

MERGER PLAN

23 SEPTEMBER 2008

BANK BPH S.A.

AND

GE MONEY BANK S.A.

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1. DEFINITIONS USED IN THE MERGER PLAN

“**Act on Public Offerings**” means the Act of 29 July 2005 on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (Journal of Laws 2005, No. 184, item 1539), as amended;

“**Banking law**” means the Act of 29 August 1997 on Banking law (Journal of Laws 2002, No 72, item 665), as amended;

“**CCC**” means the Act of 15 September 2000 on the Code of Commercial Companies (Journal of Laws 2000, No. 94, item 1037), as amended;

“**Company**” or “**Companies**” mean Bank BPH S.A. and/or GE Money Bank S.A.;

“**Day of the Merger**” means the day when the Merger (as defined below) is entered in the National Court Register by the registry court relevant for the seat of Bank BPH S.A.;

“**FSA**” means the Financial Supervision Authority (*Komisja Nadzoru Finansowego*);

“**Management Boards**” mean the Management Board of Bank BPH S.A. and the Management Board of GE Money Bank S.A.;

“**Merger**” means the merger of GE Money Bank S.A. and Bank BPH S.A.;

“**Merger Issue Shares**” mean 47,938,856 (forty seven million nine hundred thirty eight thousand eight hundred fifty six) series "E" shares in Bank BPH S.A. with a nominal value of PLN 5 (five) each, issued in connection with the Merger;

“**Merger Plan**” means this document;

“**NDS**” means the National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*);

“**Treasury Shares**” mean 66% shares of Bank BPH S.A. currently directly held by GE Money Bank S.A., which shall be owned by Bank BPH S.A. on the Day of the Merger;

“**WSE**” means Warsaw Stock Exchange S.A. (*Giełda Papierów Wartościowych w Warszawie S.A.*).

2. TYPE, NAME AND REGISTERED OFFICE OF EACH COMPANY PARTICIPATING IN THE MERGER

Bank BPH Spółka Akcyjna, with its registered office in Kraków, at Al. Pokoju 1, Poland, recorded in the Register of Entrepreneurs of the National Court Register kept by the District Court for Kraków-Śródmieście, XI Commercial Division of the National Court Register, under KRS number 0000010260, with a share capital of PLN 143,581,150, and a Management Board composed of: (i) Józef Wancer (President); (ii) Mirosław Boniecki (Vice-president); (iii) Kazimierz Piotr Łabno (Vice-president); (iv) Carl Normann Vökt (Vice-president); (v) Cezary Mączka (Vice-president); (vi) Grzegorz Dąbrowski (Vice-president); (vii) Piotr Królikowski (Vice-president); and (viii) Kent Holding (Vice-president), the “**Acquiring Company**” or “**BPH**”,

GE Money Bank Spółka Akcyjna, with its registered office in Gdańsk, at ul. Elżbietańska 2, Poland, a company recorded in the Register of Entrepreneurs of the National Court Register kept by the District Court for Gdańsk-Północ, VII Commercial Division of the National Court Register, under KRS number 0000062432, with a share capital of PLN 810,806,880, and a Management Board composed of: (i) David Kay (President); (ii) Scott Jensen (Vice-president); (iii) Grzegorz Jurczyk (Vice-president); (iv) Jarosław Zboralski (Vice-president); (v) Tomasz Walukiewicz (Vice-president); (vi) Wojciech Kroskowski (Vice-president); (vii) Janusz Stankiewicz (Vice-president); and (viii) Krzysztof Nowaczewski (Vice-president), the “**Target Company**” or “**GEMB**”.

3. METHOD OF THE MERGER AND ITS LEGAL BASIS

3.1 Legal basis and the manner of the Merger

The Merger will take place under Art. 124 § 1 and §3 of the Banking law, in connection with Art. 492 § 1 item 1 of the CCC, by transferring all of GEMB’s assets to BPH with a simultaneous increase in BPH’s share capital by an issue of the Merger Issue Shares, which BPH shall issue to the shareholders of GEMB.

The effect of the Merger will be that GEMB’s shareholders will become shareholders of BPH.

Taking into consideration that GEMB is currently a 66% shareholder of BPH, the Merger shall cause two significant effects, all occurring on the Day of the Merger:

- (a) according to Art. 494 § 1 of the CCC, on the Day of the Merger BPH will become the legal successor of all rights and obligations of GEMB. As a result, BPH shall become the owner of the Treasury Shares together with other assets of GEMB and immediately thereafter, BPH shall allocate the Treasury Shares to GEMB’s shareholders; and
- (b) GEMB’s shareholders shall acquire Merger Issue Shares in return for their shares of GEMB.

Details regarding allocation of the Treasury Shares and Merger Issue Shares among GEMB’s shareholders are described in Section 6 of the Merger Plan.

3.2 Permits to be issued and notifications to be made to the FSA

In accordance with Art. 124 § 1 and Art. 34 § 2 of the Banking law, the Merger shall take place on the condition of obtaining a permit from the FSA allowing:

- (a) the Merger; and
- (b) the amendments to BPH’s Statute, including, among others, those resulting from the Merger.

In accordance with Art. 38 in connection with Art. 7 item 4 point 4 of Act on Public Offerings, an Information Memorandum relating to the Merger Issue Shares shall be filed with the FSA. As a result, the FSA shall have 20 business days from the date of the notification to file any objections against admitting the Merger Issue Shares to the regulated market.

3.3 Resolutions of the Extraordinary General Shareholders’ Meetings of BPH and GEMB

In accordance with Art. 506 § 1 and § 2 of the CCC, the Merger shall be effected by resolutions of the Extraordinary General Shareholders’ Meetings of BPH and GEMB, including:

- (a) consent to effect the Merger Plan; and
- (b) amendments to BPH's Statute, including, among others, those resulting from the Merger.

3.4 Increase in BPH's share capital in connection with the Merger

As a consequence of the Merger, BPH's share capital will be increased from PLN 143,581,150 (one hundred and forty-three million five hundred and eighty-one thousand one hundred fifty) by PLN 239,694,280 (two hundred thirty nine million six hundred ninety four thousand two hundred eighty) to PLN 383,275,430 (three hundred eighty three million two hundred seventy five thousand four hundred thirty), by way of issuing 47,938,856 (forty seven million nine hundred thirty eight thousand eight hundred fifty six) series "E" shares in BPH with a nominal value of PLN 5 (five) each (the "**Merger Issue Shares**"), which shall be assigned to GEMB's Shareholders in accordance with share allocation rules set forth in Section 6 below.

BPH shall undertake relevant actions to have the Merger Issue Shares introduced to trading on the regulated market organised by the WSE, and in particular shall submit a motion to conclude an agreement to register the Merger Issue Shares at the NDS and a motion to the WSE to introduce the Merger Issue Shares to the regulated market.

3.5 General succession

As a result of the Merger, pursuant to Art. 494 § 1 of the CCC, BPH shall on the Day of the Merger accede to all GEMB's rights and obligations. In accordance with Art. 494 § 4 of the CCC, on the Day of the Merger GEMB's shareholders will become shareholders of BPH.

4. REASONS AND ADVANTAGES OF THE MERGER

4.1 Strategic reasons for the merger

GEMB and BPH are both leaders in the Polish banking sector in terms of growth, performance and innovation. Both banks are led by experienced management teams with extensive knowledge of the Polish and international banking markets. They offer complementary product groups, operate complementary distribution networks and have complementary customer profiles. The complementary nature of their businesses should contribute to creating value for their shareholders.

The purpose of the Merger is to combine the complementary activities of both banks and create a universal bank with strong competitiveness in consumer finance, based on the experiences of both banks.

Since June 2008 both banks have been conducting intensive studies in the respective areas of their activity to establish the optimum operating model based on both their own and other incorporated best practices, and at the same time to ensure that the integration process will be implemented in the most efficient and secure manner, and to ensure significant benefits to the customers and employees of both banks.

Given that the Merger will be an integration of complementary businesses, in their analysis the banks have concentrated on the possibilities of increasing profitability through economies of scale and the strong potential of mutual crossover sales of complementary products. Cost synergies will result mainly from improvements in processes and using the optimum operational solutions from both entities; at the same time banks do not plan significant reductions in the headcount.

It is envisaged that after the Merger the combination of BPH's experience and GEMB's strength in the area of consumer finance will enable BPH to become one of the top five universal banks in Poland, as well as the leading bank in the small and medium-sized enterprise segment, and one of the leading suppliers of innovative solutions within the scope of treasury and investment products for clients from all segments.

Moreover, the General Electric Company ("GE Company"), as the strategic investor of both banks, strongly supports the Merger. In the course of the proceedings before the FSA for consent to exercise voting rights at the General Meeting of BPH and in connection with the FSA's request for certain undertakings concerning the functioning of BPH, GE Company's subsidiary, GE Capital International Financial Corporation obliged itself to use its corporate powers to implement the Merger.

4.2 Economic advantages of the Merger for the Companies' shareholders

The Management Boards expect the Merger to be financially attractive to both GEMB and BPH shareholders.

GEMB and BPH shareholders are expected to benefit from the improved competitive position of the combined bank as it reaps economies of scale. The Management Boards expect that significant shareholder value can be created from the anticipated revenue and cost synergies expected from combining the operations of the two banks.

In addition, shareholders may benefit from the increased market capitalisation and capital markets profile of the combined bank, which is expected to improve the liquidity of its shares on the WSE and attract new investors.

The customers of the combined bank will benefit from, in particular, a wider product range, a broader distribution network, processes and services that are the "best in their class", and stronger banking industry know-how of the combined bank.

5. METHODOLOGY AND RULES OF DETERMINING THE EXCHANGE RATIO OF SHARES IN THE TARGET COMPANY FOR SHARES IN THE ACQUIRING COMPANY

5.1 Valuation methodologies

In order to value the two Companies a number of generally accepted valuation methodologies for financial institutions have been considered. The valuation assumed that both banks were operating on a standalone going concern basis.

The principal valuation methodologies applied to GEMB and BPH included: (i) relative valuation on the basis of observable market values for comparable Polish banks and (ii) fundamental valuation using dividend discount models.

Relative methodologies rely on the market values for comparable companies to value a company. Trading multiples and regression analysis are two relative methodologies that have been used to value the two Companies on the basis of their respective forecasted earnings and profitability.

A dividend discount model calculates the net present value of a bank, using appropriate discount rates, on the basis of its asset growth profile, earnings, required capital to support balance sheet growth and resultant ability to distribute dividends to its shareholders.

For both Companies, the forecasts and plans of the Management Boards were used to develop models based on the assumption that the Companies would continue as going concerns without executing the Merger.

Having reviewed the results of the valuation of GEMB and BPH, the Management Boards of the Companies established the share exchange ratio.

5.2 Share exchange ratio of shares in GEMB for the Shares in BPH

In establishing the share exchange ratio of shares in GEMB for the Merger Issue Shares and the Treasury Shares (the “**Share Exchange Ratio**”), the Management Board of BPH relied among others on the valuations of BPH and GEMB prepared by JPMorgan plc and the Management Board of GEMB relied on the valuations of BPH and GEMB prepared by Goldman Sachs.

On 23 September 2008 JPMorgan plc issued a Fairness Opinion for BPH on the transaction.

On the basis of the assumptions and valuation methods employed in the process of establishing the value of BPH and GEMB, it was established that the Share Exchange Ratio is as follows:

shares in BPH	shares in GEMB
0.825	1

This means that for 1 (one) GEMB share, the shareholders of GEMB will receive 0.825 (eighty two and one half percentage) points of BPH share.

This means that for 81,080,688 (eighty one million eighty thousand six hundred eighty eight) shares in GEMB, the shareholders of GEMB will receive 47,938,856 (forty seven million nine hundred thirty eight thousand eight hundred fifty six) Merger Issue Shares and 18,952,711 (eighteen million nine hundred fifty two thousand seven hundred eleven) Treasury Shares.

The number of the Merger Issue Shares and the Treasury Shares to be received by each shareholder of GEMB shall be the product of the number of GEMB shares held by such a shareholder on the Day of the Merger and the Share Exchange Ratio, rounded (if not an integer) down to nearest integer.

5.3 Additional Payments

Each shareholder of GEMB who, as a result of the rounding down referred to in Clause 5.2 above, is not allotted a fractional part of the Merger Issue Shares and/or the Treasury Shares due to such shareholder based on the Share Exchange Ratio, shall be entitled to receive a cash payment from BPH (the “**Additional Payment**”).

The amount of the Additional Payment due to the particular shareholders of GEMB shall be calculated in accordance with the following formula:

$$D = A \times W,$$

where: D is the amount of the Additional Payment, A is the fraction by which the product referred to in Clause 5.2 was rounded down, W is the arithmetic mean of the closing price per BPH share quoted on 30 consecutive days of trading in BPH shares on the regulated market organised by WSE before the Merger Day.

If the total amount of the Additional Payments for all the shareholders of GEMB exceeds 10% of the total amount of the Merger Issue Shares and the Treasury Shares, determined based on the statement referred to in Art. 499 § 2 item 4 of the CCC, the amount of the Additional Payments for the individual shareholders shall be proportionately reduced.

Within 21 days from the Merger Day, Management Board of BPH shall act with due care to ensure that the Merger Issue Shares and/or the Treasury Shares not allotted to the shareholders of GEMB due to the rounding down described in Clause 5.2 are subscribed for and/or purchased by a selected financial institution for a price representing arithmetic mean of the closing price per BPH shares quoted 30 consecutive days of trading in BPH shares on the regulated market conducted by WSE before the Merger Day.

6. RULES OF ALLOCATING THE SHARES IN THE ACQUIRING COMPANY

6.1 General principles

As mentioned in Section 3 of the Merger Plan, the shareholders of GEMB will as a result of the Merger acquire two groups of BPH's shares:

- (a) the Merger Issue Shares, which shall be allocated to GEMB's shareholders on the Day of the Merger; and
- (b) the Treasury Shares, which shall be acquired by BPH on the Day of the Merger and immediately thereafter (still on the Day of the Merger) allocated to GEMB's shareholders.

GEMB's shareholders shall become BPH's shareholders on the Day of the Merger by virtue of law without subscribing or paying for the Merger Issue Shares and the Treasury Shares.

The Additional Payments, calculated in accordance with point 5.3 of the Merger Plan, shall be paid to the shareholders of GEMB within 5 days from the day the depositary certificates in respect of the Merger Issue Shares are issued.

6.2 Allocation of Shares

The Merger Issue Shares and the Treasury Shares shall be allocated to GEMB's shareholders in accordance with the Share Exchange Ratio set forth in Section 5.2 above.

This means that for 81,080,688 (eighty one million eighty thousand six hundred eighty eight) shares in GEMB, the shareholders of GEMB will receive 47,938,856 (forty seven million nine hundred thirty eight thousand eight hundred fifty six) Merger Issue Shares and 18,952,711 (eighteen million nine hundred fifty two thousand seven hundred eleven) Treasury Shares.

7. DATE FROM WHICH THE SHARES SHALL PARTICIPATE IN BPH'S PROFITS

The Merger Issue Shares and the Treasury Shares shall participate in BPH's profit distribution for the financial year 2008, i.e. from 1 January 2008.

8. RIGHTS ASSIGNED BY THE ACQUIRING COMPANY TO THE SHAREHOLDERS AND OTHER PERSONS WITH SPECIAL RIGHTS IN THE TARGET COMPANY

As there are no persons with special rights in GEMB, BPH will not assign any special rights.

9. PARTICULAR BENEFITS FOR THE MEMBERS OF THE GOVERNING BODIES OF THE COMPANIES AND OTHER PERSONS PARTICIPATING IN THE MERGER

As a result of the Merger, no particular benefits will be granted to the members of the Companies' governing bodies or other persons participating in the Merger.

10. AGREEMENT ON THE MERGER PLAN

In accordance with Art. 498 of the CCC, the Management Boards of the merging Companies agreed and accepted this Merger Plan with the contents as set out in Art. 499 § 1 of the CCC on 23 September 2008, which is certified by the signatures below:

On behalf of BPH	On behalf of GEMB
<hr/> Józef Wancer	<hr/> Wojciech Kroskowski
<hr/> Kazimierz Piotr Łabno	<hr/> Grzegorz Jurczyk

11. ATTACHMENTS TO THE MERGER PLAN

The Merger Plan is accompanied by the following documents in accordance with Art. 499 § 2 of the CCC:

- (a) draft resolution of the Extraordinary General Shareholders' Meeting of BPH on the Merger, including the draft of BPH's Statute after the Merger, **Attachment No. 1;**
- (b) draft resolution of the Extraordinary General Shareholders' Meeting of GEMB on the Merger, **Attachment No. 2;**
- (c) determination of the value of GEMB's net assets as at 1 August 2008, **Attachment No. 3;**
- (d) declaration containing information on the condition of BPH as shown in the accounts drawn up for the purpose of the Merger as at 1 August 2008, **Attachment No. 4;**
- (e) declaration containing information on the condition of GEMB as shown in the accounts drawn up for the purpose of Merger as at 1 August 2008, **Attachment No. 5;**
- (f) excerpt from the National Court Register of BPH, **Attachment No. 6;**
- (g) excerpt from the National Court Register of GEMB, **Attachment No. 7.**