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### Transaction highlights

**Transaction description**
- Bank Millennium S.A. ("the Bank") will acquire c.a. 99.79% stake in Euro Bank S.A. ("eurobank") from SG Financial Services Holding, subsidiary of Société Générale S.A.

**Purchase price**
- Agreed reference price of 1,833 mln PLN adjusted by variation of net asset value of eurobank, implying ca. 1.2x P/BV

**Transaction structure**
- Acquisition price will be paid in cash and will be financed from internal sources of the Bank
- As a part of the transaction Bank Millennium will repay 4.4 bn PLN intra-group funding which Société Générale Group provides to eurobank as at June 30, 2018

**CHF portfolio indemnity & guarantee**
- Société Générale S.A. to provide upon the Closing of the Transaction:
  - 10 year guarantee covering 80% of credit risk (regarding initially performing loans) and of cost of risk (regarding initially non-performing loans) of FX mortgage loans, allowing for reduction of effective risk weight of acquired FX mortgage portfolio
  - 20 year indemnity covering losses resulting from litigation, proceedings or changes in law related to the FX mortgage loans

**Approval and timetable**
- The transaction is expected to close in 2Q 2019
- Completion of the transaction is subject to the relevant regulatory approvals from KNF and competition authorities and requires notification to the ECB

**Synergies and integration costs**
- Highly synergetic transaction with expected cumulative synergies over next 5 years in the amount of c.a. 650 mln PLN
- Integration costs of c.a. 350 mln PLN, incurred predominantly in 2019-2020

**EPS, ROI, ROE impact**
- Transaction represents profitable deployment of the Bank’s excess capital: 26% EPS accretion and 17% ROI once synergies are fully realised
- Expected 2020 ROE of the Bank should position it among top 3 Polish banks - in line with the announced strategic target

**Capital and liquidity impact**
- Comfortable pro forma CET1 ratio of 15.9% (17.2% incl. 9M’18 net profit of Bank Millennium) and loan to deposit ratio of 93%

**Advisors**
- J.P. Morgan and Clifford Chance acted as Bank Millennium financial and legal advisers, respectively

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1. Repayment of 350 mln PLN subordinated debt subject to prior approval of the KNF
eurobank at a glance

Overview

- eurobank was established in 2003 by Mariusz Łukasiewicz as a result of acquisitions and a subsequent merger of Bank Społem and Bank Wschodni.
- eurobank combines unique strengths in the Polish retail banking market, bringing together historic leadership in cash loan market with a simple and efficient retail banking offering tailored for the needs of its mass-market client base.
- eurobank relies on an extensive network of 250 own and 251 franchised branches covering all Polish regions with focus on smaller cities.
- eurobank has a client base of 1.4\(^1\) mln retail customers, including 165k active internet and 154k mobile banking users, 317k active debit cards and 68k active credit cards.
- eurobank is one of the leaders in service quality and customer satisfaction (3rd highest NPS of 46 by ARC Rynek i Opinia).

Key financials

<table>
<thead>
<tr>
<th>PLN mln</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>1H 18</th>
<th>'15-1H 18 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loans</td>
<td>10 540</td>
<td>11 398</td>
<td>11 731</td>
<td>11 905</td>
<td>5.0%</td>
</tr>
<tr>
<td>Total assets</td>
<td>12 290</td>
<td>13 709</td>
<td>13 798</td>
<td>13 919</td>
<td>5.1%</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>5 770</td>
<td>6 850</td>
<td>6 817</td>
<td>6 952</td>
<td>7.7%</td>
</tr>
<tr>
<td>Parent funding(^2)</td>
<td>4 690</td>
<td>4 692</td>
<td>4 437</td>
<td>4 431</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>1 356</td>
<td>1 475</td>
<td>1 565</td>
<td>1 520</td>
<td>4.7%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>576</td>
<td>640</td>
<td>662</td>
<td>328</td>
<td>4.5%</td>
</tr>
<tr>
<td>Net F&amp;C income</td>
<td>64</td>
<td>55</td>
<td>51</td>
<td>23</td>
<td>-10.7%</td>
</tr>
<tr>
<td>Net revenues</td>
<td>707</td>
<td>794</td>
<td>746</td>
<td>383</td>
<td>2.7%</td>
</tr>
<tr>
<td>OPEX</td>
<td>-466</td>
<td>-462</td>
<td>-456</td>
<td>-232</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Loan loss provisions</td>
<td>-73</td>
<td>-127</td>
<td>-122</td>
<td>-68</td>
<td>23.0%</td>
</tr>
<tr>
<td>Bank levy</td>
<td>0</td>
<td>-25</td>
<td>-29</td>
<td>-15</td>
<td>n.m.</td>
</tr>
<tr>
<td>Income tax</td>
<td>-33</td>
<td>-38</td>
<td>-36</td>
<td>-25</td>
<td>15.2%</td>
</tr>
<tr>
<td>Net income</td>
<td>134</td>
<td>142</td>
<td>103</td>
<td>42</td>
<td>-14.5%</td>
</tr>
</tbody>
</table>

CET1 ratio

<table>
<thead>
<tr>
<th></th>
<th>12.4%</th>
<th>13.1%</th>
<th>13.6%</th>
<th>15.1%</th>
</tr>
</thead>
</table>
NPL ratio

<table>
<thead>
<tr>
<th></th>
<th>8.7%</th>
<th>8.0%</th>
<th>8.7%</th>
<th>8.2%</th>
</tr>
</thead>
</table>
Coverage ratio\(^3\)

<table>
<thead>
<tr>
<th></th>
<th>63.9%</th>
<th>64.0%</th>
<th>60.9%</th>
<th>72.3%</th>
</tr>
</thead>
</table>
Net interest margin\(^4\)

<table>
<thead>
<tr>
<th></th>
<th>4.82%</th>
<th>4.93%</th>
<th>4.81%</th>
<th>4.74%</th>
</tr>
</thead>
</table>
Cost / income

<table>
<thead>
<tr>
<th></th>
<th>66.7%</th>
<th>63.7%</th>
<th>61.9%</th>
<th>60.7%</th>
</tr>
</thead>
</table>
Cost of risk\(^5\)

<table>
<thead>
<tr>
<th></th>
<th>0.74%</th>
<th>1.16%</th>
<th>1.05%</th>
<th>1.15%</th>
</tr>
</thead>
</table>
RoE

|              | 10.6%  | 10.0%  | 6.8%   | 5.4%  |

Gross loans: 12.7bn PLN

- Mortgage PLN 42%
- Cash loans 47%
- Other loans 2%

Customer deposits: 7.0bn PLN

- Term and other 40%
- Current and savings 60%

Source: eurobank, prnews

\(^1\) Estimated number of clients not overlapping with Bank Millennium clients; \(^2\) Including funding from Societe Generale Paris, SOGECAP and SOGESUR; \(^3\) Including IBNR/stage 1-2 (for 1H18) provisions; \(^4\) NIM calculated over average assets; \(^5\) Cost of risk calculated over average net loans

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Strategic rationale

1. Increased scale on the market
   - As a result of the acquisition, Bank Millennium will achieve clear #7 position in the Polish banking system
   - Acquisition will add 1.4 mln new clients and allow Bank Millennium to reach Top-6 banks by number of retail clients in Poland

2. Strengthened position in consumer lending
   - In line with Strategy 2020, the acquisition of eurobank will allow Bank Millennium to increase the size of its consumer lending segment as well as the overall importance of this business within the Group
   - eurobank’s new-to-bank lending capabilities will strengthen Bank Millennium’s client acquisition engine

3. Complementary geographical presence
   - eurobank offers Bank Millennium the ability to jump into franchise distribution model
   - eurobank will boost Bank Millennium’s presence in smaller cities

4. Strong value to be created
   - Profitable deployment of Bank Millennium existing capital with +26% EPS growth once synergies are fully realised
   - Transaction will also allow Bank Millennium to utilise its excess liquidity, resulting in pro forma loan to deposit ratio of 93%, in line with average for peers

Source: eurobank, financial statements and presentations of Polish banks net income based on Bloomberg consensus as at October 18th, 2018

All forward-looking statements subject to numerous assumptions and uncertainties. Bank Millennium’s
Transaction will allow Bank Millennium to consolidate its position in the Polish banking sector …

Source: financial statements and presentations of Polish banks
¹ Based on June 2018 financials except for Core Raiffeisen Bank Polska, Credit Agricole (31 December 2017), Core Deutsche Bank Polska (30 June 2017)
... and will significantly expand Bank’s customer base and further strengthen its powerful client acquisition engine.

**Acquisition will increase Bank Millennium’s client base...**

# of retail clients (mln)

<table>
<thead>
<tr>
<th></th>
<th>Dec-15</th>
<th>Dec-16</th>
<th>Dec-17</th>
<th>Jun-18 pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>New clients</td>
<td>1,92</td>
<td>2,03</td>
<td>2,18</td>
<td>2,31</td>
</tr>
<tr>
<td>Pro forma</td>
<td></td>
<td></td>
<td></td>
<td>3,71</td>
</tr>
<tr>
<td>Growth</td>
<td>+61%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**eurobank will bring client acquisition...**

New clients acquired in 2017 (ths)

<table>
<thead>
<tr>
<th></th>
<th>Millennium</th>
<th>eurobank</th>
<th>Pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>New clients</td>
<td>335</td>
<td>117¹</td>
<td>452</td>
</tr>
<tr>
<td>Growth</td>
<td>+33%</td>
<td>+117%¹</td>
<td></td>
</tr>
</tbody>
</table>

**... allowing it to reach top 6 position by # of retail clients**

# of retail clients as at Jun-18 (mln, prnews)

<table>
<thead>
<tr>
<th>Bank</th>
<th># of retail clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9,2</td>
</tr>
<tr>
<td>2</td>
<td>6,5</td>
</tr>
<tr>
<td>3</td>
<td>5,2</td>
</tr>
<tr>
<td>4</td>
<td>4,3</td>
</tr>
<tr>
<td>5</td>
<td>3,9</td>
</tr>
<tr>
<td>7</td>
<td>3,7</td>
</tr>
<tr>
<td>8</td>
<td>3,4</td>
</tr>
</tbody>
</table>

**... as well as complementary lending capabilities**

Loans sales to new-to-bank clients (2017)

<table>
<thead>
<tr>
<th></th>
<th>Millennium</th>
<th>eurobank</th>
<th>Peer average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans sales</td>
<td>22%</td>
<td>62%</td>
<td>42%</td>
</tr>
<tr>
<td>Growth</td>
<td>+22%</td>
<td>+62%</td>
<td>+42%</td>
</tr>
</tbody>
</table>

Source: eurobank, BCG, financial statements and presentations of Polish banks, prnews

¹ Excluding 95k PoS clients
eurobank offers Bank Millennium the ability to jump into franchise distribution model...

**No of own & franchise branches at Polish market (1H 2018)**

- **1** eurobank will add **more than 200 new cities** with 4.5 mln inhabitants to Bank Millennium’s coverage

- **2** Strengthen Bank’s branch coverage in **smaller cities** with c.55% of combined branches to be located in small cities¹ vs. 38% currently

- **3** Acquisition will allow knowledge transfer regarding **franchise model** to Bank Millennium

- **4** Long term, **stable relationships with franchisees** due to close partnerships

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**Source:** BCG, financial statements and presentations of Polish banks, prnews

¹ Small city is defined as < 100k inhabitants
Bank Millennium and eurobank distribution networks

Eurobank network focused on small cities

Network distribution by size of the city

- Large: 62%
- Small: 38%

Source: SMG/KRC 2017, BCG Analysis

³ Small city is defined as < 100k inhabitants
Positive deployment of capital and liquidity without need of external financing

**Capital impact on Bank Millennium Group**

- Assumed increase of RWA reflects the guarantee from Société Générale S.A., reducing effective risk weight of acquired FX mortgages
- Capital position will be further strengthened by retention of full 2018 net profit and planned issuance of subordinated bonds
- Following acquisition of eurobank, Bank Millennium will dilute its share of FX mortgages by 4 p.p. to below 25%

**Loan to deposit ratio of major Polish banks (Jun-18)**

**Transaction will be financed using existing liquidity (PLN bn)**

Source: eurobank, financial statements and presentations of Polish banks,

1 Based on June 2018 financials (with few exceptions for 2017): including loans and deposits to financial sector (ex. banks); 2 Including cash and cash equivalents, due from banks and securities; 3 Agreed reference purchase price (subject to adjustment related to equity at closing)
Significant synergy potential ...

Overview of synergies

- Total pre-tax integration costs of c.a. 350 mln PLN \(^1\) spread over 2019 – 2022 but predominantly incurred in first two years, while expected 5 year synergies to be c.a. 650 mln PLN

- Targeted fully-loaded yearly cost synergies make 13% of combined 2017 cost base

- Combined bank would have pro forma 2017 C/I of 42.9% \(^2\) compared to 45.8% for Bank Millennium, so transaction would move the Bank closer to its cost to income target of 40% set in 2020 Strategy

- Relatively low operational dependence on Société Générale Group should facilitate seamless integration of eurobank into Bank Millennium

Sources of synergies

- Optimisation of branch network and related costs, partially offset by revenue dis-synergies primarily driven by potential client churn

- Consolidation of back office and support functions, core IT systems and marketing efforts

- Higher bank levy cost due to elimination of eurobank tax-exemption amount after merger

Business synergies \(^3\) (pre-tax, PLN mln)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019E</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
<th>2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>33</td>
<td>134</td>
<td>154</td>
<td>170</td>
<td>175</td>
</tr>
</tbody>
</table>

Source: BCG

All forward-looking statements subject to numerous assumptions and uncertainties.

\(^1\) Including estimated 60 mln PLN write-offs related to IT and retail network; \(^2\) Including fully phased synergies; \(^3\) Including 24 mln PLN yearly dis-synergy related to bank levy
... if delivered, should bring high EPS accretion of the transaction

Market leading cost efficiency of Bank Millennium should facilitate achievement of cost synergy targets

Operating expenses over average assets (2017)

- 1.5% (Bank 1)
- 1.7% (Millennium)
- 1.7% (Bank 3)
- 1.9% (Millennium +)
- 2.0% (Bank 5)
- 2.0% (Bank 6)
- 2.2% (Bank 7)
- 2.3% (Bank 8)
- 2.8% (Bank 9)
- 3.3% (Eurobank)

- 4% OPEX increase for 27% growth in retail customer base from 2014 to 2017 exemplifies Bank Millennium’s ability to increase scale at negligible costs

EPS accretion (incl. integration costs)

- 23% (2019E)
- 26% (2020E)
- 26% (2021E)
- 26% (2022E)
- 26% (2023E)

Return on Investment (incl. integration costs)

- 12% (2019E)
- 14% (2020E)
- 15% (2021E)
- 15% (2022E)
- 17% (2023E)

Source: BCG

Note: All forward-looking statements subject to numerous assumptions and uncertainties. EPS and ROI data should not be construed as financial projections or forecasts. Bank Millennium’s net income based on Bloomberg consensus as at October 18th, 2018 (for 2021, 2022 and 2023 assuming 8% annual growth rate, for illustrative purposes only). These data may not prove to be accurate and may differ from actual future results.
Simple transaction structure

1. Current structure

- SG Financial Services Holding to sell ca. 99.79% of the share capital of eurobank

2. Transaction

- Bank Millennium will buy SG Financial Services Holding’s stake with cash

3. Post-transaction structure

- eurobank will be merged into Bank Millennium

- Société Générale S.A. will provide:
  - 10 year guarantee covering 80% of credit risk (regarding initially performing loans) and of cost of risk (regarding initially non-performing loans) of FX mortgage loans,
  - 20 year indemnity covering losses resulting from litigation, proceedings or changes in law related to the FX mortgage loans
**Expected timeline**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q 2018</td>
<td>Signing of the transaction</td>
</tr>
<tr>
<td>1Q 2019</td>
<td>Transaction approvals by KNF, Competition authorities and notification to ECB</td>
</tr>
<tr>
<td>2Q 2019</td>
<td>Transaction closing</td>
</tr>
<tr>
<td>4Q 2019</td>
<td>Customers migration on one IT system</td>
</tr>
<tr>
<td></td>
<td>Preparation of transition and implementation plan</td>
</tr>
<tr>
<td></td>
<td>Legal merger</td>
</tr>
<tr>
<td></td>
<td>Operational merger</td>
</tr>
</tbody>
</table>
### Key takeaways

1. Acquisition will allow Bank Millennium to become a Top-6 player in attractive non-mortgage retail segment

2. 1.4 mln new clients will help Bank Millennium to reach Top-6 by number of retail clients in Poland

3. Complementary branch network with focus on smaller cities

4. Risks related to CHF mortgage portfolio of eurobank covered by guarantee and indemnity that will be provided by Société Générale S.A.

5. Significant efficiencies achieved by benefits of scale and sharing of best practices with fully phased synergies pre-tax of 175 mln PLN yearly

6. 26% EPS accretion and 17% ROI once synergies are fully realised

7. Top 3 positon by ROE among Polish listed banks in 2020E

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