

5 novembro 2018

Banco Comercial Português, S.A. informa sobre aquisição do eurobank pelo Bank Millennium

O Banco Comercial Português, S.A. (“Millennium bcp”) informa que o Bank Millennium S.A. (“Bank Millennium”), uma subsidiária por si detida a 50,1%, anunciou hoje ter chegado a acordo para a aquisição à Societe Generale Financial Services Holding, uma subsidiária da Société Générale S.A., de uma participação de 99,79% no Euro Bank S.A. (“eurobank”), por um valor total estimado em 1.833 milhões de zlotys*, tendo implícito um múltiplo P/BV de 1,20x (preço final de aquisição sujeito aos ajustes habituais ao *net asset value* na data da transação), a ser pago em *cash* e totalmente financiado por meios próprios do Bank Millennium.

A aquisição do eurobank permite reforçar a posição do Bank Millennium na banca polaca. Levará, adicionalmente, a um aumento da sua base de Clientes, e torná-lo-á um dos 6 maiores bancos na Polónia em número de Clientes de retalho, reforçando a presença geográfica do Bank Millennium em cidades polacas de menor dimensão. Esta transação representa também uma aplicação lucrativa dos excessos de capital e de liquidez do Bank Millennium, estimando-se que incremente os resultados do Bank Millennium em 26% já a partir de 2021. Estima-se que o rácio *CET1* do Bank Millennium se situe em 15,9% após a concretização da transação (17,2% incluindo os resultados do Bank Millennium para os primeiros 9 meses de 2018), excedendo confortavelmente os requisitos regulamentares.

A transação deverá ser concluída no 2.º trimestre de 2019, sujeita a autorizações regulamentares, e deverá traduzir-se num acréscimo dos resultados consolidados do Millennium bcp a partir de 2020, já considerando custos de integração. Estima-se um impacto aproximado de -40 pontos base no rácio *CET1* e de -30 pontos base no rácio de capital total *fully implemented*, ambos em base consolidada, na data da transação.

“O Millennium bcp assumiu perante o mercado em Julho 2018 que iria iniciar um ciclo de crescimento assente no reforço das suas competências distintivas, nomeadamente o dispor de um modelo de banca de relação em que é dada primazia ao Cliente; permanecer como uma referência em termos de eficiência de modelo de negócio; e beneficiar de um portfólio de negócios internacional diversificado e com elevado potencial,” afirmou Miguel Maya, CEO do Millennium bcp. “Esta aquisição é efetuada num mercado com elevado potencial de crescimento, tendo sido analisada com o máximo detalhe dada a relevância que a gestão rigorosa do capital e dos riscos de negócio assumem para a Comissão Executiva do BCP. O Banco não perspetiva qualquer aquisição adicional, sendo o crescimento previsto no plano estratégico exclusivamente suportado no desenvolvimento orgânico. Confiamos que esta aquisição contribuirá para reforçar a rendibilidade e a qualidade dos ativos do Grupo Millennium bcp.”

Junta-se uma cópia do *current report* e respetiva apresentação, conforme publicados pelo Bank Millennium na bolsa de valores de Varsóvia.

*€428 milhões (€/zloty: 4,2807).

Fim de comunicado

Banco Comercial Português, S.A.

5 November 2018

Current Report no. 21/2018

SUBJECT: Inside information - execution of share purchase agreement related to the shares in Euro Bank S.A.

Acting pursuant to Article 17 sec. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("**MAR**"), the Management Board of Bank Millennium S.A. ("**Bank Millennium**") hereby informs that negotiations to purchase shares representing approx. 99.787% of the share capital of Euro Bank S.A. ("**Euro Bank**") (the "**Shares**") from SG Financial Services Holdings (the "**Seller**"; Bank Millennium and the Seller are referred to jointly as the "**Parties**"), the Seller being a wholly-owned subsidiary of Société Générale S.A. ("**SG**") have ended and on 5 November 2018 Bank Millennium entered into a share purchase agreement with the Seller to purchase the Shares (the "**SPA**").

The transaction provided for in the SPA consists of the direct purchase by Bank Millennium of the Shares from the Seller (the "**Transaction**") for a price amounting to PLN 1,833,000,000 (one billion eight hundred and thirty-three million zlotys) (the "**Price**"), the Price being subject to adjustment mechanism following completion of the Transaction (i.e. transfer of the legal title to the Shares to Bank Millennium, the "**Closing**"). The final Price will be adjusted based on the comparison between the final net asset value of Euro Bank (calculated, in principle, as at the Closing date) and the reference net asset value used as a basis for setting up the Price and as a result such final Price actually paid by Bank Millennium for the Shares may differ from the Price stated above. Bank Millennium

will notify of the final amount of the Price in an appropriate current report. Bank Millennium does not intend to raise share capital to finance the Transaction.

The Closing of the Transaction is contingent on the fulfilment of certain conditions precedent set out in the SPA, which include: (i) obtaining consent of the appropriate antitrust authority; and (ii) obtaining clearance from the Polish Financial Supervision Authority (the "**PFS**A") confirming that there is no objection to the acquisition by Bank Millennium of the Shares (the "**Conditions**"). Furthermore, the Transaction requires filing of a notification to the European Central Bank by Banco Comercial Português, S.A. (being the majority shareholder of Bank Millennium).

The Conditions must be fulfilled (or waived in accordance with the SPA) before the long-stop date, which is set at the first anniversary of the execution of the SPA. If the Conditions are not fulfilled (or waived) before the long stop date, either Party will have the right to rescind the SPA, which will result in the cancellation of the Transaction on the terms set out in the SPA. Bank Millennium will publicly announce that the Conditions have been or have not been fulfilled in appropriate current reports.

Moreover, the Parties are entitled to rescind the SPA in certain situations specified therein.

Additionally, the SPA envisages that at the Closing the funding provided to Euro Bank by SG (including the subordinated debt provided by SG) will be repaid or refinanced by Euro Bank and/or by Bank Millennium in full (and in respect of the subordinated debt, provided by SG, subject to obtaining appropriate consents of the PFS A in this respect).

The SPA contains certain warranties given by the Seller concerning the Shares and the business activity of Euro Bank and specifies the terms of the Seller's liability in that regard.

The SPA contains also non-compete undertaking of the Seller with regard to taking up or conducting certain types of banking activity in Poland by the Seller and/or its group companies (save for, *inter alia* the activity conducted by the SG Branch in Poland) as well as non-solicitation undertaking of the Seller and/or its group companies regarding the key employees of Euro Bank.

Due to the fact that the Euro Bank holds a portfolio of loans denominated in CHF or denominated in PLN but indexed in CHF ("**CHF Portfolio**") that will be part of the assets of Euro Bank as at the Closing, the Parties agreed in the SPA that at the Closing Euro Bank and SG will enter into a CHF Portfolio Indemnity and Guarantee Agreement (the "**CHF Agreement**") providing for: (i) 10-year guarantees related to (a) an agreed portion of credit risk related to the loans performing as at Closing within the CHF Portfolio and (b) an agreed portion of the increase in cost of risk related to the loans non-performing as at Closing within the CHF Portfolio; and (ii) a 20-year indemnity related to certain other losses resulting from proceedings, litigations or changes in law related to the CHF Portfolio within the scope specified in the CHF Agreement. The CHF Agreement will provide for certain obligations of Euro Bank related to, *inter alia*, the administration of the CHF Portfolio and certain principles of liability of SG.

The SPA envisages also that at the Closing Euro Bank and SG will enter into an agreement related to the provision by SG of certain limited transitional services for Euro Bank following the Closing.

The SPA and the other documentation of the Transaction are governed by Polish law.

Following the Transaction Bank Millennium will retain the right to name and logo of Euro Bank. However, Bank Millennium's aim following the Closing is to focus on integration of Euro Bank into Bank Millennium group. Additionally, Bank Millennium intends to merge Euro Bank into Bank Millennium, subject to obtaining relevant regulatory approvals in this respect. Once the merger process is commenced Bank Millennium will publish an appropriate current report.

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

Legal basis:

Art. 17 sec. 1 MAR - inside information



Bank Millennium acquisition of eurobank

5 November 2018

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Additionally, this Presentation contains financial data and various compilations thereof which were prepared exclusively for the purpose of the analyses of the potential transaction on the basis of subjective methodologies and specific assumptions and may, therefore, be incompatible with other compilations prepared on the basis of similar sources.

This Presentation contains forward-looking statements. All statements related to the future performance of the Bank and Euro Bank S.A. ("**eurobank**") including, without limitation, those regarding the financial position & performance, business development & strategy, plans and objectives concerning future operations of these entities are not and may not be read as financial projections or forecasts of these entities. Such statements depend on numerous assumptions regarding these entities' present and future business strategies and the environment in which they will operate in the future, and involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Bank and eurobank (as the case may be) to materially differ from future results, performance or achievements expressed or implied by such statements. Statements as to historical performance or financial accretion are not intended to mean that future performance, share price or future earnings (including earnings per share) for any period will necessarily match or exceed those of any prior year. Forward-looking statements speak only as at the date on which they are made and are based on the knowledge, information available and views taken on the date on which they are made; such knowledge, information and views may change at any time.

The information provided herein was included in current or periodic reports published by the Bank or is additional information that is not required to be reported by the Bank as a public company. The information contained in this Presentation is subject to, and must be read in conjunction with, all other publicly available information.

The proposed transaction described in this Presentation will be conducted in full compliance with relevant provisions of Polish law.

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Transaction highlights

Transaction description	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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, 2018¹
CHF portfolio indemnity & guarantee	<p>Société Générale S.A. to provide upon the Closing of the Transaction:</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> J.P. Morgan and Clifford Chance acted as Bank Millennium financial and legal advisers, respectively

eurobank at a glance

Overview

(all numbers as at 30 Jun-18)

- eurobank was established in 2003 by Mariusz Łukasiewicz as a result of acquisitions and a subsequent merger of Bank Spotem 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 1.4¹ 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)

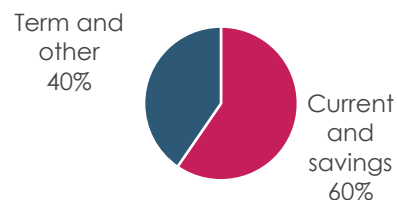
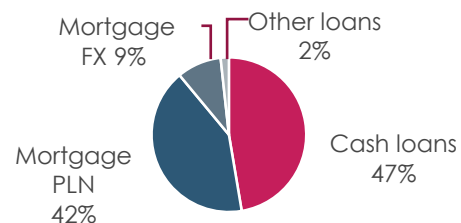
Key financials

PLN mln	2015	2016	2017	1H 18	'15-1H 18 CAGR
Net loans	10 540	11 398	11 731	11 905	5.0%
Total assets	12 290	13 709	13 798	13 919	5.1%
Customer deposits	5 770	6 850	6 817	6 952	7.7%
Parent funding ²	4 690	4 692	4 437	4 431	-2.2%
Shareholders' equity	1 356	1 475	1 565	1 520	4.7%
Net interest income	576	640	662	328	4.5%
Net F&C income	64	55	51	23	-10.7%
Net revenues	707	794	746	383	2.7%
OPEX	-466	-462	-456	-232	-0.1%
Loan loss provisions	-73	-127	-122	-68	23.0%
Bank levy	0	-25	-29	-15	n.m.
Income tax	-33	-38	-36	-25	15.2%
Net income	134	142	103	42	-14.5%
CET1 ratio	12.4%	13.1%	13.6%	15.1%	
NPL ratio	8.7%	8.0%	8.7%	8.2%	
Coverage ratio ³	63.9%	64.0%	60.9%	72.3%	
Net interest margin⁴	4.82%	4.93%	4.81%	4.74%	
Cost / income	66.7%	63.7%	61.9%	60.7%	
Cost of risk ⁵	0.74%	1.16%	1.05%	1.15%	
RoE	10.6%	10.0%	6.8%	5.4%	

Gross loans: 12.7bn PLN

Customer deposits: 7.0bn PLN

(as at 30 Jun-18)



Source: eurobank, pnews

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

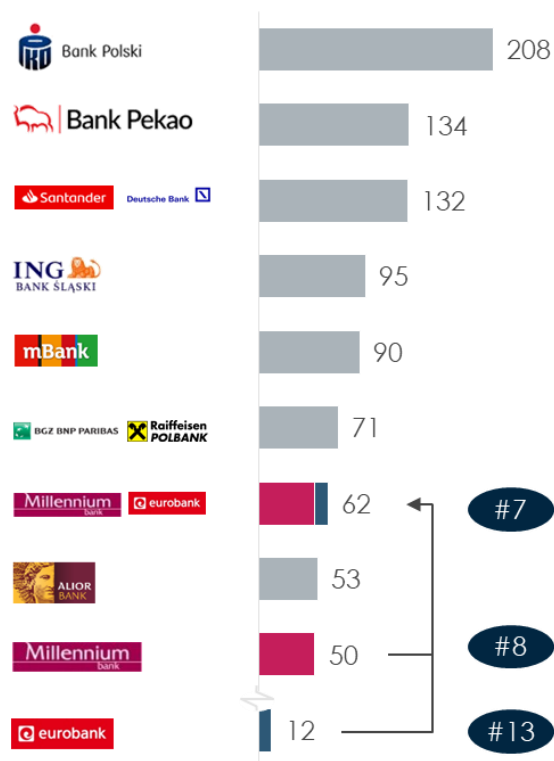
Strategic rationale

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- | | |
|--|---|
| <div style="display: flex; align-items: center;"><div style="border: 1px solid #c00040; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">1</div><div>Increased scale on the market</div></div> | <ul style="list-style-type: none">▪ 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 |
| <hr/> | |
| <div style="display: flex; align-items: center;"><div style="border: 1px solid #c00040; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">2</div><div>Strengthened position in consumer lending</div></div> | <ul style="list-style-type: none">▪ 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 |
| <hr/> | |
| <div style="display: flex; align-items: center;"><div style="border: 1px solid #c00040; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">3</div><div>Complementary geographical presence</div></div> | <ul style="list-style-type: none">▪ eurobank offers Bank Millennium the ability to jump into franchise distribution model▪ eurobank will boost Bank Millennium's presence in smaller cities |
| <hr/> | |
| <div style="display: flex; align-items: center;"><div style="border: 1px solid #c00040; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin-right: 10px;">4</div><div>Strong value to be created</div></div> | <ul style="list-style-type: none">▪ 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 |
-

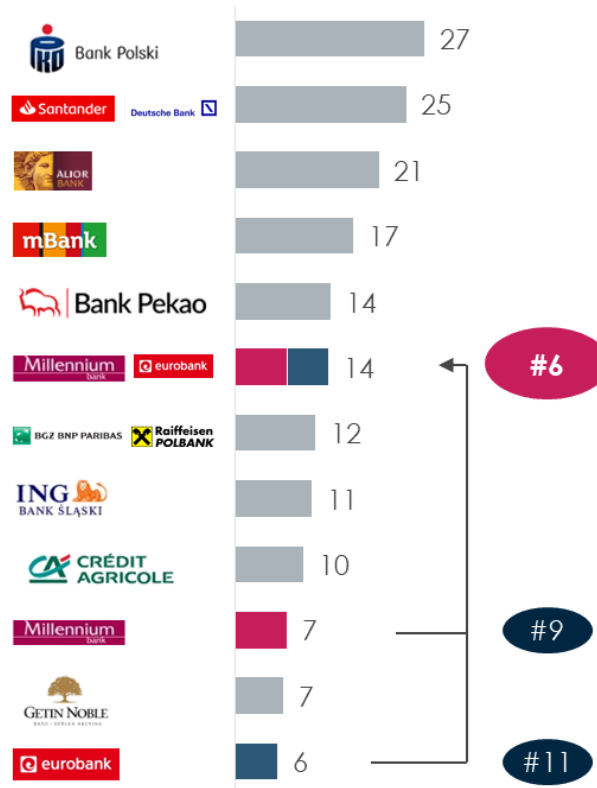
Transaction will allow Bank Millennium to consolidate its position in the Polish banking sector ...

1-2

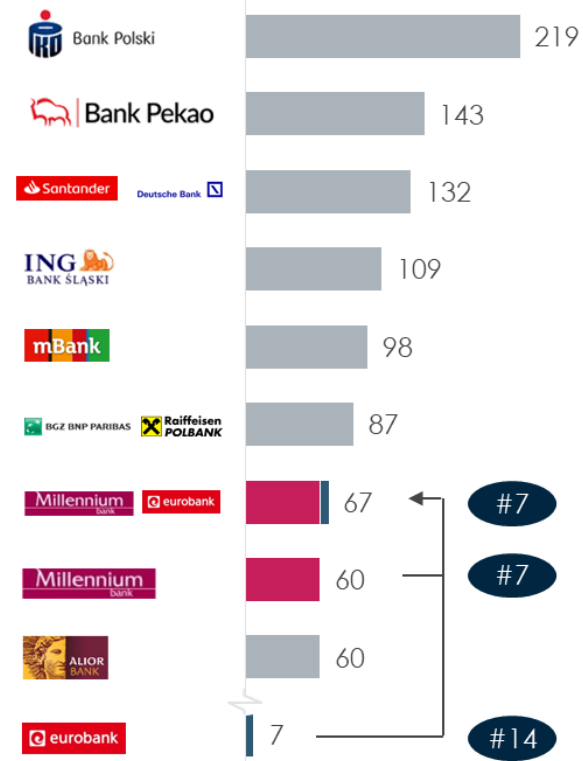
Net loans (PLN bn)¹



Non-mortgage gross retail loans (PLN bn)¹



Customer deposits (PLN bn)¹



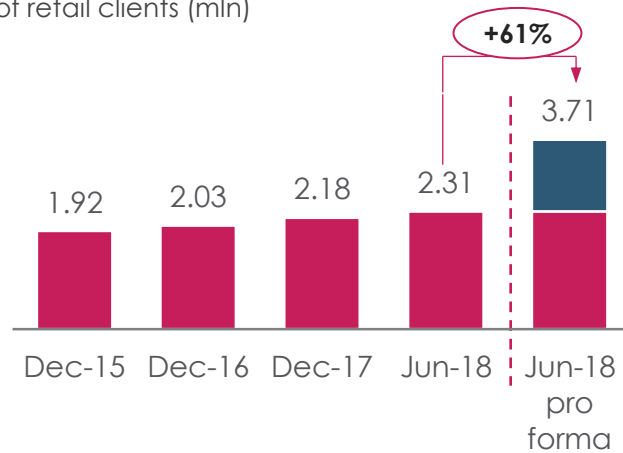
... boosting presence in the consumer loan segment

... and will significantly expand Bank's customer base and further strengthen its powerful client acquisition engine

1-2

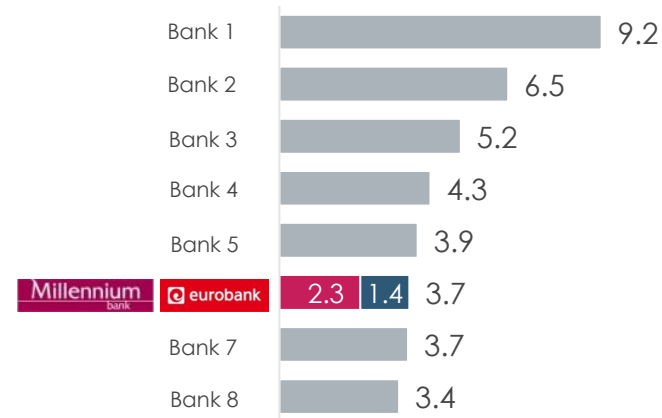
Acquisition will increase Bank Millennium's client base ...

of retail clients (mln)



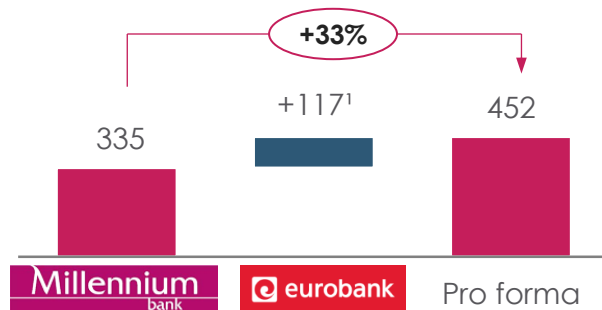
... allowing it to reach top 6 position by # of retail clients

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



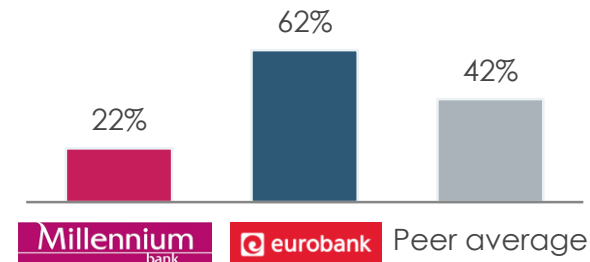
eurobank will bring client acquisition...

New clients acquired in 2017 (ths)



... as well as complementary lending capabilities

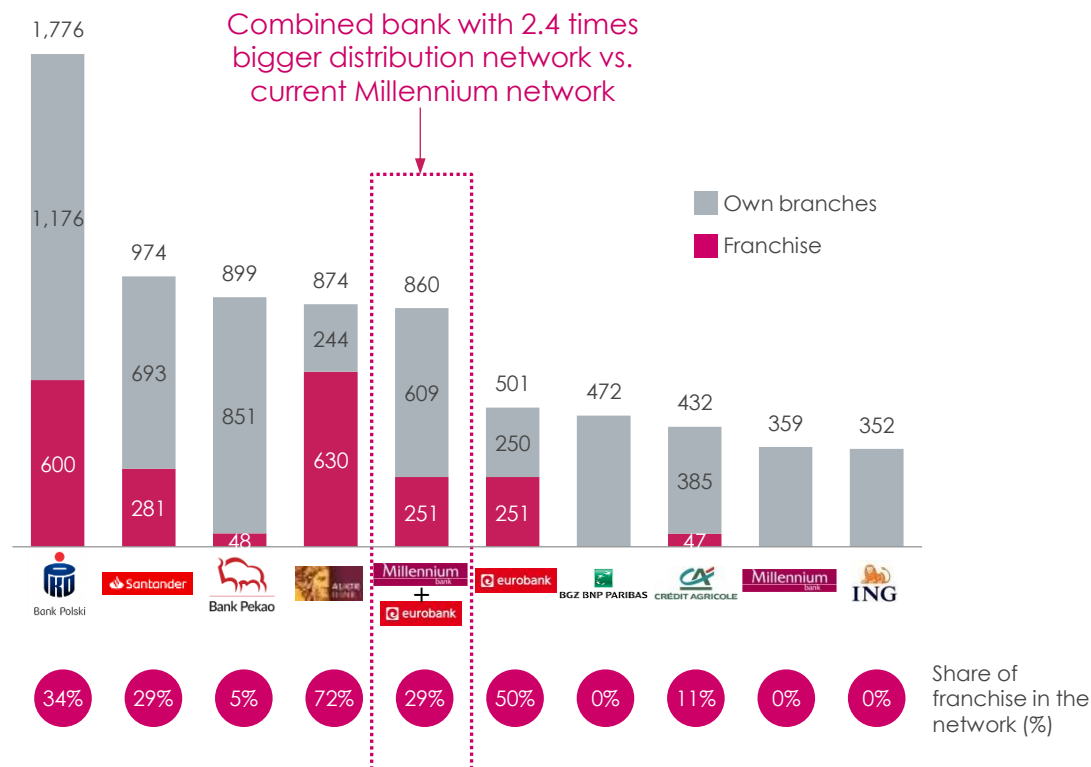
Loans sales to new-to-bank clients (2017)



eurobank offers Bank Millennium the ability to jump into franchise distribution model...

3

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

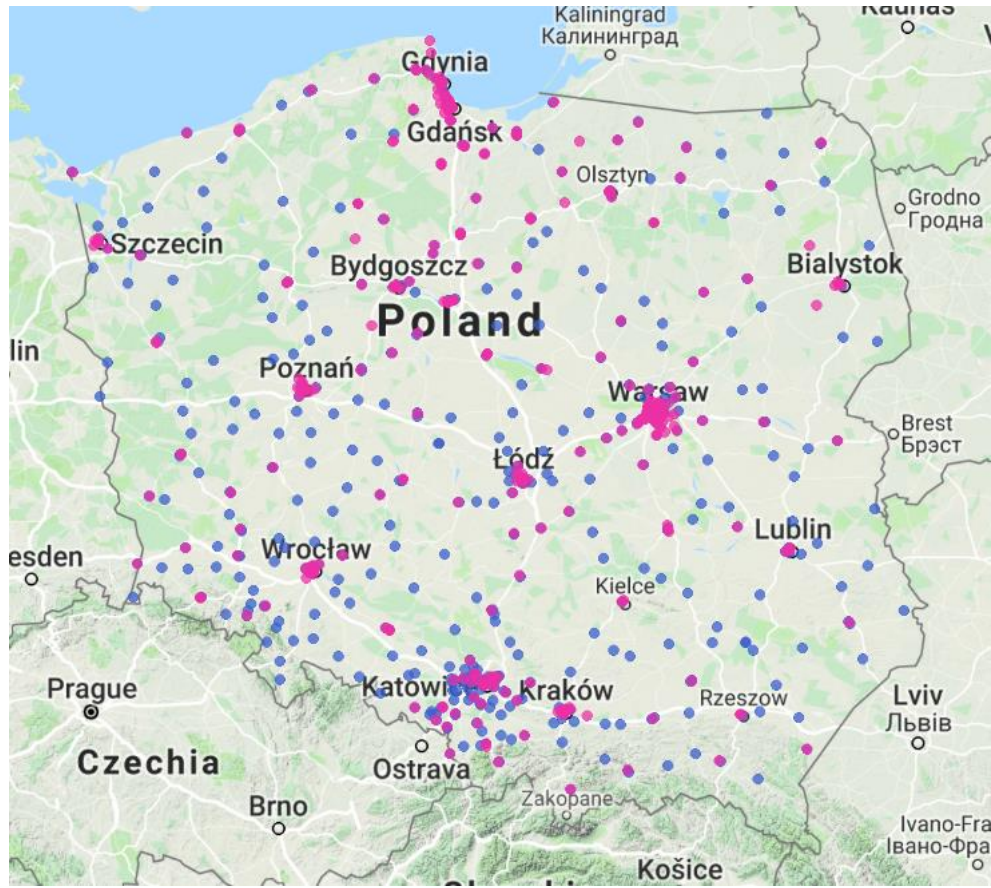


- ① eurobank will add **more than 200 new cities** with 4.5 mln inhabitants to Bank Millennium's coverage
- ② **Strengthen Bank's branch coverage in smaller cities** with c.55% of combined branches to be located in small cities¹ vs. 38% currently
- ③ Acquisition will allow knowledge transfer regarding **franchise model** to Bank Millennium
- ④ Long term, **stable relationships with franchisees** due to close partnerships

... and will boost Bank's geographic presence across Poland

3

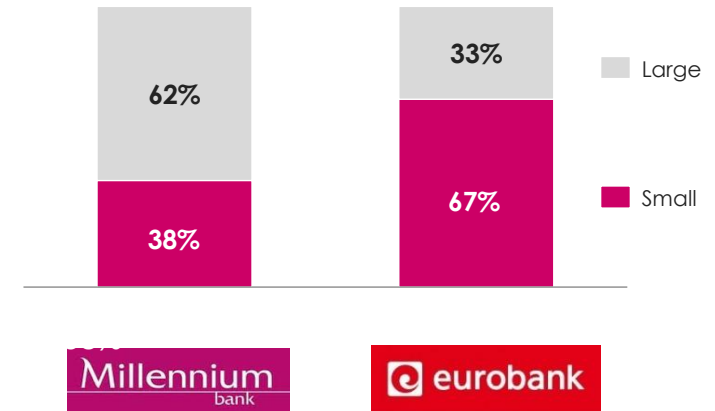
Bank Millennium and eurobank distribution networks



■ Millennium network current coverage ■ Additional coverage by eurobank

Eurobank network focused on small cities ¹

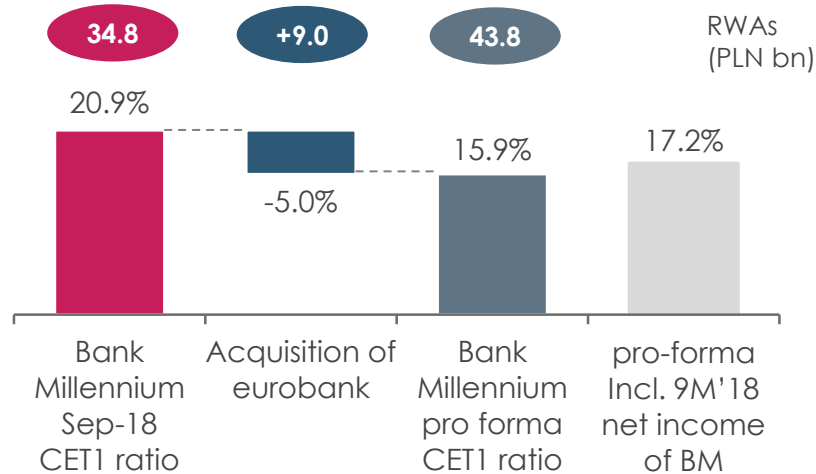
Network distribution by size of the city



Positive deployment of capital and liquidity without need of external financing

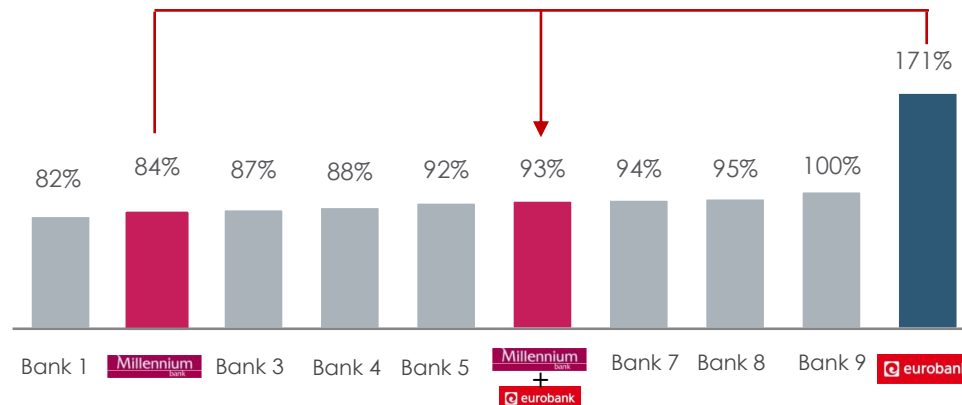
4

Capital impact on Bank Millennium Group

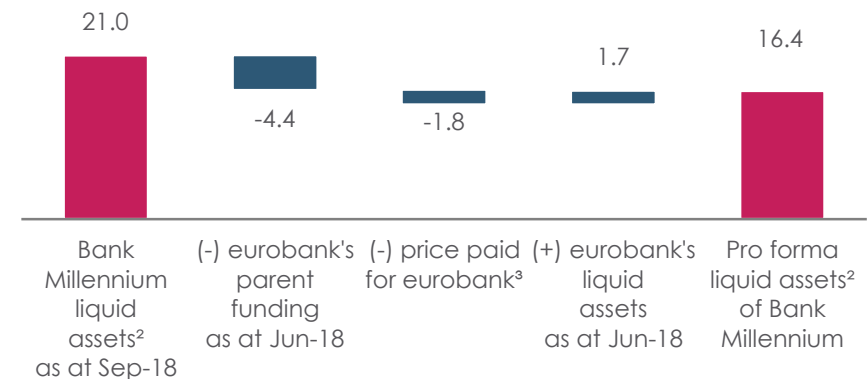


- Assumed increase of RWA reflects the guarantee from Société Générale S.A., reducing effective risk weight of acquired FX mortgages
- Capital position will be further strengthened by retention of full 2018 net profit and planned issuance of subordinated bonds
- Following acquisition of eurobank, Bank 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)¹



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 ...

4

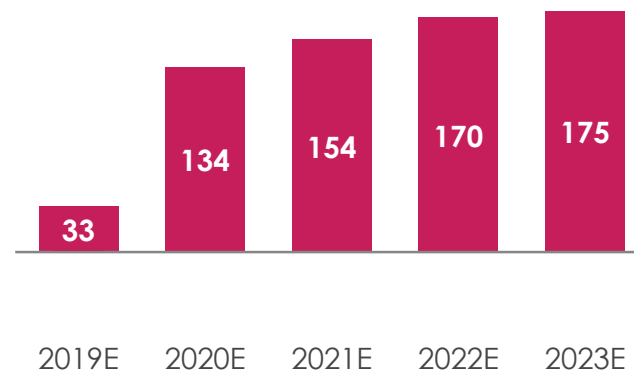
Overview of synergies

- 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)

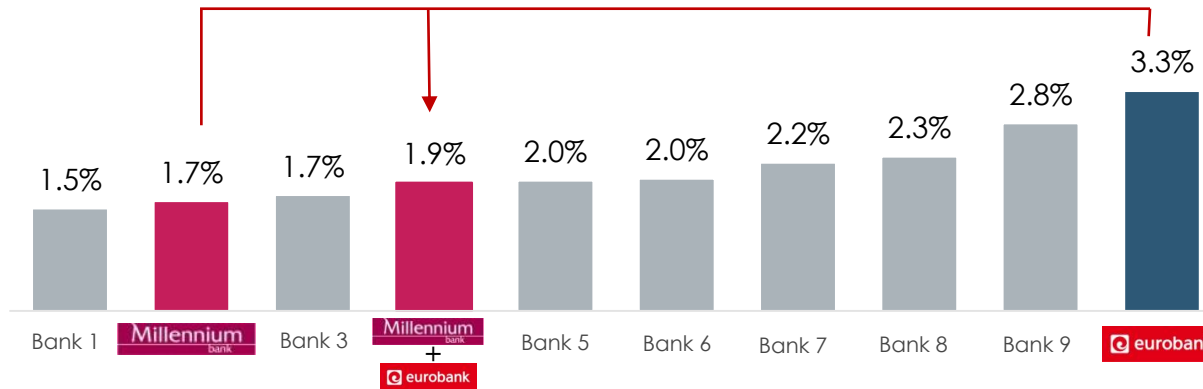


... if delivered, should bring high EPS accretion of the transaction

4

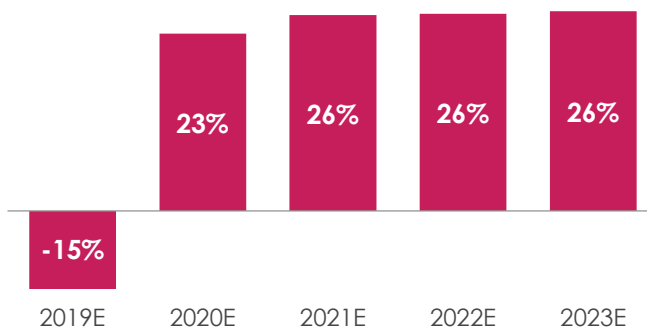
Market leading cost efficiency of Bank Millennium should facilitate achievement of cost synergy targets

Operating expenses over average assets (2017)

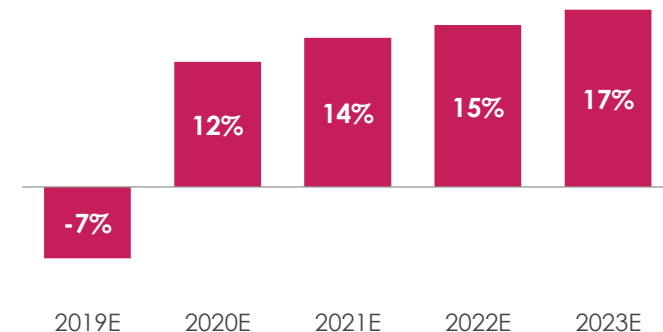


- 4% OPEX increase for 27% growth in retail customer base from 2014 to 2017 exemplifies Bank Millennium's ability to increase scale at negligible costs

EPS accretion (incl. integration costs)



Return on Investment (incl. integration costs)



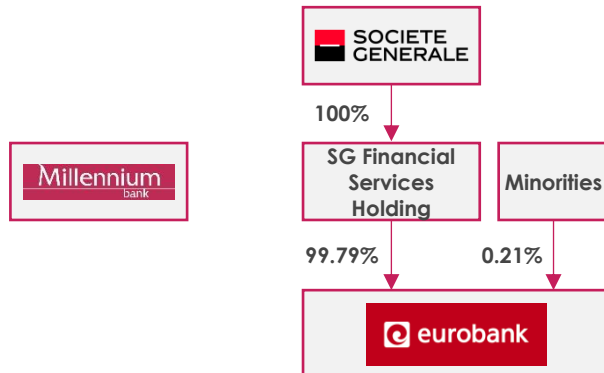
Source: BCG

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

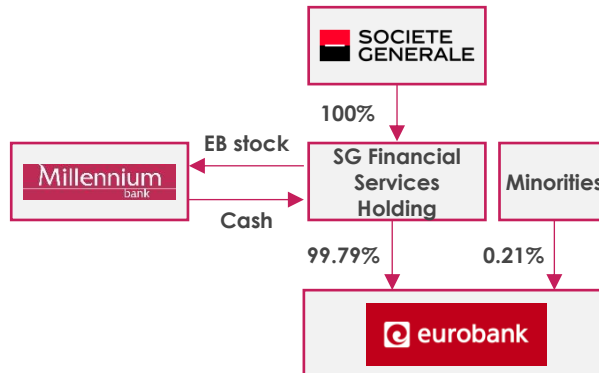
Current structure



- 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

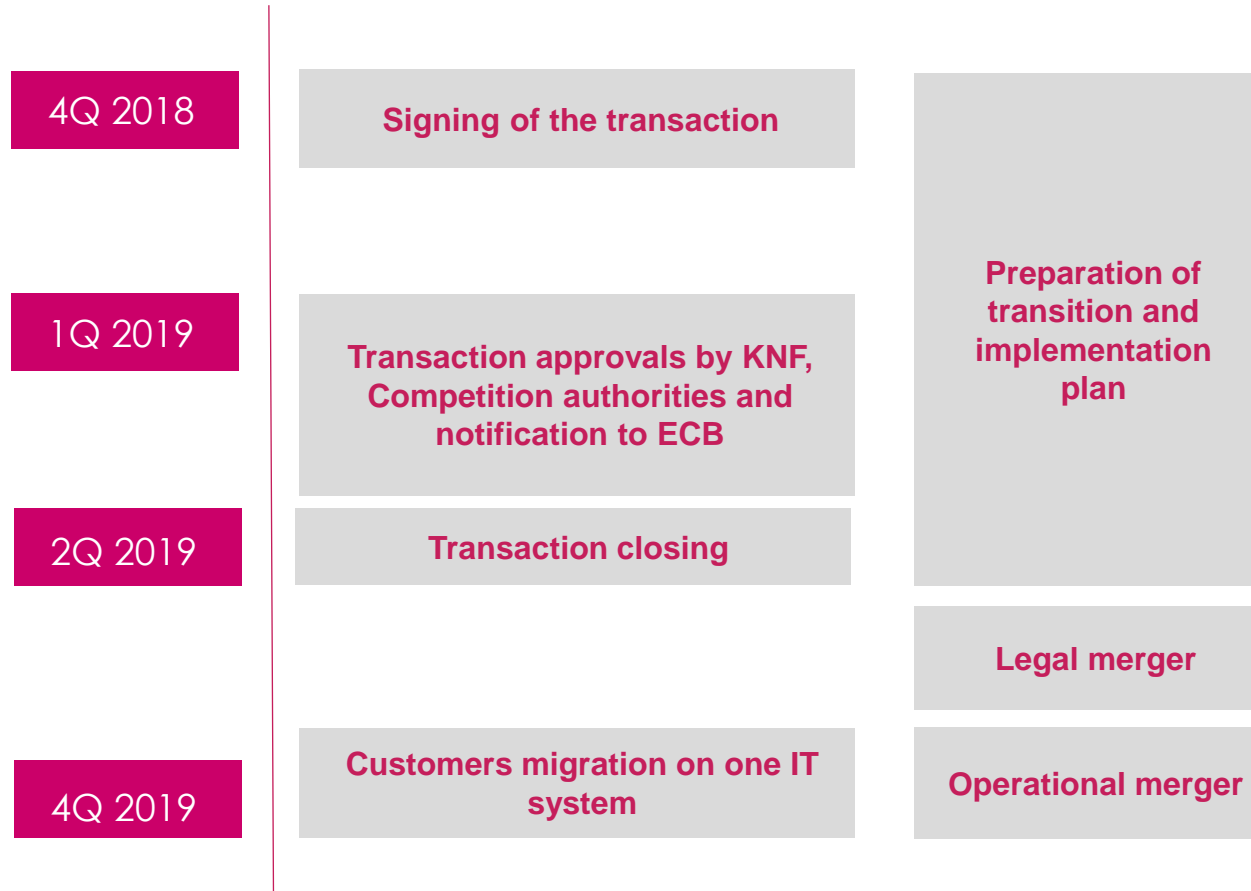
Post-transaction structure



- 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



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 position by ROE among Polish listed banks in 2020E