



# Bank Millennium Group

## 2014 results

Ordinary General Meeting  
of Bank Millennium S.A.

21st of May 2015



# Disclaimer

This presentation (the "**Presentation**") has been prepared by Bank Millennium S.A. (the "**Bank**"). This presentation should not be treated as a part of any invitation or offer to sell any securities, invest or deal in or a solicitation of an offer to purchase any securities or recommendation to conclude any transaction, in particular with respect to securities of the Bank.

Bank's disclosure of the data included in this Presentation is not a breach of law for listed companies, in particular for companies listed on the Warsaw Stock Exchange. 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.

In no event may the content of this Presentation be construed as any type of explicit or implicit representation or warranty made by the Bank or its representatives. Likewise, neither the Bank nor any of its representatives shall be liable in any respect whatsoever (whether in negligence or otherwise) for any loss or damage that may arise from the use of this Presentation or of any information contained herein or otherwise arising in connection with this Presentation.

All data presented hereby is based on the audited, consolidated Bank Millennium Group financial data (excluding net profit for distribution, and capital adequacy ratios, which are presented also for the Bank on non-consolidated level). This data is included in the Financial Statements for the Group and Bank Millennium and was published on 16<sup>th</sup> February 2015.

From 1st January 2006, the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps. From 1st April 2009, the Bank extended hedge accounting principles to FX swaps. According to the accounting principles the margin from these operations is reflected in Net Interest Income. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides **pro-forma data**. The pro-forma statement presents all interests from derivatives included in Net Interest Income, which in the Bank's view allows better understanding of the economic evolution of this item.

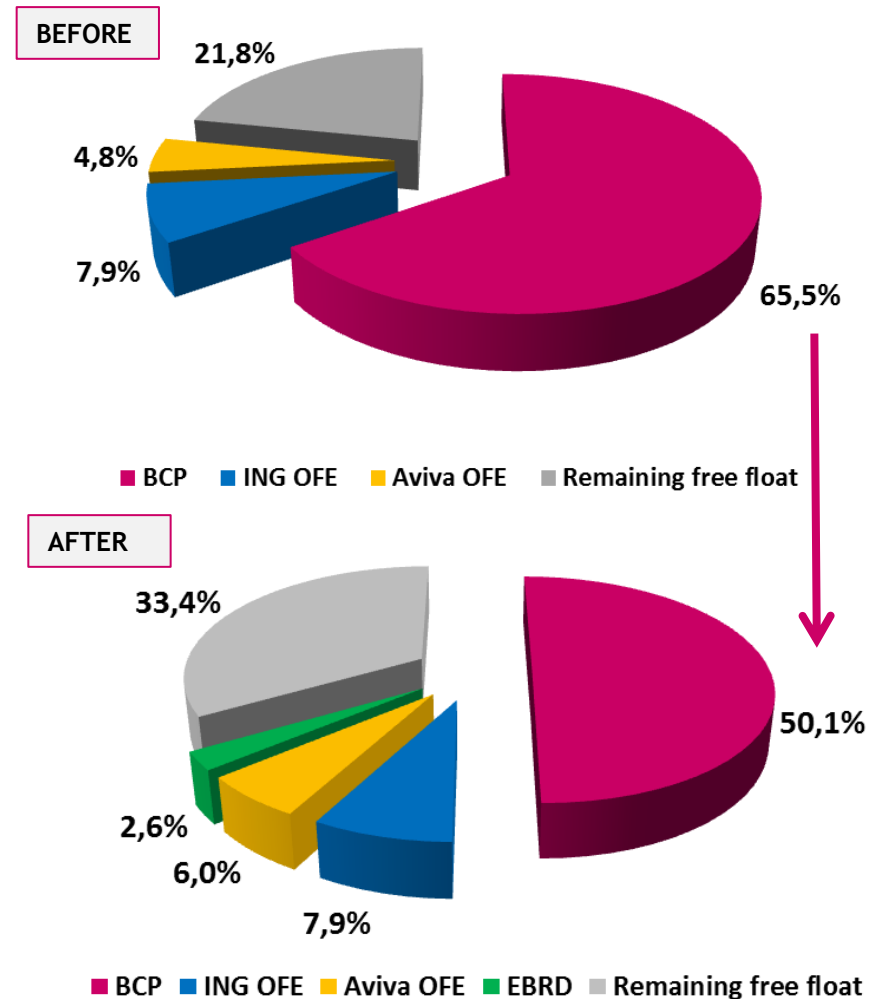
The matters discussed in this presentation include forward-looking statements and these statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

The Bank does not undertake to publish any updates, modifications or revisions of the information, data or statements contained herein should there be any change in the strategy or intentions of the Bank, or should facts or events occur that affect the Bank's strategy or intentions, unless such reporting obligations arises under applicable laws and regulations.

# Recent change of Bank Millennium shareholders structure

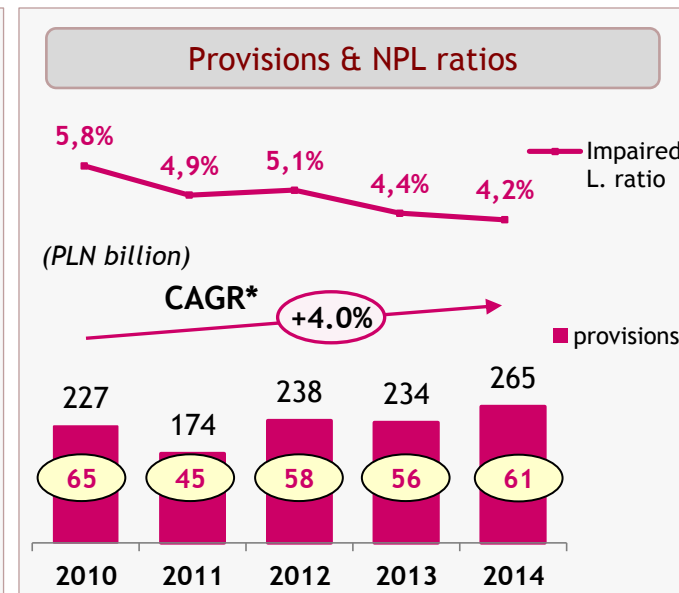
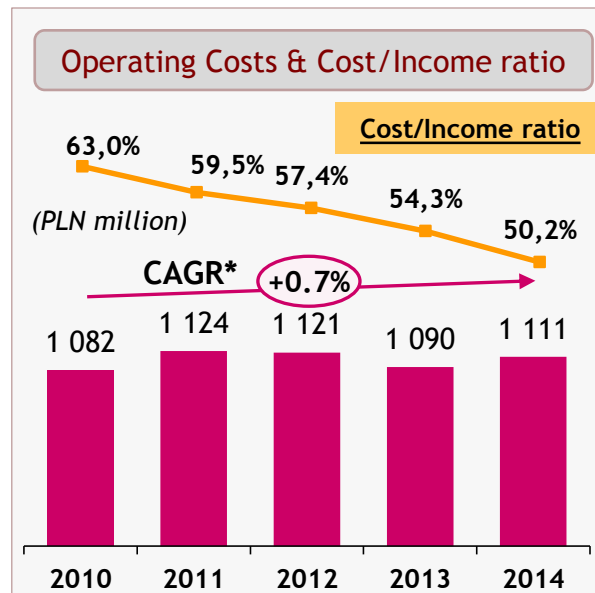
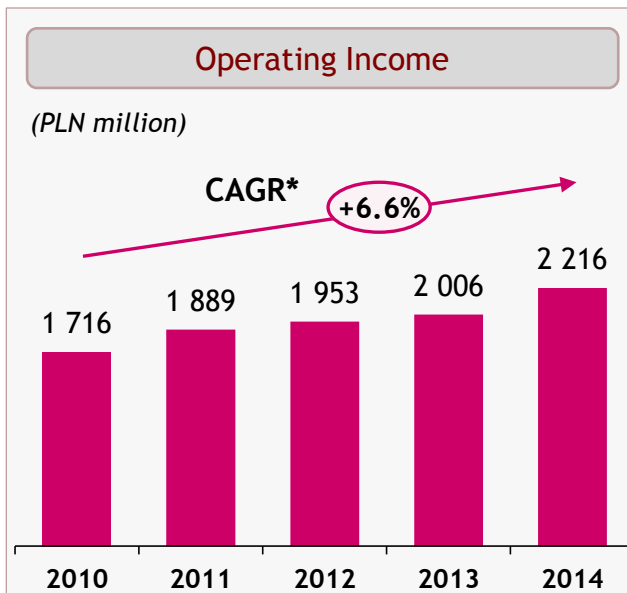
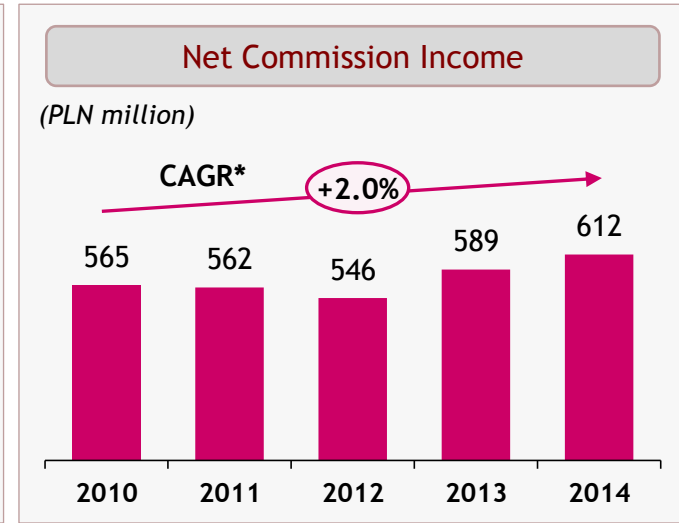
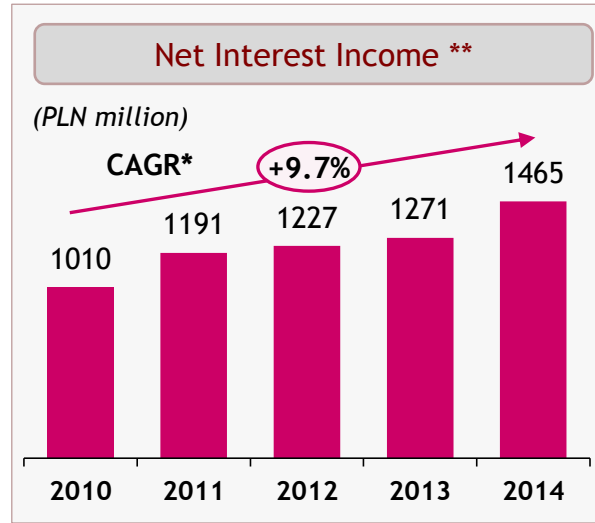
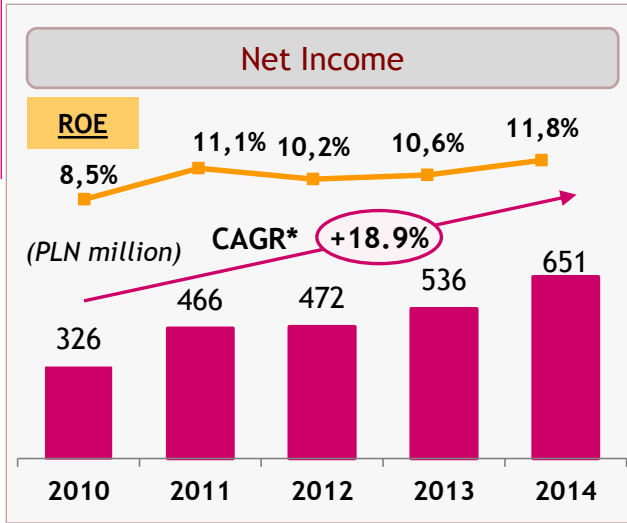
- On 26 March 2015 BCP sold 186,979,631 shares of Bank Millennium (15.41% of share capital)
- After the completion of the transaction, BCP holds 607,771,505 shares in Bank (50.1% of share capital)
- EBRD\* has acquired a 2.6% stake in the Bank and Aviva OFE announced that has reached 6% share in the Bank's capital
- The transaction increased free-float from 34.5% to 49.9%

**Bank Millennium shareholders structure**  
(before and after the transaction\*\*)



(\*) European Bank for Reconstruction and Development  
(\*\*) Based on information publicly available

# Summary of 2010-2014 achievements (1)



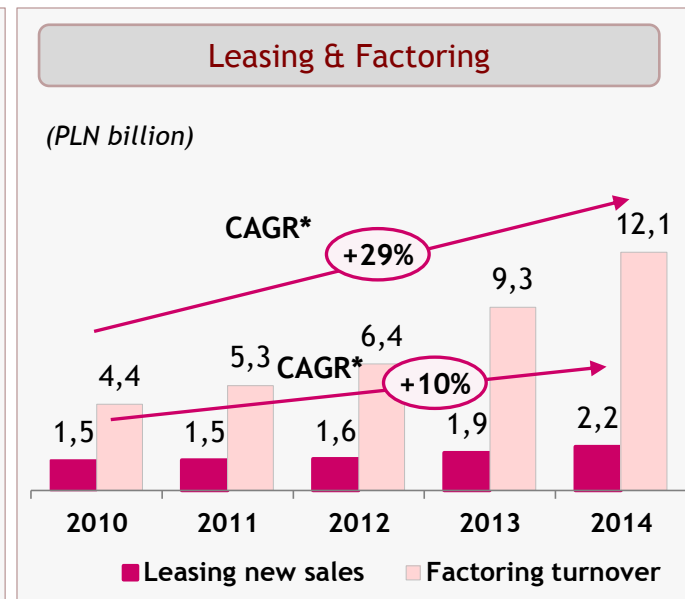
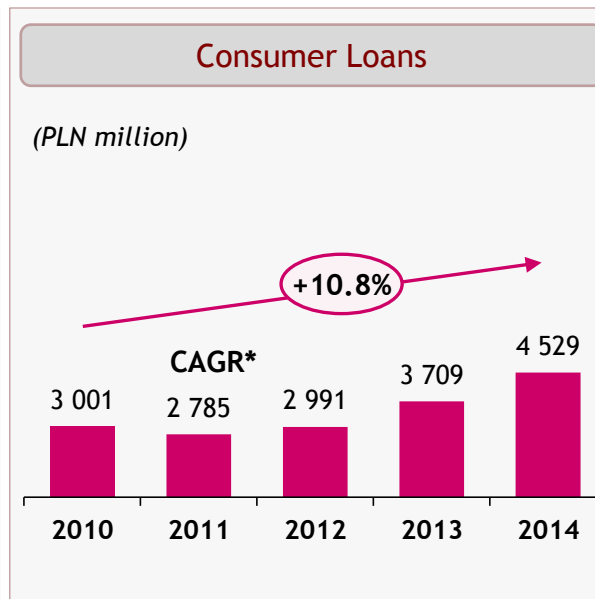
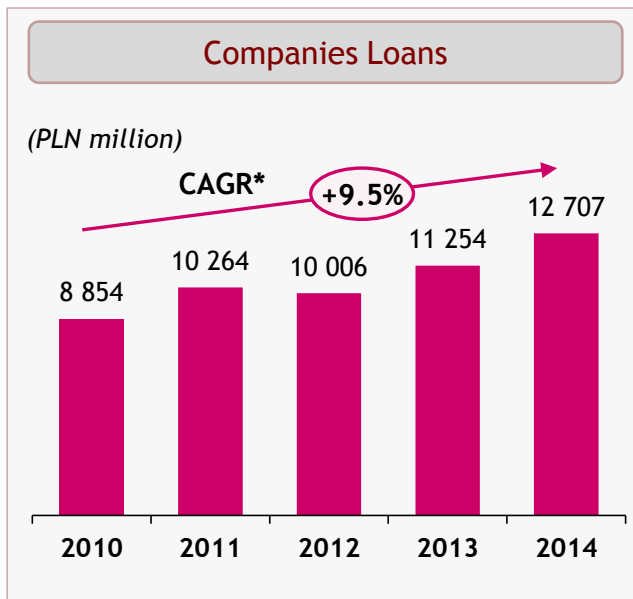
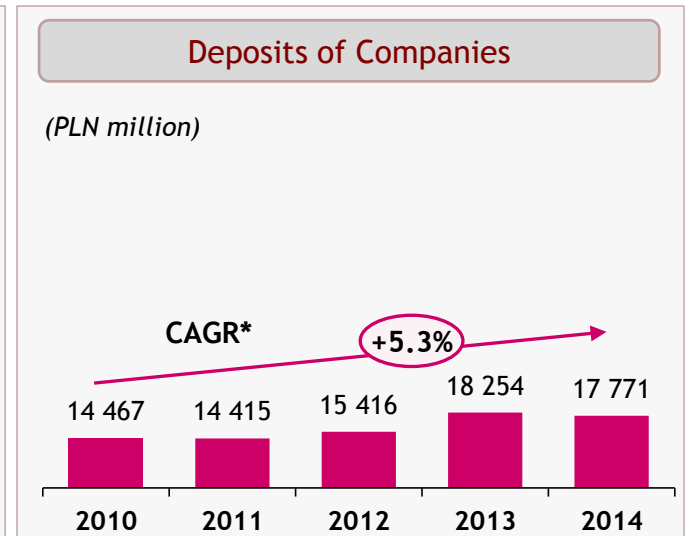
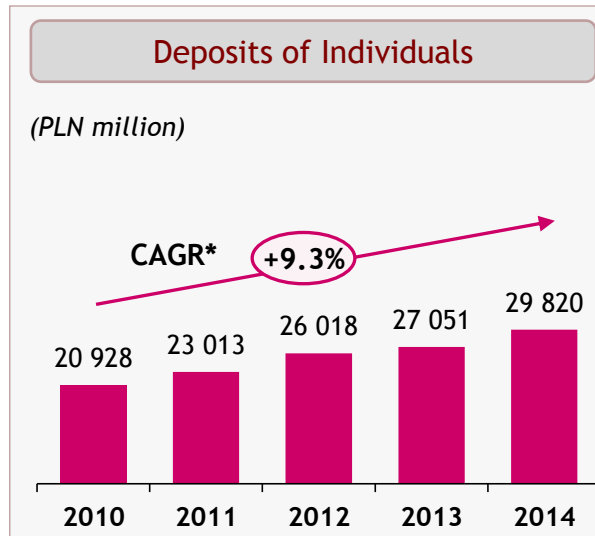
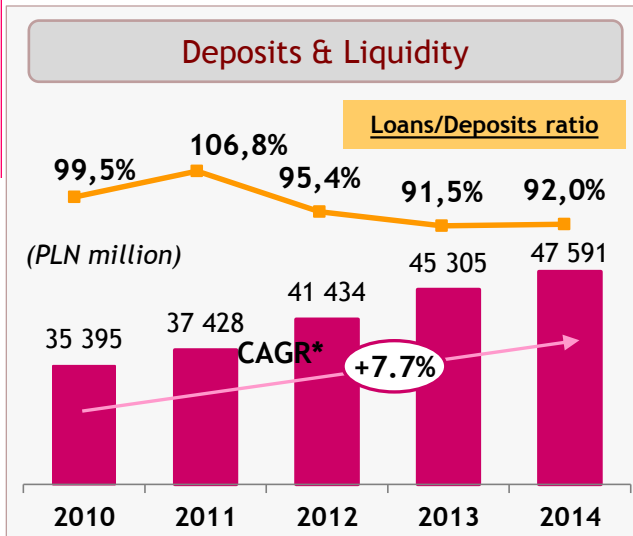
(\*) Compound average growth rate

(\*\*) Pro-forma



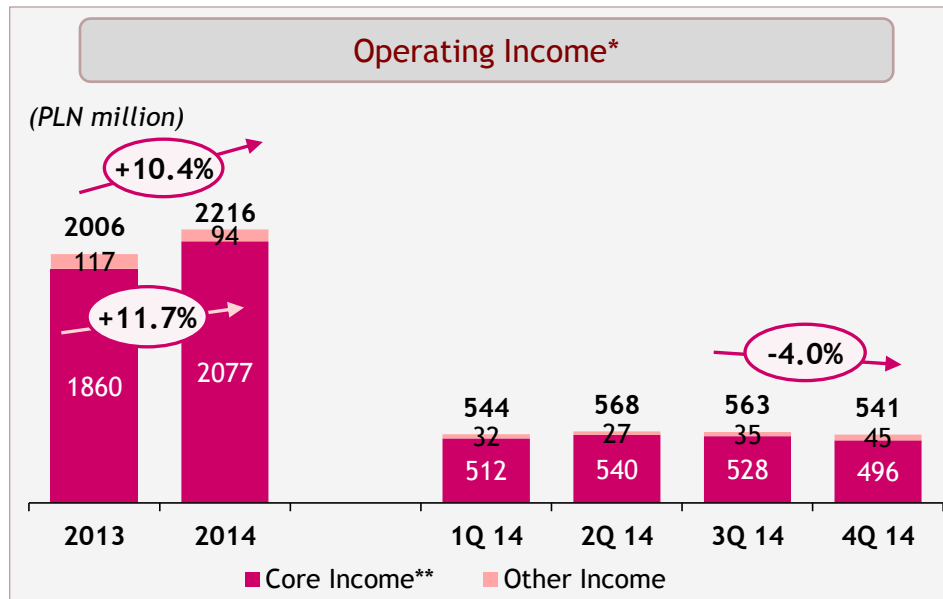
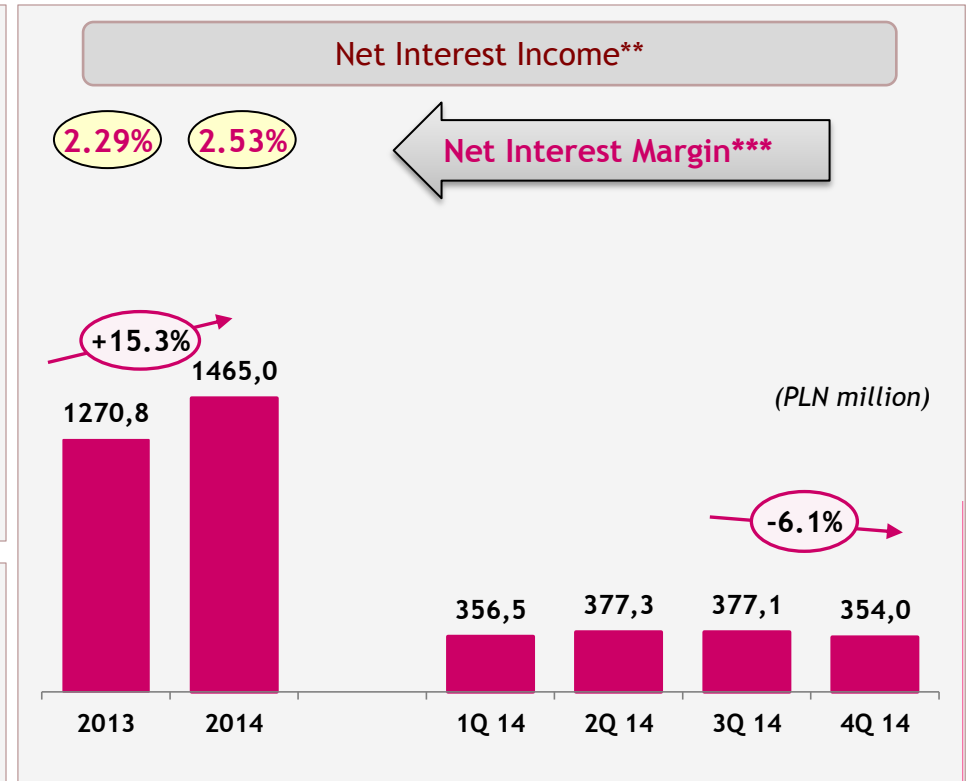
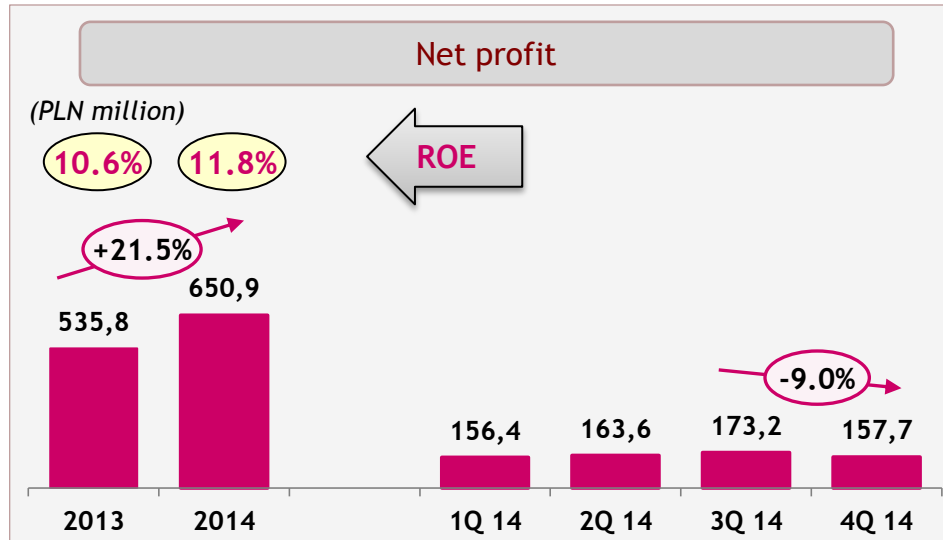
Cost of Risk (in b.p.s. over average net loans)

# Summary of 2010-2014 achievements (2)



(\*) Compound average growth rate

# Profitability, operating income and interest margin

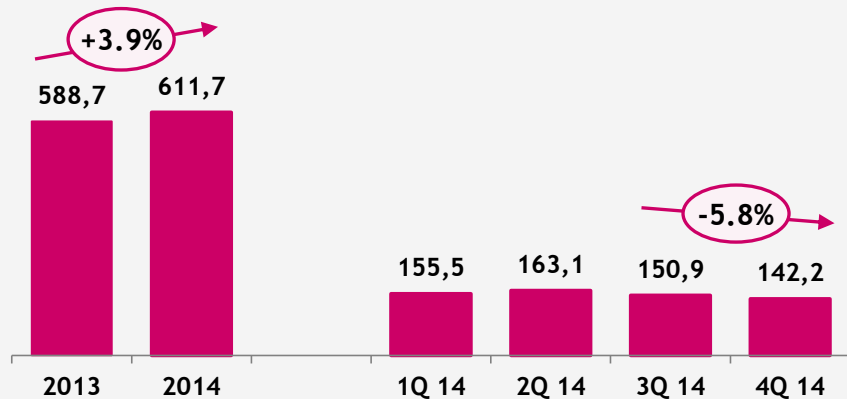


(\*) Including net other operating income and cost; (\*\*) Pro-forma (as explained in disclaimer); (\*\*\*) Net Interest Margin: relation of net interest income (pro-forma) to average interest earning assets in given period

# Non-interest Income

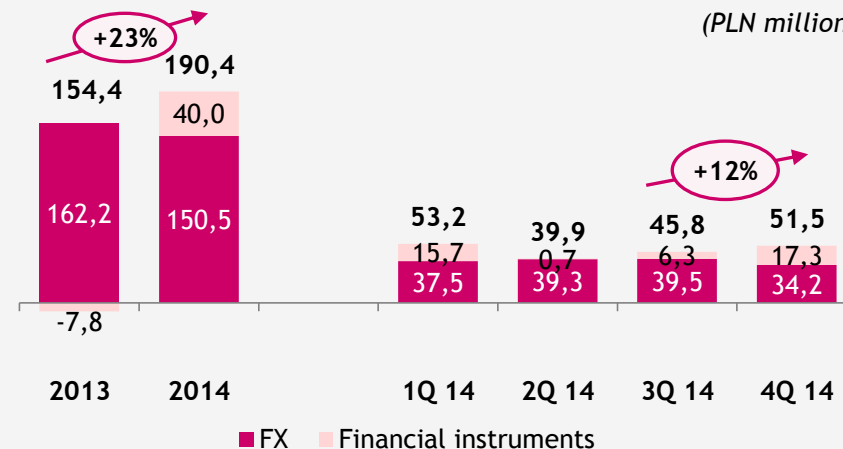
## Net Commission Income

(PLN million)



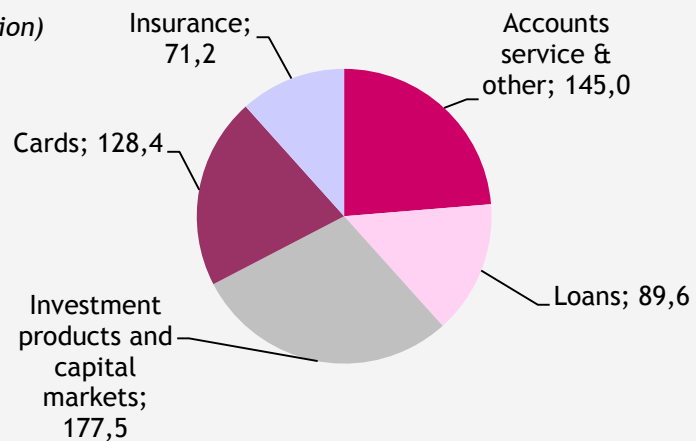
## Trading Income\*

(PLN million)



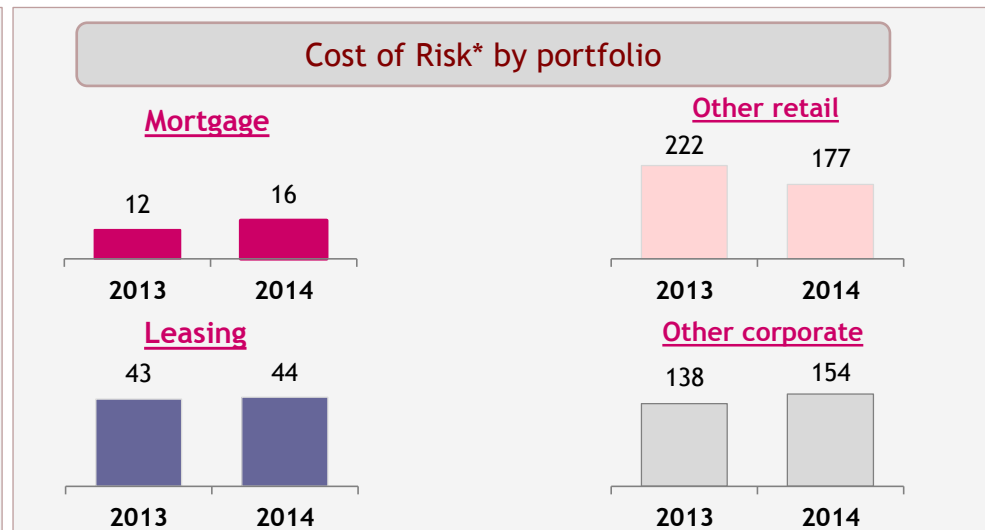
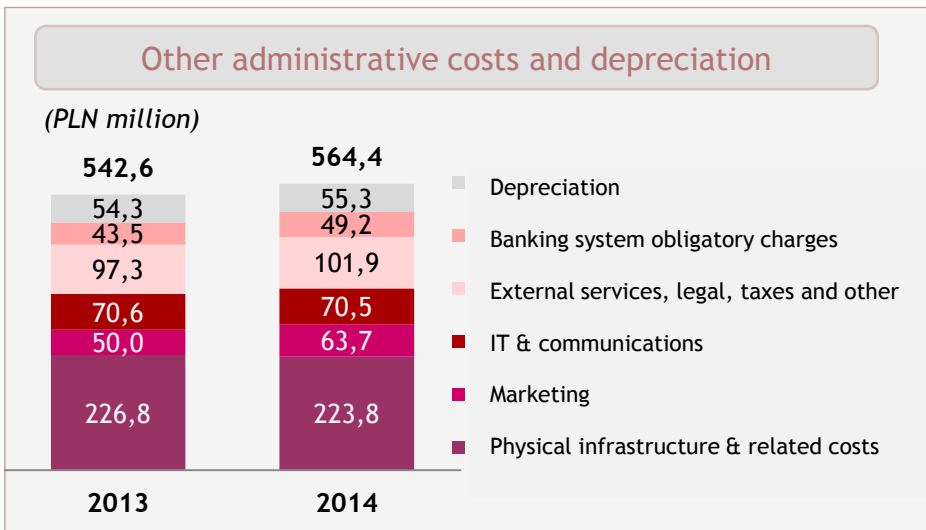
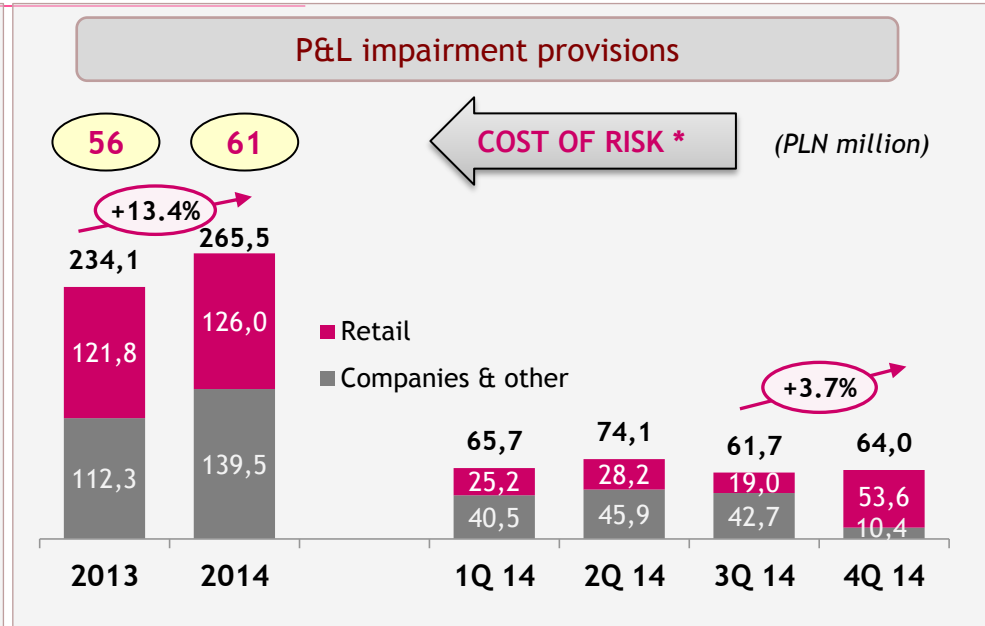
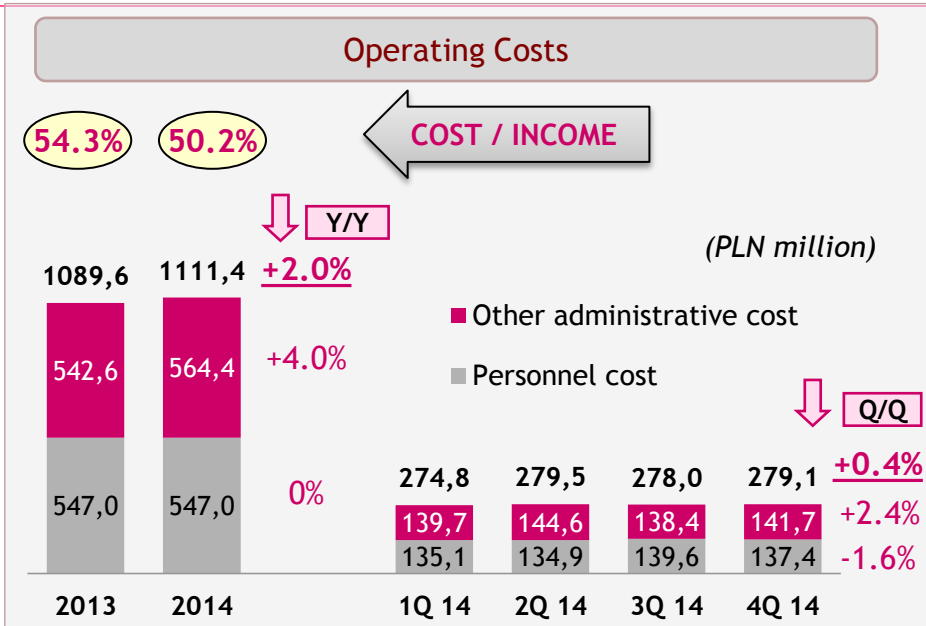
## Net Commission split for 2014

(PLN million)



(\*) On pro-forma basis: FX income and result on investment and trading financial instruments

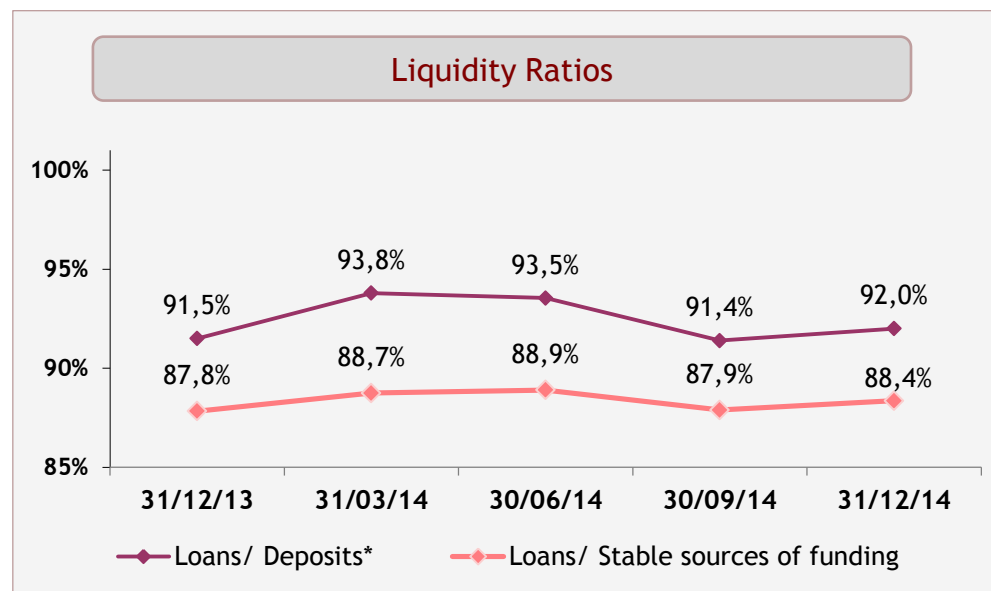
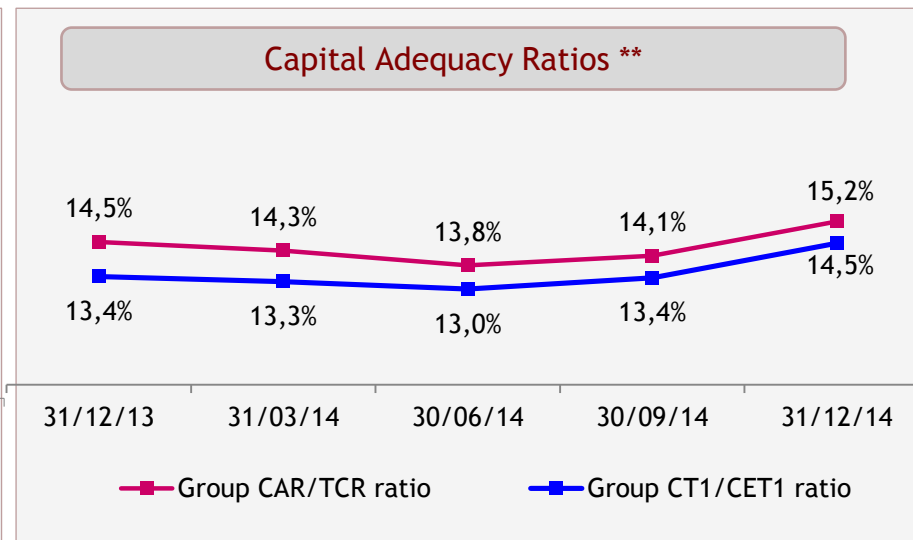
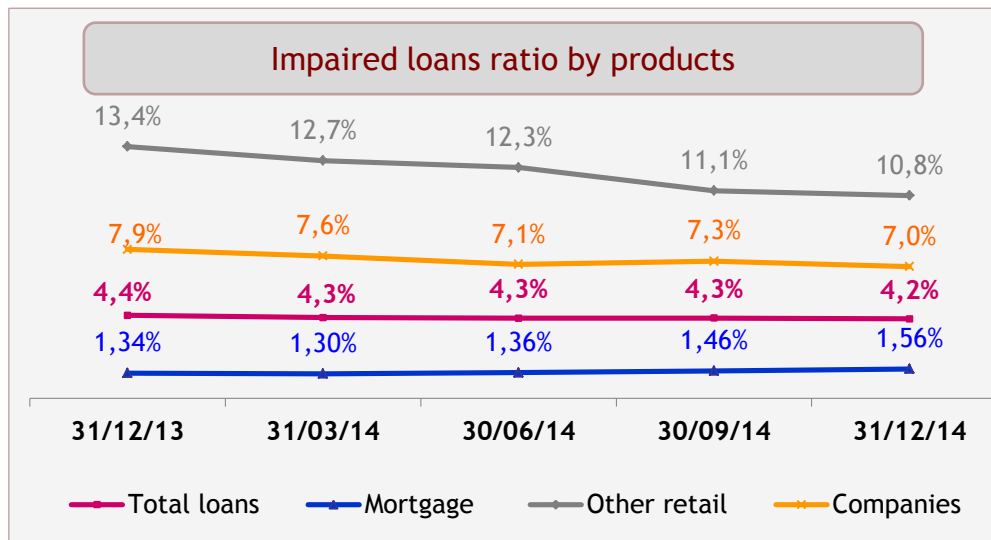
# Operating Costs and risk



(\* ) total impairment provisions created (net) to average net loans in given period (in basis points)



# Asset quality, liquidity and capital ratios



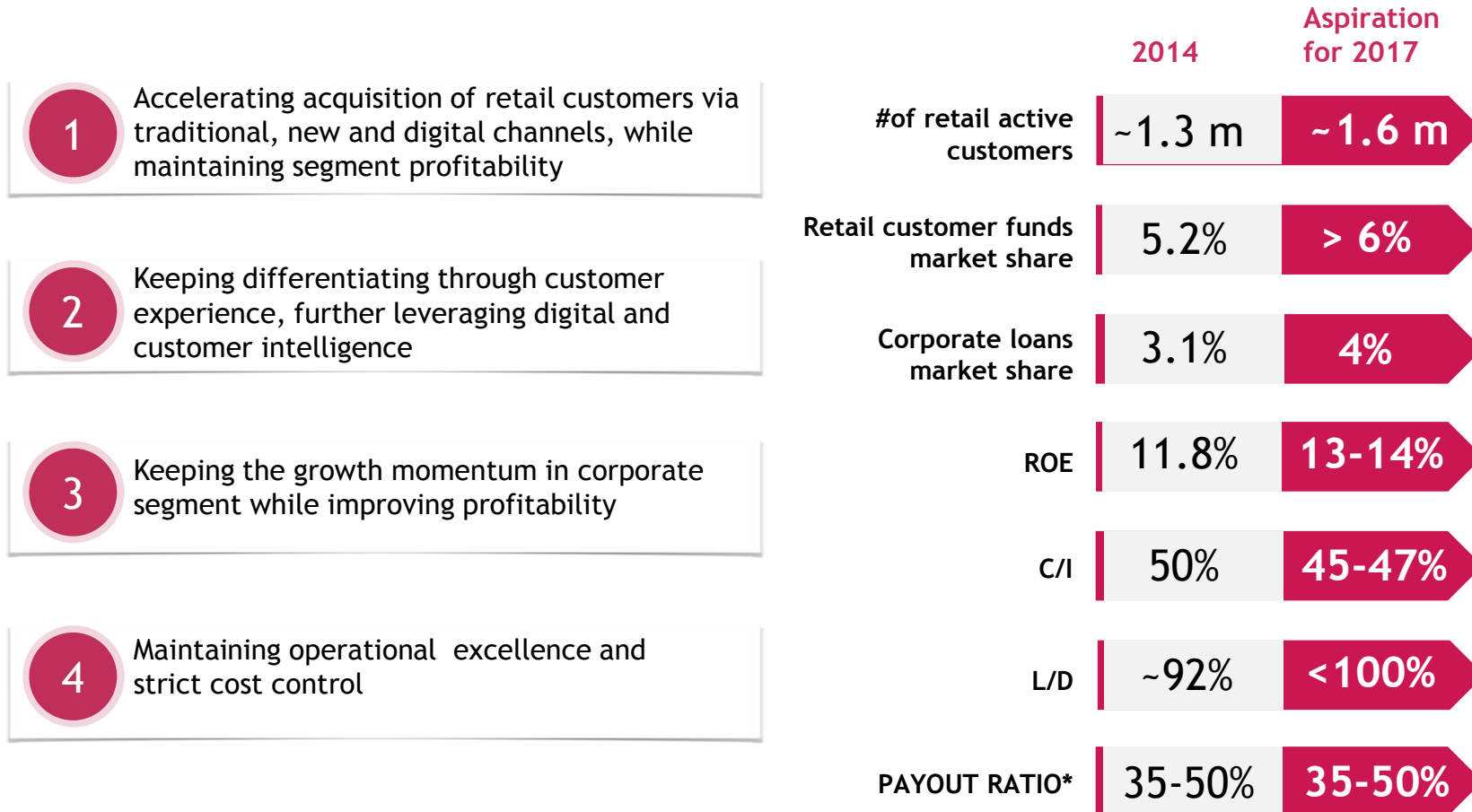
(\*) Deposits include Bank's debt securities sold to individuals and repo transactions with customers

(\*\*) Since June 2014 ratios are calculated under CRR/CRD4 (Basel 3) rules with partial IRB approval

# Bank Millennium strategy update (announced on 2015 February 2nd)

Main 2015-2017 goal:

Focus on profitability preservation, while keeping organic growth target



(\*) Subject to KNF recommendations and regulatory environment

## Proposal to retain 2014 profit (Resolution no. 4)

Bank Millennium has a dividend policy of distributing 35% to 50% of net profit as dividend.

However, following to the Financial Supervision Commission (KNF) recommendation \*, the Management Board of the Bank is proposing, with a positive opinion of the Supervisory Board, to retain entire 2014 profit in the reserve capital.

This decision will increase capital adequacy ratios both for the Bank and the Group, which more than offset negative effect of CHF appreciation from January 2015.

Main indicators	Bank Millennium Group	Bank Millennium
Total Capital Ratio - Dec 2014 (%)	15.2	14.4
CET1 ratio - Dec 2014 (%)	14.5	13.7
2014 net profit (PLN million)	650.9	619.5
Reserve capital allocation (PLN million)	619.5	619.5
TCR with entire profit - March 2015 (%)	15.5	14.7
CET1 with entire profit - March 2015 (%)	14.9	14.1

(\*) Letter of 31/03/2015, concerning retention of the entire net profit generated in 2014 until the supervisory organ (KNF) determined possible additional capital requirement for the Bank. Until today, KNF had not defined an additional capital requirement for the Bank.