

BANK MILLENNIUM S.A.

AND

EURO BANK S.A.

MERGER PLAN

MERGER PLAN

This merger plan (hereinafter referred to as the "**Merger Plan**") was prepared on the basis of Articles 498 and 499 of the Act of 15 September 2000 – Commercial Companies' Code (Journal of Laws of 2000, no. 94 item 1037, with changes); the "**Commercial Companies Code**") and Article 124 of the Act of 29 August 1997 – Banking Law (Journal of Laws of 1997, no. 140 item 939, with changes); the "**Banking Law**").

The Merger Plan was executed on June 6th 2019 by **Bank Millennium S.A.** and **Euro Bank S.A.** (hereinafter jointly referred to as the "**Merging Companies**").

1. DEFINITIONS

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| Additional Payment | – an additional payment in cash to be received by those eligible shareholders of Euro Bank who will not receive a fractional part of a Merger Share to which the shareholder was entitled to in accordance with the Share Exchange Ratio; |
| Bank Millennium or Absorbing Company | – Bank Millennium S.A. with its registered office in Warsaw, address: ul. Stanisława Żaryna 2A, 02-593 Warsaw, entered into the Register of Entrepreneurs of the National Court Register, kept by District Court in Warsaw, XIII Commercial Department of National Court Register under No. 0000010186; |
| Banking Law | – the Act of 29 August 1997 – Banking Law (Journal of Laws of 1997, no. 140 item 939, with changes); |
| Civil Code | – the Act of 23 April 1964 – Civil Code (Journal of Laws of 1964, no. 16 item 93, with changes); |
| Commercial Companies Code | – the Act of 15 September 2000 – Commercial Companies' Code (Journal of Laws of 2000, no. 94 item 1037, with changes); |
| Competition and Consumer Protection Act | – the Act of 16 February 2007 on competition and consumer protection (Journal of Laws of 2007, no. 50 item. 331, with changes); |
| Euro Bank or Target Company | – Euro Bank S.A. with its registered office in Wrocław, address: ul. św. Mikołaja 72, 50-126 Wrocław, entered into the Register of Entrepreneurs of the National Court Register, kept by District Court in Wrocław-Fabryczna, VI Commercial Department of National Court Register under No. 0000025313; |

GM or General Meeting	– the general meeting of Bank Millennium or the general meeting of Euro Bank, as the context indicates;
KNF	– the Polish Financial Supervision Authority (<i>Komisja Nadzoru Finansowego</i>);
Management Board	– the management board of Bank Millennium or the management board of Euro Bank, as the context indicates;
Merger	– the merger of Bank Millennium, as the absorbing company, and Euro Bank, as the target company, in accordance with Article 492 § 1 item 1 of the Commercial Companies Code, i.e. by way of the transfer of all the property of Euro Bank in exchange for the Merger Shares, which Bank Millennium will deliver to the eligible shareholders of Euro Bank (merger through takeover);
Merger Day	– the day on which the Merger is entered in the register of entrepreneurs of the National Court Register by the registry court competent for Bank Millennium's registered office;
Merger Plan	– this document;
Merger Shares	– the existing dematerialised shares of Bank Millennium, admitted to trading and listed on the regulated market of the Warsaw Stock Exchange, with ISIN code: PLBIG0000016, to be allocated and delivered to the eligible shareholders of Euro Bank;
Merging Companies or Banks	– jointly Bank Millennium and Euro Bank;
Share Exchange Ratio	– the exchange ratio at which Euro Bank shares are to be exchanged for Bank Millennium shares indicated in point 5.1;
Statutes	– the statutes of Bank Millennium;
Warsaw Stock Exchange	– the Warsaw Stock Exchange (<i>Gielda Papierów Wartościowych w Warszawie S.A.</i>).

2. TYPE, NAME AND THE SEAT OF THE MERGING COMPANIES

2.1. The Absorbing Company

Full name: Bank Millennium S.A.
Address of the registered office: ul. Stanisława Żaryna 2A
02-593 Warsaw
Share capital: PLN 1,213,116,777.00
Registration: Entered into the Register of Entrepreneurs of the National Court Register, kept by District Court in Warsaw, XIII Commercial Department of National Court Register under No. 0000010186.

The Absorbing Company hereinafter referred to as "**Bank Millennium**".

2.2. The Target Company

Full name: Euro Bank S.A.
Address of the registered office: ul. św. Mikołaja 72
50-126 Wrocław
Share capital: PLN 563,096,032.05
Registration: Entered into the Register of Entrepreneurs of the National Court Register, kept by District Court in Wrocław-Fabryczna, VI Commercial Department of National Court Register under No. 0000025313.

The Target Company hereinafter referred to as "**Euro Bank**".

3. GENERAL INFORMATION

3.1. 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:

(a) 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

(b) 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. The draft resolutions are set out in the Attachments 1 and 2 to the Merger Plan.

3.2. 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 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 than Bank Millennium, pursuant to the terms of allotment of the Merger Shares set out in point 6 of the Merger Plan.

3.3. 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.

3.4. 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 Attachment 3 to the Merger Plan.

3.5. 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.

4. 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 metropolisess, 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.

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

5.1. 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.

5.2. Methods used to calculate the Share Exchange Ratio

The Share Exchange Ratio was calculated as the arithmetic mean of ratios estimated using three different methodology, taking into account:

- (a) valuations of both banks (carried out using three methods - income including dividends, implied multipliers method and market indicators method),
- (b) equity value (net asset value method) and
- (c) transactions carried out on bank shares (transaction method).

5.3. Examination of the Merger Plan by the expert auditor

The Merger Plan will be examined by the auditor appointed by the registry court. The opinion of an expert auditor opinion will at least: (i) state whether the share exchange ratio was determined correctly; (ii) indicate the method or methods used in arriving at the share exchange ratio proposed in the Merger Plan, together with an evaluation of grounds for the application thereof; and (iii) indicate any special difficulties related to the valuation of shares of the Merging Companies.

5.4. Opinions of external financial advisors

In preparing the valuation of the Merging Companies as well as in establishing the Exchange Ratio the Management Board of Bank Millennium took into account, amongst other matters, the opinion dated 6 June 2019 issued by KPMG Advisory Spółka z ograniczoną

odpowiedzialnością sp.k. as to the fairness opinion from a financial point of view, of the exchange ratio pursuant to the Merger Plan attached as Attachment 6 to the Merger Plan.

6. RULES OF THE ALLOTMENT OF SHARES

6.1. Allocation of the Merger Shares

The Merger Shares will be allocated to the eligible shareholders of Euro Bank, i.e. shareholders other than Bank Millennium, on the Merger Day. The Merger Shares are the existing dematerialised shares of Bank Millennium, admitted to trading and listed on the regulated market of Giełda Papierów Wartościowych w Warszawie S.A. (the "Warsaw Stock Exchange"), with ISIN code: PLBIG0000016.

The number of the Merger Shares which will be allocated to each of the eligible shareholders of Euro Bank will be calculated as a product of the number of shares of Euro Bank held by a given shareholder on the Merger Day and a value of the Share Exchange Ratio. The result of the operation described in the preceding sentence will be rounded down to the nearest integer (unless the result itself is an integer).

A shareholder of Euro Bank who – as a result of the rounding down process described above – will not receive a fractional part of a Merger Share to which the shareholder was entitled to in accordance with the Share Exchange Ratio, will receive an additional payment in cash (the "Additional Payment").

The Additional Payment will be calculated in accordance with the following formula:

$$D = U \times A$$

where: **D** – means the amount of the Additional Payment, **U** – means the fractional part of the Merger Share that has been rounded down and has not been allocated to the eligible shareholder of Euro Bank, whereas **A** – means the amount that is an arithmetic mean of the volume weighted average daily quoted prices of Bank Millennium's shares on the Warsaw Stock Exchange from 30 (thirty) consecutive session days immediately preceding the Merger Day. The amount of the Additional Payment due will be rounded up to 1 grosz (PLN 0.01).

6.2. Rules of delivery of the Merger Shares to the eligible shareholders of Euro Bank

The Merger Shares will be delivered by way of recording them in the securities accounts of the shareholders of Euro Bank entitled to receive them in the number resulting from the application of the agreed Share Exchange Ratio.

Bank Millennium will not issue any new shares in relation to the Merger. The Merger Shares to be allocated and delivered to the eligible shareholders of Euro Bank will be purchased on the Warsaw Stock Exchange in the secondary trading by Millennium Dom Maklerski S.A. under instructions of Bank Millennium issued pursuant to Art. 515 § 2 of the Commercial Companies Code. The Merger Shares will be acquired following the GMs of both of the Banks adopt resolutions approving the Merger.

Therefore, in order for Bank Millennium to take actions necessary for the delivery of the Merger Shares, the eligible shareholders of Euro Bank are requested to provide Millennium Dom Maklerski S.A. with information on numbers of securities accounts in which the Merger Shares are to be recorded and numbers of related cash accounts to which the amounts of Additional Payments can be transferred if they are due under the agreed Share Exchange Ratio and the rules of determination of Additional Payments set out in point 6.1 of the Merger Plan. The information provided should be appropriately probable and should indicate the name and surname, address, telephone number, ID number and PESEL number of the authorized shareholder of the Euro Bank who is the holder of the above-mentioned accounts.

The information referred to in the preceding paragraph should be provided to the following correspondence addresses:

Millennium Dom Maklerski S.A.

ul. Stanisława Żaryna 2A
02-593 Warszawa, Poland

With an annotation: Delivery of the Merger Shares

copy to:

Bank Millennium S.A.

ul. Stanisława Żaryna 2A
02-593 Warszawa, Poland

With an annotation: Delivery of the Merger Shares

along with a copy sent by e-mail to the following addresses fuzja@millenniumdm.pl and fuzja@bankmillennium.pl.

7. THE DAY AS OF WHICH THE MERGER SHARES WILL PARTICIPATE IN THE PROFIT

If the Merger Shares are recorded in the securities accounts of the eligible shareholders of Euro Bank by (and including) the dividend date, referred to in Art. 348 § 4 of the Commercial Companies Code, set for 2020, they will participate in profit as of 1 January 2019, whereas if the Merger Shares are recorded in the securities accounts of the eligible shareholders of Euro Bank after the dividend date, referred to in Art. 348 § 4 of the Commercial Companies Code, set for 2020, the Merger Shares will participate in profit as from 1 January 2020.

8. THE RIGHTS GRANTED BY BANK MILLENNIUM TO THE SHAREHOLDERS OR OTHER SPECIALLY PRIVILEGED PERSONS IN EURO BANK

No additional rights in Bank Millennium shall be granted to the shareholders or other specially privileged persons in Euro Bank.

9. **SPECIAL BENEFITS FOR THE MEMBERS OF THE AUTHORITIES OF THE MERGING COMPANIES AND OTHER PERSONS PARTICIPATING IN THE MERGER**

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.

On behalf of:

BANK MILLENNIUM

EURO BANK