According to Art. 516¹⁰ § 3 of the CCC, in the case of a dispute based on a petition filed by a creditor within two months of the announcement of the Merger Plan, the court having jurisdiction over the seat of RBPL shall resolve whether or not security should be granted as demanded by the creditor.

The creditors of RBI may claim creditors' protection pursuant to § 226 para 1 AktG. According to § 226 para 1 AktG, security shall be established for the benefit of the creditors to the extent they cannot demand satisfaction, if they provide notification to this effect within six months from the publication of the registration of the Merger; the creditors shall, however, only be entitled to this right if they can credibly show that the Merger would jeopardise the collection of their claims. Notice of such right shall be given to the creditors in the publication of the registration of the Merger. Creditors who, in the case of insolvency proceedings, have a right to preferential satisfaction from a reserve fund established by law for their protection and supervised by public authorities, shall not have the right to demand such security.

Measures for holders of bonds (*Schuldverschreibungen*) or profit participation rights (*Genussrechte*) in RBI pursuant to § 226 para 3 AktG are not required because RBI (and RBPL) have not issued any instruments pursuant to § 226 para 3 AktG.

The registration of the Merger in the Austrian Companies Register will be published in the 'Official Gazette' (*Amtsblatt*) of the *Wiener Zeitung* newspaper and in the Edicts Archive (*Ediktsdatei*) (see § 10 UGB). The publication shall be deemed effective upon the inclusion in the Edicts Archive (available at: www.edikte.gv.at). From this point in time, the six-month period to demand security pursuant to § 226 para 1 AktG begins.

10. Effects of the Merger on the employees

10.1 Effects on the employees of the Acquiring Company

As at 30 April 2018, the Acquiring Company had 2,860 employees. The content of the employment relationships of the Acquiring Company remains unchanged as a result

of this Merger. The existing arrangements under individual contracts, collective agreements and company arrangements continue to apply unchanged. The Merger has no effects on the working conditions and the employment of the employees of the Acquiring Company. There is a works council at the Acquiring Company. The Acquiring Company's works council will be notified of the Merger and of the fact that such Merger has no impact on the existing employees of RBI.

10.2 Effects on the employees of the Company Being Acquired

As at 30 April 2018, RBPL had 4,471 employees. As a result of the Demerger, RBPL will employ approximately 184 employees, who prior to the effectiveness of the Demerger have been employed in the Mortgage Business. Upon registration of the Merger in the Austrian Companies Register, solely the employees of the Company Being Acquired who are employed in Mortgage Business will become the employees of the Polish branch of the Acquiring Company pursuant to Art 23¹ Polish Labour Code and pursuant to § 3 AVRAG. The employment relationships will therefore automatically transfer from the Company Being Acquired to the Acquiring Company. Further, the rights and obligations based on individual agreements, collective bargaining agreements (*układy zbiorowe pracy*) and other collective arrangements (*porozumienia zbiorowe*), regulations (*regulaminy*) and charters (*statuty*), if applicable, will continue to apply without any amendments and will not be altered or terminated by the Merger. The existing working conditions and terms of employment of the transferred employees will not change due to the Merger. No works council exists at the Company Being Acquired. Otherwise than as described above, the Merger will not impact the working conditions of the employees of the Company Being Acquired. The employment relationships will remain unchanged following the Merger.

The respective trade unions or the employees of the Company Being Acquired employed in the organised part of an enterprise relating to the Mortgage Business will be notified in advance and in accordance with respective legal regulations of the change of their employer as a result of the Merger and of the consequences of the transfer of their employment relationships to RBI.

10.3 Employee participation

Both companies have established a supervisory board. Only RBI has in place any arrangements for the involvement of employees in the definition of their rights to participation in the Acquiring Company within the meaning of § 212 para 4 ArbVG. At RBPL there is neither an employee council nor any arrangements for the involvement of employees in the definition of their rights in connection with the Merger. Therefore, in terms of the arrangements for the involvement of employees in the definition of their rights to participation in the Acquiring Company, Part VIII of ArbVG and the Polish Employees Participation Act will apply.

Pursuant to the applicable regulations, the management board of RBI shall inform the employee representatives of RBI and the management board of RBPL shall inform the trade unions operating in the Company Being Acquired if such trade unions shall be deemed to be representatives for the organised part of an enterprise relating to the Mortgage Business within the meaning of the provisions of the Polish Labour Code, or in case none of the trade unions shall be deemed as such representatives, the management board of RBPL shall inform the employees of the Company Being Acquired employed in the organised part of an enterprise relating to the Mortgage Business and request the appointment of a special negotiating body immediately after the publication of the Merger Plan. The management board of RBPL will exclusively

inform the trade unions operating in the Company Being Acquired if such trade unions will be deemed as representatives for the organised part of an enterprise relating to the Mortgage Business or, respectively, the employees of the Company Being Acquired employed in the organised part of an enterprise relating to the Mortgage Business, because only those employees will be affected by the Merger.

11. Opinion of the representatives of the employees

Since as at the date of the signing of this report the management board of RBPL has not received any opinion of the representatives of the employees regarding the Merger, no such opinion is attached to this report.

Acting in our capacity as members of the management board of the Company Being Acquired, we hereby declare that the intended Merger complies with the laws of Poland, and that the intended Merger is in the interest of RBPL and that it is reasonable from an economic point of view.

On behalf of Raiffeisen Bank Polska S.A.: