Resolution regarding the merger of Bank Millennium and Euro Bank

The Extraordinary General Meeting of Bank Millennium

27 of August 2019

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BASIC INFORMATION

LEGAL BASIS AND METHOD OF THE MERGER

The merger shall take place pursuant to Article 492 § 1 point 1 of the Commercial Companies Code by a take-over of Euro Bank by Bank Millennium, that is by way of a transfer of all of the assets and liabilities of Euro Bank to Bank Millennium in exchange for shares in Bank Millennium (the "**Merger Shares**") delivered to the shareholders of Euro Bank other than Bank Millennium (the "**Merger**").
The Merger will come into effect on the day of the registration of the Merger in the Register of Entrepreneurs of the National Court Register by the court competent for Bank Millennium's registered office (the "**Merger Day**").

As a result of the Merger, on the Merger Day:

- Bank Millennium will assume, on the basis of universal succession, all rights and obligations of Euro Bank and Euro Bank will be wound-up without liquidation proceedings; and
- Euro Bank's property (all assets and liabilities) will be transferred to Bank Millennium.

The Merger shall take place on the basis of resolutions taken by the General Meetings of Bank Millennium and Euro Bank.

MERGER SHARES

The share capital of Bank Millennium is PLN 1,213,116,777.00 and is divided into 1,213,116,777 shares of a nominal value of PLN 1.00 each.
In in connection with the Merger, the existing dematerialised shares of Bank Millennium (i.e. the Merger Shares) will be allocated and delivered to the shareholders of Euro Bank other thank Bank Millennium, pursuant to the terms of allotment of the Merger Shares set out in point 6 of the Merger Plan. **Thus, in connection with the Merger, there will be no increase in the share capital of Bank Millennium.**

REQUIRED REGULATORY AND CORPORATE CONSENTS

REQUIRED CONSENTS OF THE REGULATORY AUTHORITIES

The Merger will not be effected until all required regulatory consents and approvals related to the Merger will be obtained, including:

a) the decision on consent to the Merger of the Financial Supervision Authority (*Komisja Nadzoru Finansowego*; the "**KNF**"), pursuant to the provisions of Article 124 Section 1 of the Banking Law; and
b) the KNF's consent for the amendments to the Statutes of Bank Millennium, pursuant to the provisions of Article 34 of the Banking Law.

The consent of the President of the Office of Competition and Consumer Protection to the Merger is not required pursuant to Article 14 point 5 of the Competition and Consumer Protection Act, as the Merging Companies belong to the same capital group.

RESOLUTIONS OF THE GMs OF THE BANKS

Pursuant to Article 506 § 2 and 4 of the Commercial Companies Code, the grounds for the Merger, will be certain resolutions adopted by the General Meeting of Bank Millennium and the General Meeting of Euro Bank, containing, in particular, consent to:

a) the Merger Plan,
b) the proposed amendments to the Statutes of Bank Millennium related to the Merger, as presented in § 4 of the draft resolution of Bank Millennium General Meeting in the matter of Merger (as well as analogous changes presented in the resolution of Euro Bank General Meeting).

GENERAL SUCCESSION

Pursuant to the provisions of Article 494 § 2 and § 5 of the Commercial Companies Code, the absorbing company takes over, effective on the Merger Day, the permits, concessions and relief that had been granted to the target company, unless: (i) statutes or the decision granting the permit, concession or relief stipulate otherwise, or (ii) in the case of permits or concessions granted to a financial institution, if the authority that issued the permit or concession objected to it within one month of the publication of the Merger Plan.

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ECONOMIC RATIONALE FOR THE MERGER

In the last couple of years, maintaining a strong position and further dynamic development in the Polish banking sector has become increasingly challenging due to the growing competition on the part of banks and other financial sector players, as well as due to the consolidation of the Polish banking sector. The increasing competition forces even faster implementation of new product offers, the optimization of current business processes and continuous development of innovations, to avoid losing the existing competitive advantages. Thanks to the consolidation, individual banks are able to achieve superior performance and present to customers an improved product offer. This is driven by achieved synergies, which enable market players to take advantage of economies of scale and offer more efficient service to the merged customer bases.
The merger of Euro Bank and Bank Millennium enables the acquisition of new complementary competencies and the scaling-up of current business models. Both Banks are characterized by complementary features, which include but are not limited to:

- Strong focus on the service quality and customer satisfaction in both Banks, which translates into NPS>40 and resulted in multiple awards in prestigious rankings (Golden Banker, Newsweek's Customer-Friendly Bank);
- High number of new clients acquired (100+ thousand a year at Euro Bank and 300+ thousand a year at Bank Millennium);
- Complementary distribution network of own branches (Bank Millennium has strong position in large metropolises, meanwhile Euro Bank has a strong position in small and medium-sized towns and cities) and a wide network of Euro Bank's franchise branches;
- The business model pertaining to the acquisition of new business (Euro Bank: credit products offered to new customers of the Bank, Bank Millennium: everyday banking and a wide array of additional products offered to the current customer base).

From the Acquiring Bank's perspective, the acquisition of Euro Bank is fully compliant with the 2018-2020 Strategy and translates into profitable utilisation of the bank's surplus capital and liquidity. The merger will create a much larger and more competitive bank, occupying a clear seventh place in the marketplace in terms of assets, deposits and loans, with a particularly strong position in the consumer lending segment. Moreover, the merger will generate significant synergies and savings to the Acquiring Bank.
The positive outcome of the merger will also effect Euro Bank's customers who will gain access to the Bank Millennium wide product offer, including new products such as structured deposits and a wide array of insurance products. Additionally, customers will gain access to innovative digital platforms and sales channels, as well as have an opportunity to take advantage of a much wider network of branches and ATMs on a nation-wide basis.

RATIO OF EXCHANGE OF EURO BANK SHARES TO BANK MILLENNIUM MERGER SHARES

SHARE EXCHANGE RATIO

The following ratio of exchange of Euro Bank shares to Bank Millennium Merger Shares ("**Share Exchange Ratio**") will be applied:

Euro Bank shares	Bank Millennium Merger Shares
1	4.1

This means that in exchange for 1 (one) share of Euro Bank with a nominal value of PLN 11.29 each, an Euro Bank's shareholder (other than Bank Millennium) will receive 4.1 Merger Shares of Bank Millennium with a nominal value of PLN 1.00 each

EXAMINATION OF THE MERGER PLAN BY THE EXPERT AUDITOR

The Merger Plan has been examined by the auditor appointed by the registry court. On July 18, 2019 the expert auditor issued the opinion in which, in particular, he: (i) stated that the Share Exchange Ratio was determined correctly; (ii) indicated the method used in arriving at the share exchange ratio proposed in the Merger Plan, as well as evaluated it as legitimate; and (iii) indicated that no special difficulties occurred in relation to the valuation of shares of the Merging Companies.

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AUDITOR'S OPINION

Opinion (excerpts comprising conclusions)

I believe that the evidence I have obtained provides a sufficient and appropriate basis for expressing an opinion on the correctness and fairness of the Merger Plan.
On the basis of the procedures carried out, in my opinion, in all important aspects:

- The Merger Plan has been drawn up in a true and fair manner in accordance with the adopted criteria;
- the share exchange ratio referred to in Article 499 § 1 item 2) KSH has been duly determined;
- the method described in 5.2 of the Merger Plan used to determine the proposed share exchange ratio, i.e. the arithmetic mean of the share exchange parities estimated using 3 different valuation methods - is reasonable;
- there have not occurred any particular difficulties related to the valuation of the shares of the Acquiring Bank and Acquired Bank.

Paweł Ryba, Statutory Auditor, Registration Number 90121

Warszawa, 18 July 2019

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CONSEQUENCES OF THE MERGER FOR SHAREHOLDERS, CREDITORS, EMPLOYEES AND OTHER PERSONS

Consequences of the Merger for Shareholders and other persons

As the Merger Shares to be allocated and delivered to the eligible shareholders of Euro Bank will be the existing shares of Bank Millennium, the Merger will not result in any changes to the legal status of current Bank Millennium shareholders nor will lead to their dilution.

Pursuant to Art. 494 § 4 of the Commercial Companies Code, Euro Bank shareholders will automatically become Bank Millennium shareholders on the Merger day, as a result of being granted the Merger Shares according to the procedure set out in point 6 of the Merger Plan. Furthermore, certain Euro Bank Shareholders may be entitled to receive the Additional Payment in accordance with point 6 of the Merger Plan.

Additionally, both Banks expect that the merger will bring tangible financial effects that may translate to the increase of value of Bank Millennium's shares and, at the same time, to financial benefits for the shareholders.

No additional rights in Bank Millennium shall be granted to the shareholders or other specially privileged persons in Euro Bank. No particular benefits shall be granted neither to the members of the authorities of the Merging Companies nor to any other persons participating in the Merger.

Consequences of the Merger for creditors

In accordance with the principles of general succession, Bank Millennium will assume all the rights and obligations of Euro Bank as at the Merger Day, and Euro Bank will be wound up without liquidation proceedings being conducted.

Therefore, creditors of Euro Bank will become, by operation of law, creditors of Bank Millennium.

Consequences of the Merger for employees

In accordance with the provisions of Article 23^1 of the Labour Code, the employment undertaking of Euro Bank will be transferred to Bank Millennium as of the Merger Day. Therefore, on the Merger Day all of the employees of Euro Bank will become, by operation of law, employees of Bank Millennium.

CONCLUSIONS AND RECOMMENDATIONS

Taking into account the economic and financial circumstances of the Merger, both from the perspective of the Banks and their shareholders, in particular the circumstances specified in the Economic Rationale for the Merger, it should be recognised that the Merger remains purposeful from a strategic and operational perspective and due to the possibility of lowering the costs and taking into consideration the experience of the merging Banks.

In light of the above, the Management Board of the Bank hereby recommends that the General Meeting adopt a resolution on the Merger of Bank Millennium and Euro Bank and grant a consent to the amendment to the Statutes of Bank Millennium in the shape presented in § 4 of the draft resolution of the General Meeting in the matter of the Merger.

Pursuant to Art. 515 § 2 of the Commercial Companies Code, Bank Millennium shall acquire appropriate amount of Bank Millennium's own shares to be offered as the Merger Shares to the eligible shareholders of Euro Bank.