



Bank Millennium Group

PRESENTATION OF RESULTS

for 1st quarter 2016

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Financial data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with published Financial Statements of the Group (available on Bank's website at www.bankmillennium.pl). There is also one exception to the consistency with the financial statements data, described below.

*From 1/01/2006 the Bank started to treat under hedge accounting principles the combination of mortgage floating rate FX loans, floating rate PLN deposits and related cross currency interest rate swaps. From 1/04/2009 the Bank extended hedge accounting principles to FX swaps. According to the accounting principles, the margin from the swaps is reflected in Net Interest Income. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides in this presentation **pro-forma data**, which presents all interests from derivatives in Net Interest Income.*

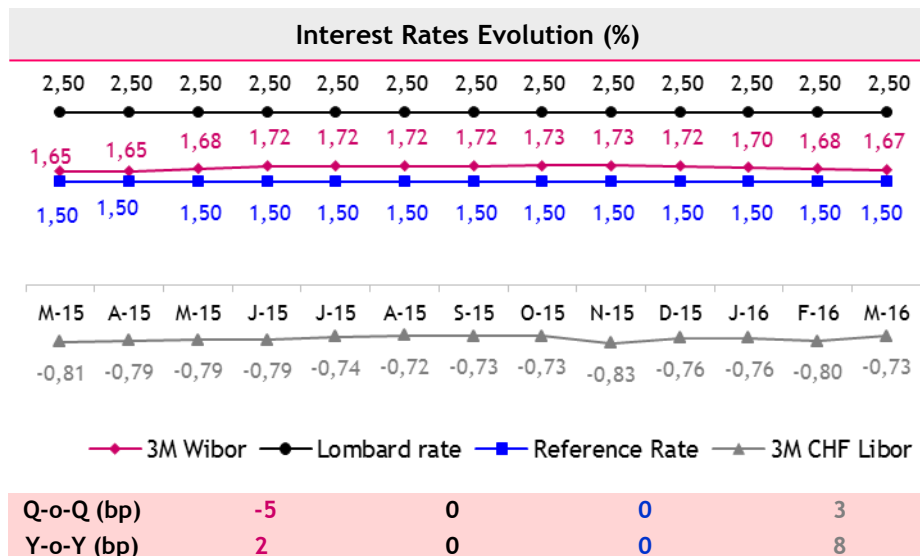
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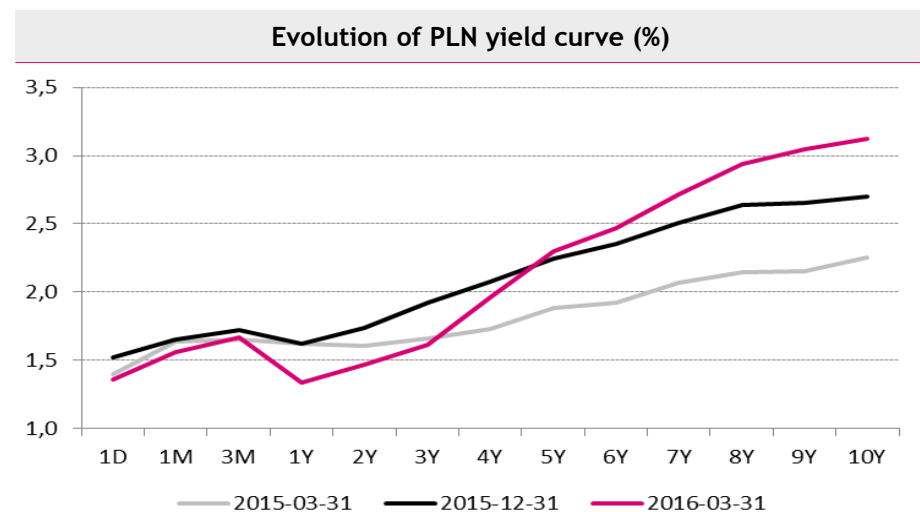


- Macroeconomic overview
- Financial performance
- Business development
- Appendixes

Macroeconomic Overview

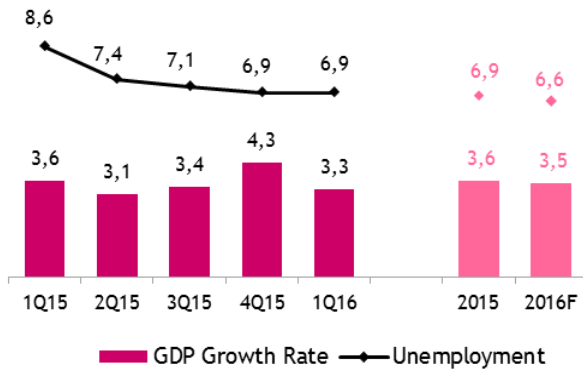


- Interest rates kept by NBP at record low levels during 1Q'16.
- Market expectations for cuts has slightly eased.
- Polish yield curve steepened during 1Q'16:
 - ✓ Short dated papers still supported by rate cuts expectations and T-bonds exemption from banking tax
 - ✓ Long end of the curve more fragile to external factors - especially connected with monetary policy outlook in U.S. and EMU

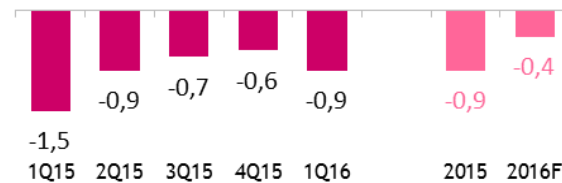


Macroeconomic Overview

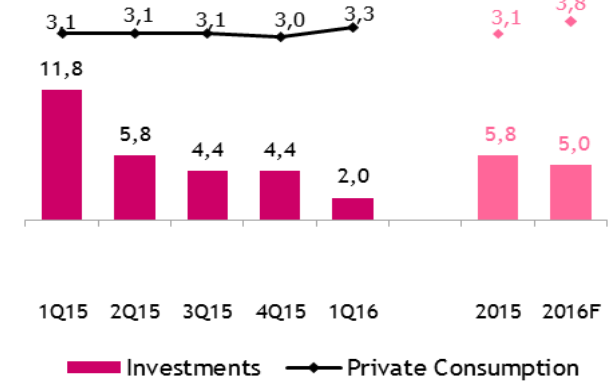
GDP Growth & Unemployment Rate (%)



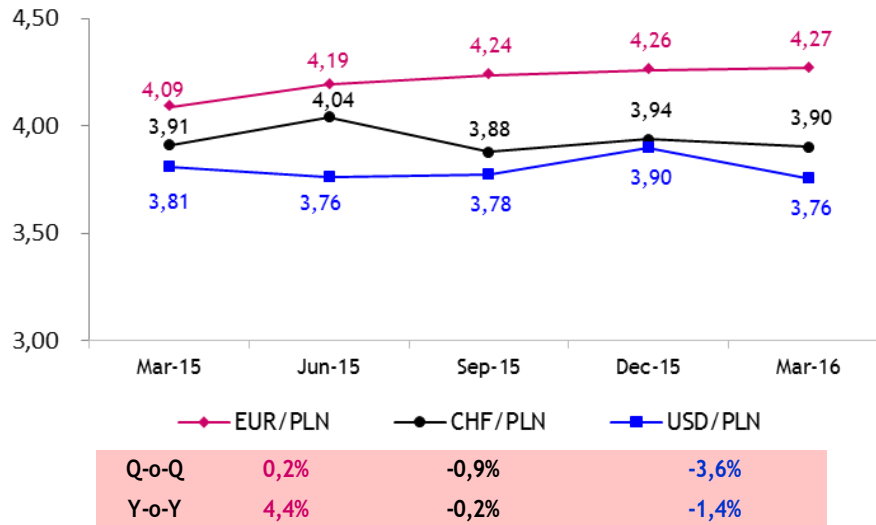
Inflation (CPI %)



Investments & Private Consumption (% y/y)



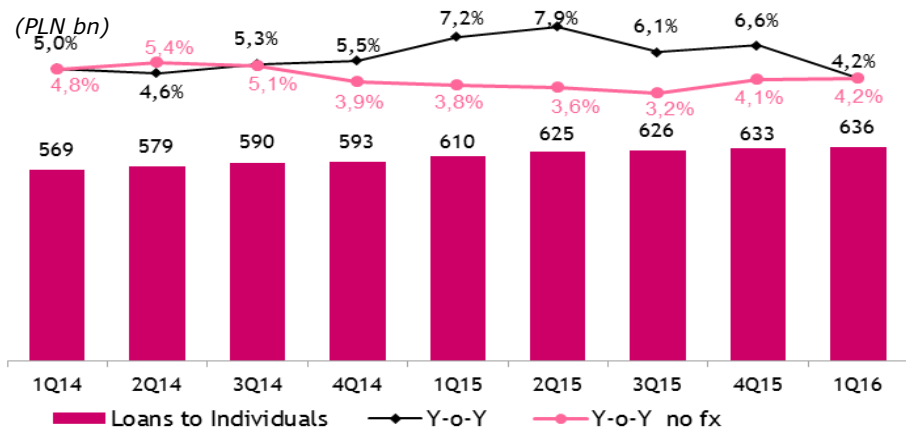
FX Rates Evolution



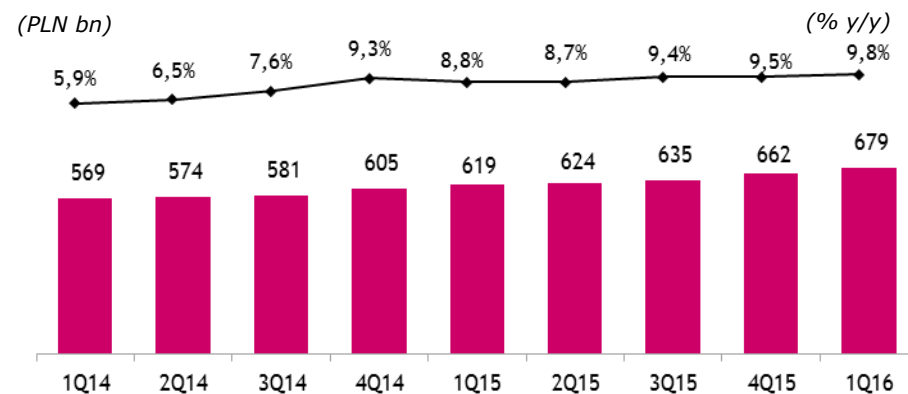
- Solid growth pace of the Polish economy in 2015 driven by domestic demand and growth of exports.
- Best labour market conditions since 2008, supporting consumption growth. Public investment has probably declined at the beginning of the year, but private investment is likely to grow supported by high capacity utilization and good financial situation of companies.
- Zloty relatively stable in 1Q, but evolution influenced by global risk aversion and increased political risk in Poland that resulted in rating downgrade by S&P.

Macroeconomic Overview

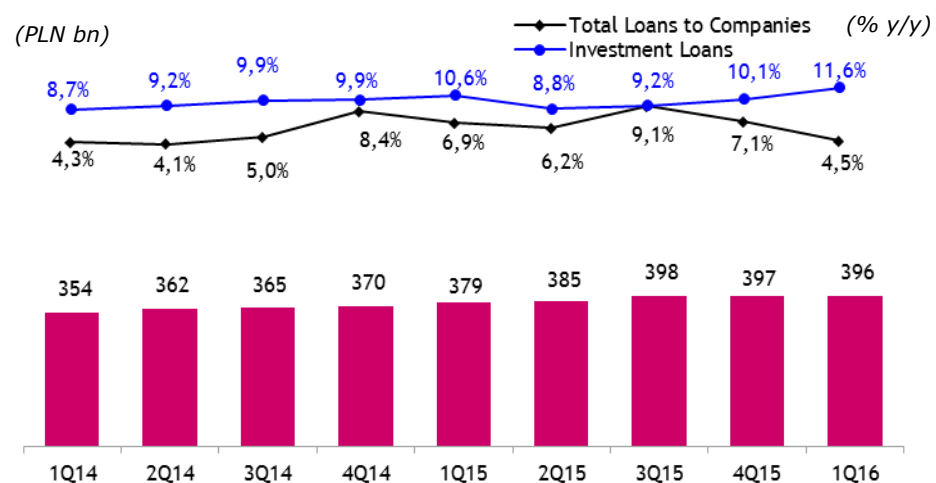
Loans to Households



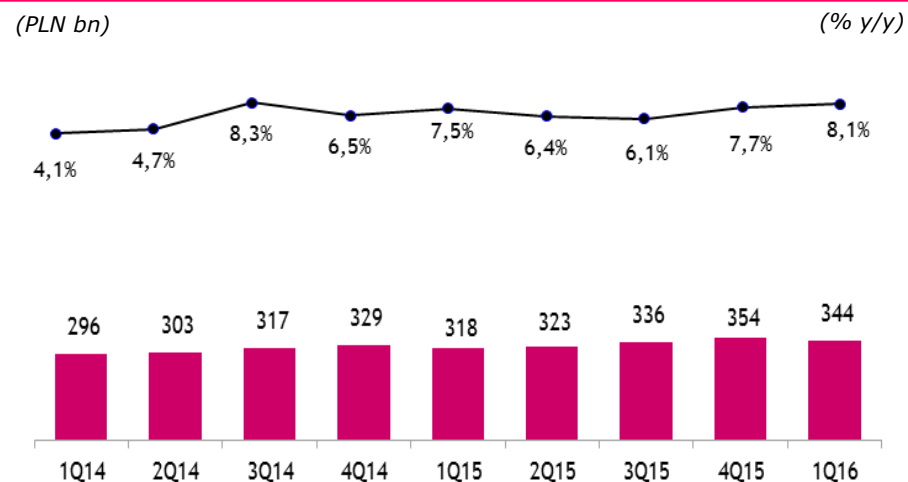
Households' deposits



Loans to Companies



Corporate sector deposits





- Macroeconomic overview
- Financial performance
- Business development
- Appendixes

Main financial highlights in 1Q 2016

Solid profit before special tax

- 1Q net profit: PLN 137.2 million (or PLN 169.5 million before special banking tax)
- ROE at 8.4% (10.4% without new tax)

Stable Cost/Income ratio

- Operating income and operating costs fell by 1% y/y
- Stable Cost-to-income ratio at 50.4%

Improved asset quality and cost of risk

- Impaired loans ratio at low 4.5%; impaired mortgage at 2.1% (of which past-due over 90 days at 0.9%)
- Cost of risk at 38 bps *, lower by 22 bps versus 1Q'15 and stable versus previous quarter

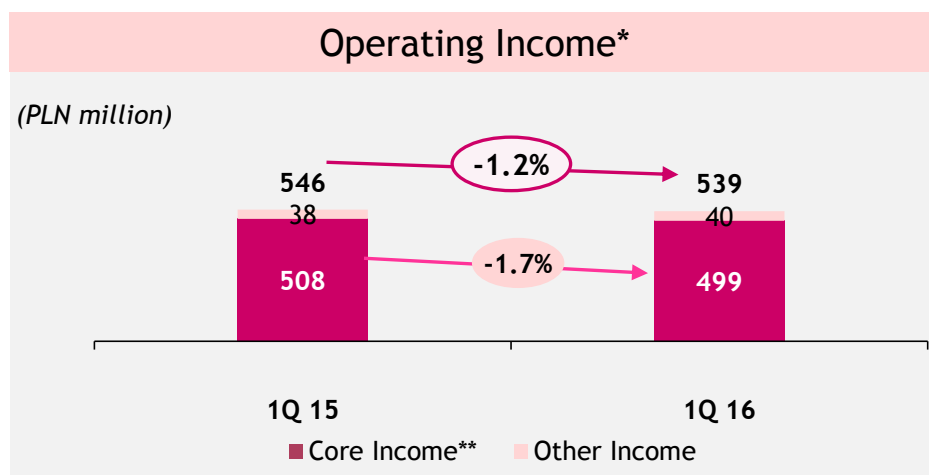
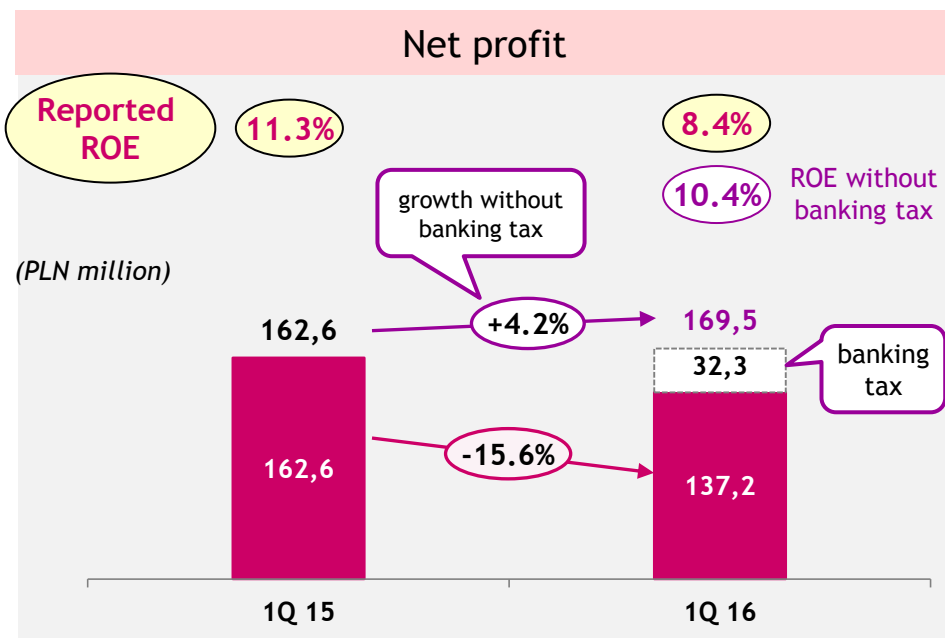
Very strong capital and liquidity ratios

- Group TCR at 17.2% level; CET1 at 16.8% (after AGM decision to retain 2015 profit)
- Loans-to-deposits ratio** at low 88%

(*) Total provisions divided by average net loans (in basis points, per annum)

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

Profitability



- Net Profit for 1Q'16 reached PLN 137.2 million and fell by 15.6% vs. 1Q'15.
- Without banking tax of PLN 32.3 million imposed since February 2016, the Net Profit would increase by 4.2% y/y to PLN 169.5 million.
- ROE of 8.4% (10.4% without banking tax) diluted by the impact of strong equity growth by 13.8% y/y.
- Operating income slightly decreased by 1.2% yearly, of which core income** fell by 1.7% y/y.

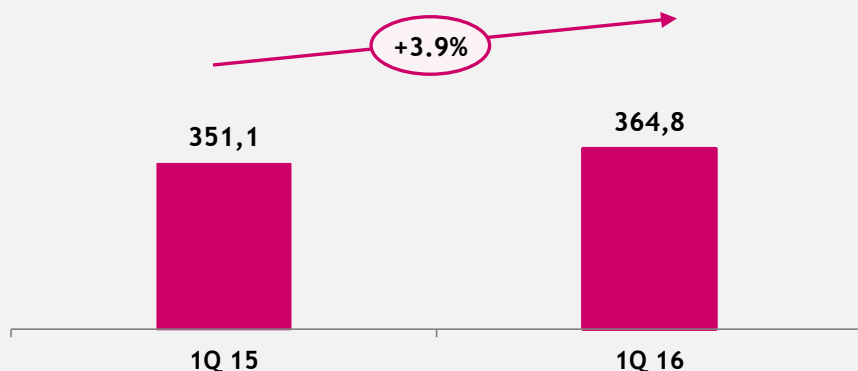
(*) Including net other operating income and cost.

(**) Net Interest Income + Net Commissions Income.

Net Interest Income

Net Interest Income*

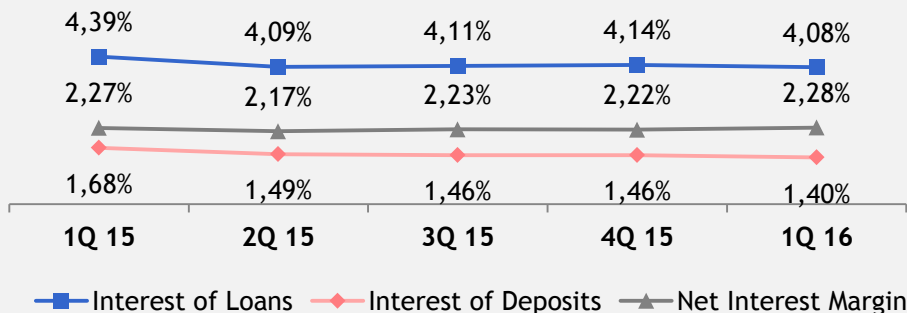
(PLN million)



- Net Interest Income* reached PLN 365 million in 1Q'16 which was 3.9% higher compared to the level of 1Q'15.

- Net Interest Margin recovered back to the level of almost 2.3% in 1Q'16 - similar to one year ago.

Loans and deposits average interest and NIM**



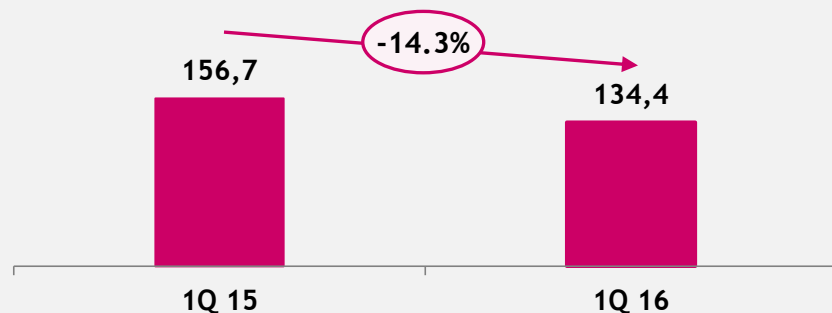
- The quarterly cost of deposits decreased by 28 bps during one year.

(*) Pro-forma data: margin from all derivatives hedging FX denominated loan portfolio is presented in NII, whereas in accounting terms part of this margin (PLN 13.6 mln in 1Q'16 and PLN 17.8 mln in 1Q'15) is presented in Result on Financial Operations. (**) Net Interest Margin: NII (pro-forma) to average interest earning assets.

Non-interest Income

Net Commission Income

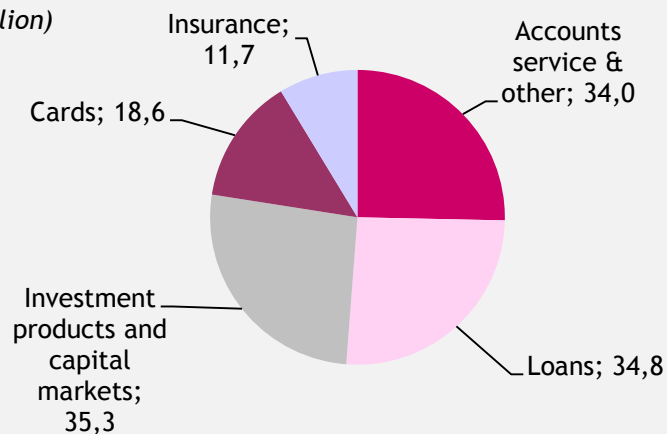
(PLN million)



- Net Commissions Income amounted to PLN 134.4 million in 1Q'16 and decreased by 14.3% vs. 1Q'15.
- Negative impact of capital markets during first quarter (responsible for lower fees from investment products) together with lower insurance fees (high base effect from 1Q 2015) were partially offset by higher loan fees.

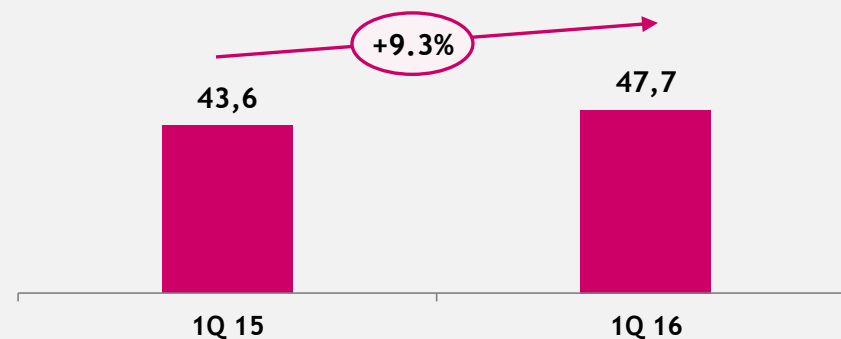
Net Commission split for 1Q'16

(PLN million)



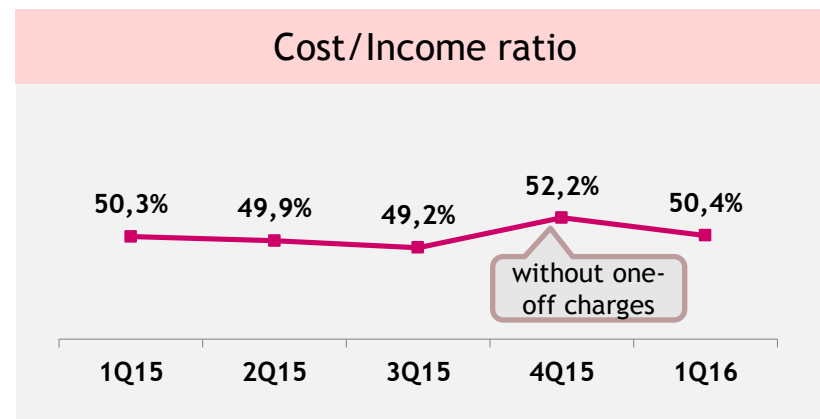
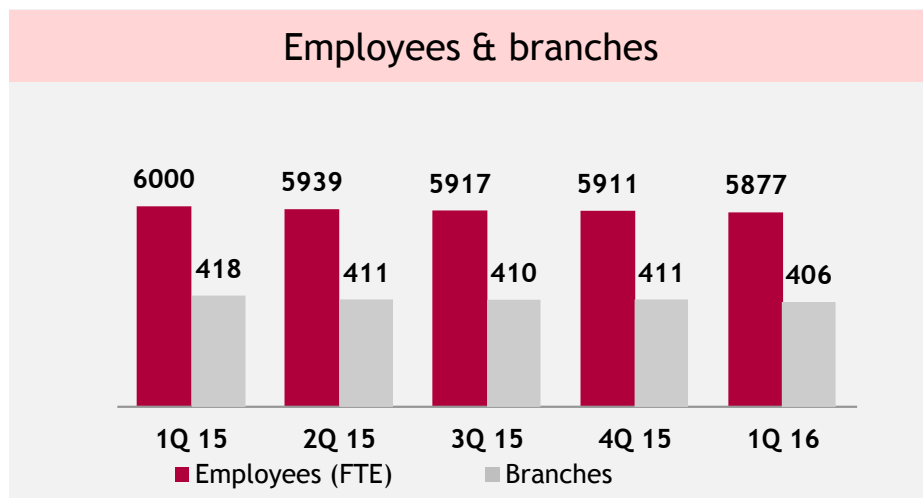
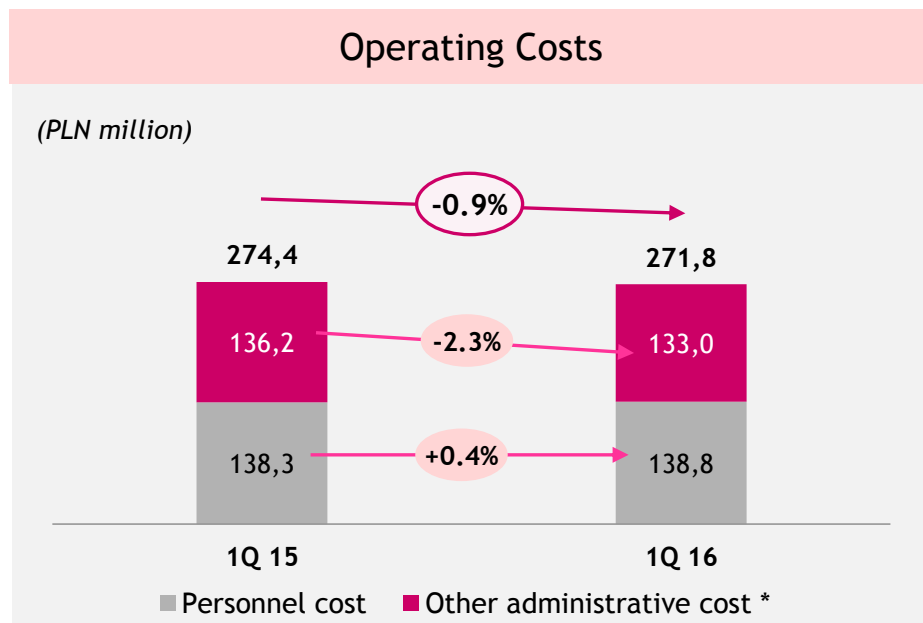
Trading Income*

(PLN million)



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

Operating Costs and Efficiency Ratio



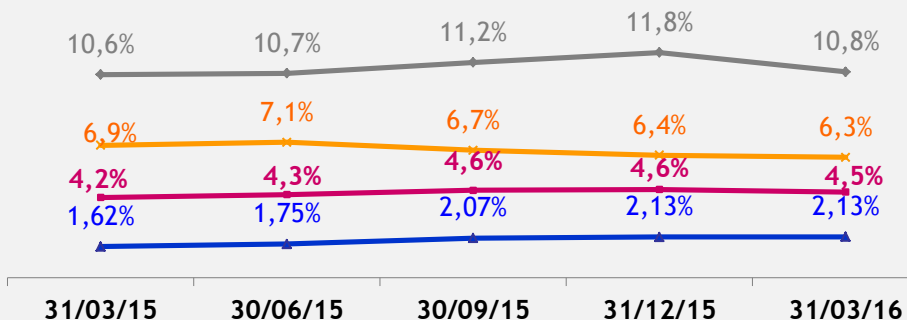
- Total costs for 1Q'16 fell by 0.9% vs. 1Q'15.
- Other administrative costs fell by 2.3% y/y and personnel costs grew by merely 0.4% y/y.
- Stable Cost-to-Income ratio (50.4%) at the level of 1Q'15 and average level of entire 2015 (without one-off charges of 4Q'15).
- Gradual downward adjustment of branches and staff.

(*) Including depreciation (PLN 13.5 million in 1Q'16 and 11.9 million in 1Q'15).

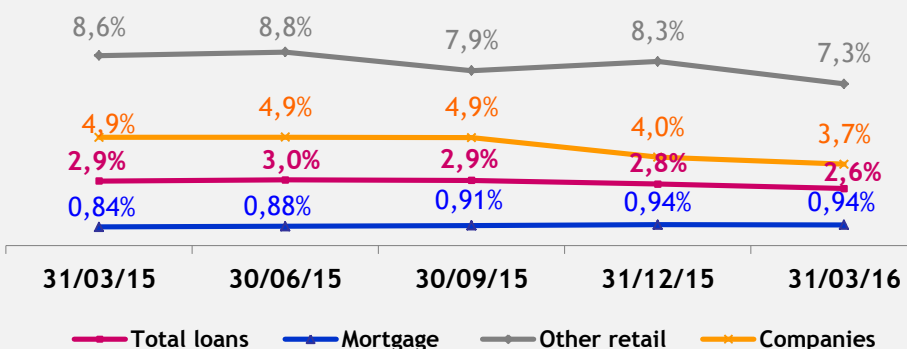
Asset quality and cost of risk

Impaired/ past due loans ratio by segments *

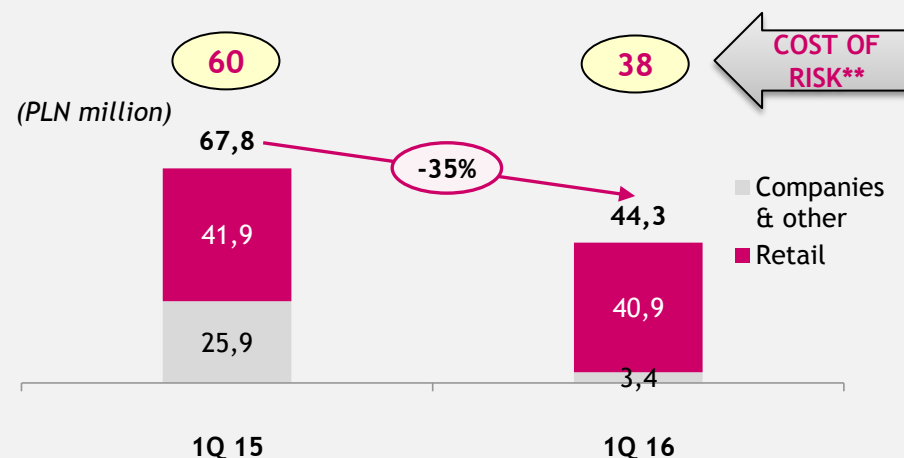
Impaired



Past-due>90 days



P&L impairment provisions



- Impaired loans ratio decreased in 1Q'16 to 4.5% vs. 4.6% last quarter (partly as a result of non-performing loans sale ***).
- Provisions for credit risk (PLN 44.3 million) lower by 35% vs. 1Q'15 and represented 38 bps. of average net loans (less by 22 bps vs. 1Q'15 and equal to 4Q'15 level).
- Two sales of highly provisioned impaired portfolios*** (in 3Q'15 and in 1Q'16) brought coverage ratio to 64%.

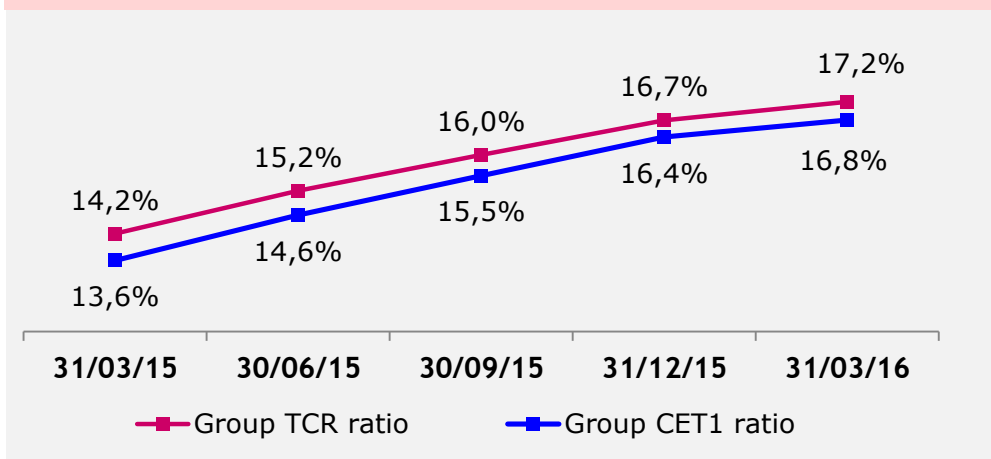
(*) according to internal segment division;

(**) total provisions created (net) to average net loans in given period (in basis points, per annum);

(***) Retail NPL sale of PLN 103.5 mln (covered by PLN 100.7 mln provisions) was done in September 2015 and sale of individuals & companies NPLs worth PLN 165.9 mln (covered by PLN 143 mln provisions) was done in March 2016

Liquidity and Capital Adequacy

Group Capital Adequacy Ratios *



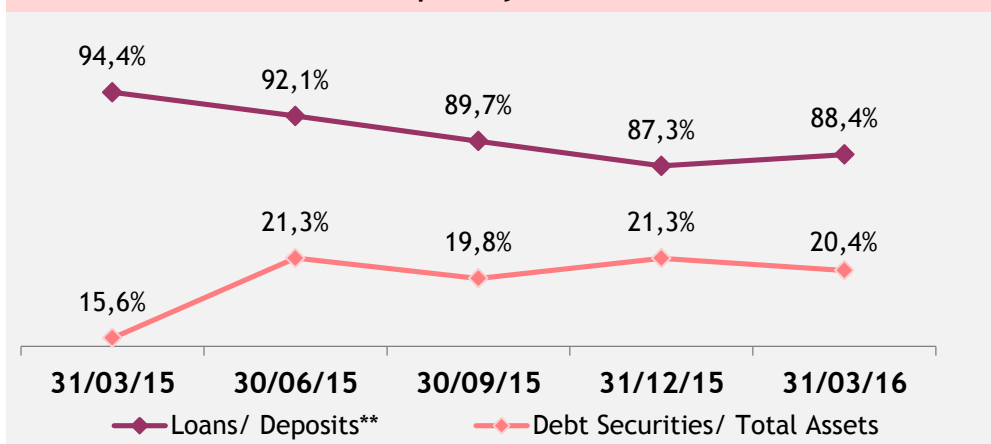
- Group capital ratios at very strong level: 17.2% (TCR) and 16.8% (CET1), supported by full retention of 2015 profit as approved in AGM.

- Also Bank capital ratios grew strongly, to 17.0% (TCR) and 16.6% (CET1).

- Loan to deposits ratio stable at 88% level, showing very strong liquidity position of the Bank.

- Liquid Treasury bonds and NBP bills portfolio constituted 20% of total assets at the end of the March.

Liquidity Ratios



(*) Under CRR/CRD4 rules and with partial IRB approach (on mortgage and revolving retail loans) but with regulatory constraint.

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



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Main business highlights in 1Q 2016

Deposits/accounts/ customers

- Fast growth of retail deposits kept: +18.4% y/y +1.7% q/q
- 72 thousand new current accounts acquired during 1Q 2016; 1.39 million active customers at quarter end.
- More than 37 thousand on-line applications in Family 500+ program



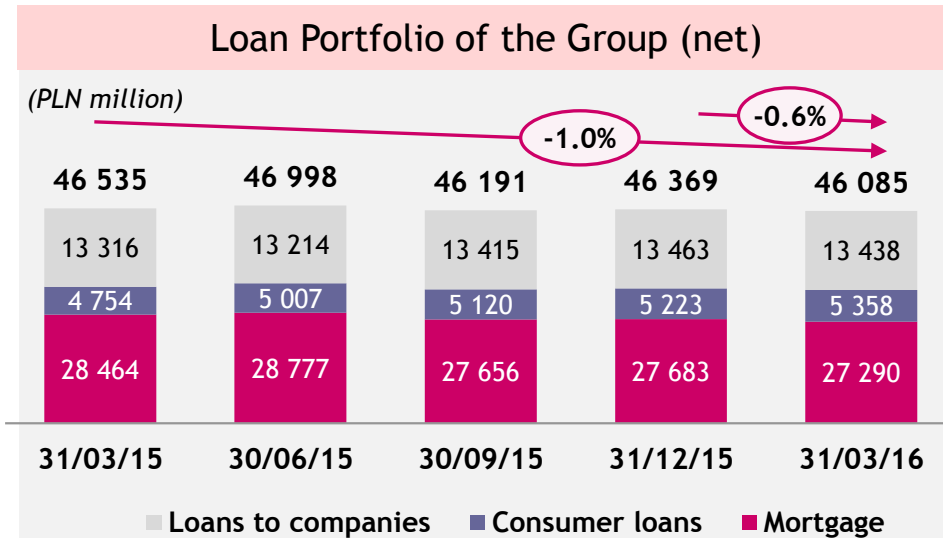
Loans

- High cash loans sale kept: PLN 619 million in 1Q'16; portfolio 14% up y/y
- Acceleration of mortgage loans sales: +33% y/y and 11% q/q
- Strong position in leasing and factoring (4th place on the Polish market in both)

Innovation leadership

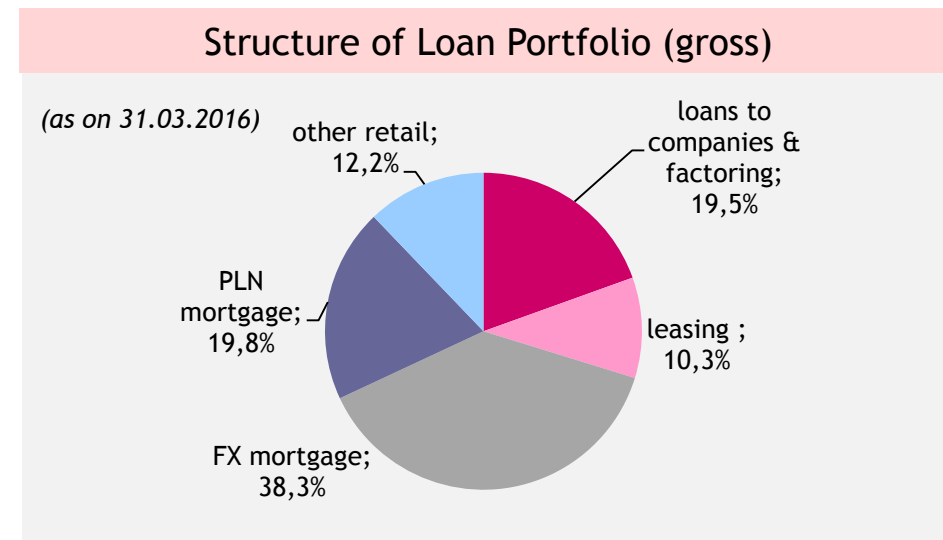
- The most innovative Bank in Poland in 2015 - awarded at the Great Gala of Leaders of the World of Banking and Insurance
- Single European payments (SEPA) - one of the first to offer this in Poland
- Ready to offer contactless BLIK payments

Loan portfolio



- Total net loans amounted to PLN 46.1 billion and decreased slightly by 1% y/y due to FX mortgage loans decrease. In quarterly terms, total loans slid by 0.6% vs. the end of 2015 (partially due to FX rates changes).

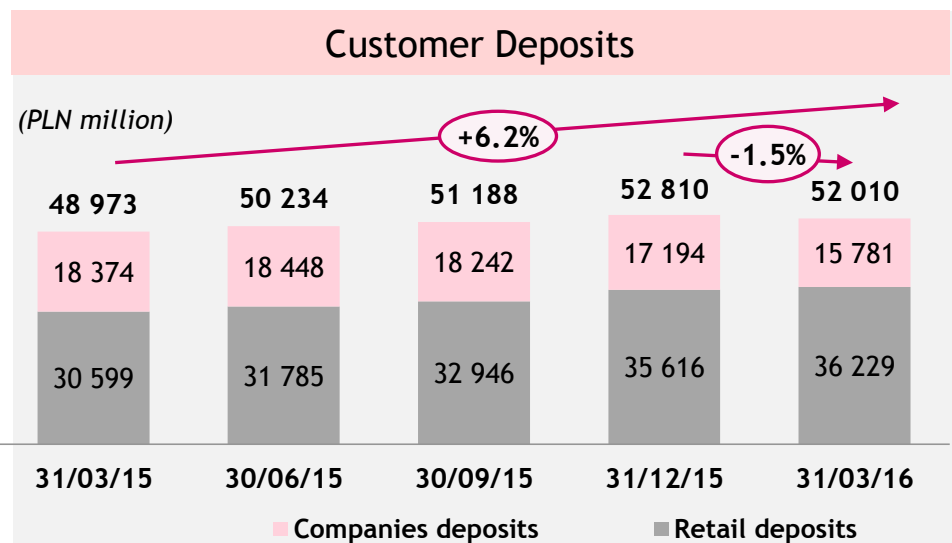
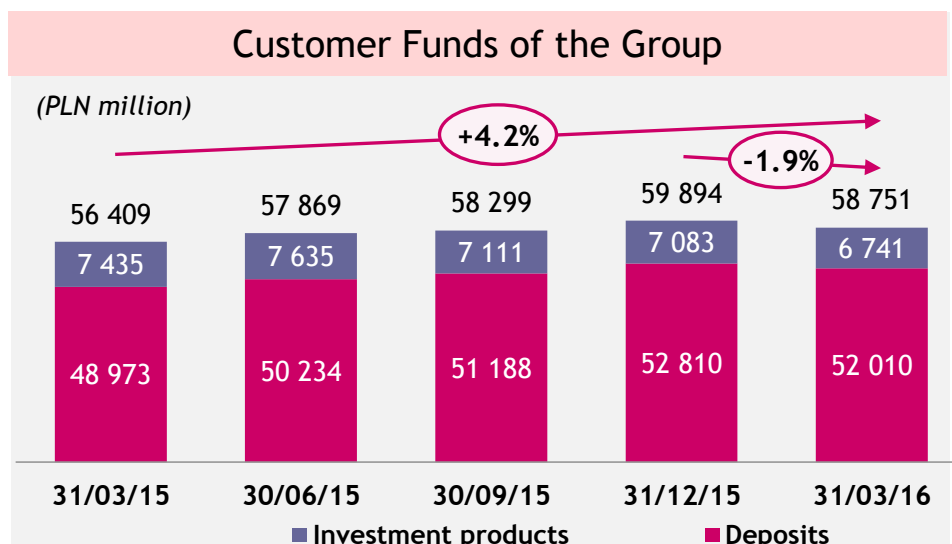
- Non-mortgage consumer loans grew yearly by 12.7%.



- Net loans to companies (including leasing) amounted to PLN 13.4 billion, which means a modest yearly growth of 0.9%.

- Share of FX denominated mortgage loans continued to decrease.

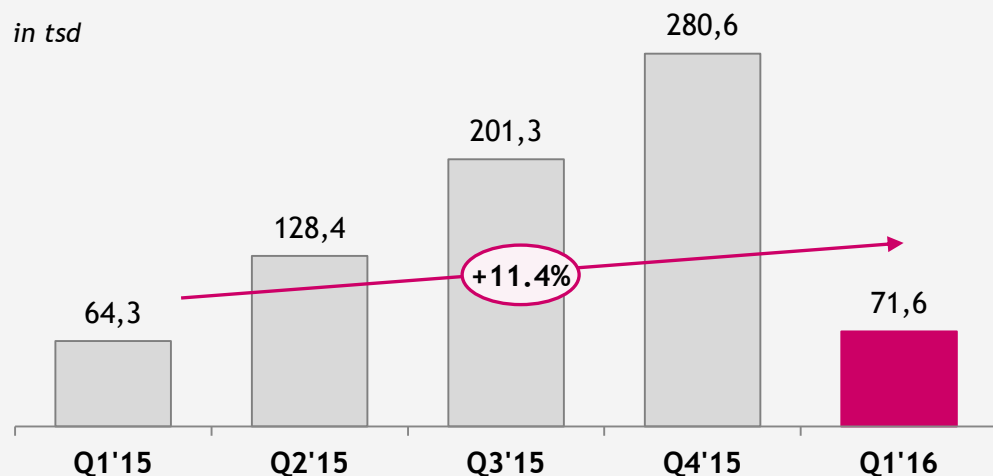
Customer funds



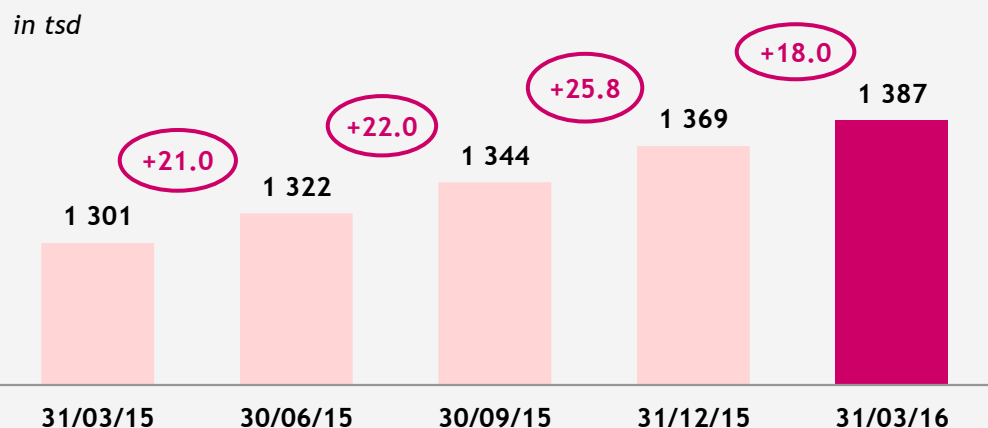
- Customer funds of the Group grew by 4.2% yearly of which deposits grew by 6.2% y/y (or by PLN 3 billion). Slight quarterly decrease in both deposits (driven by balance sheet management) and investment products.
- Households deposits keep strong pace of growth: +PLN 5.6 billion (or +18.4%) yearly, supported by strong growth of new customers and retail accounts.
- Deposits from companies decreased by 14% yearly and by 8% quarterly due to more restrictive pricing.

Retail business – new accounts and customers

Current account acquisition (cumulative)



Active Retail Clients



360° account

With 360° account you always win

0zł for account and card

0zł ATMs cash withdrawal in Poland and abroad

0zł domestic transfers in PLN on internet and for e-mail

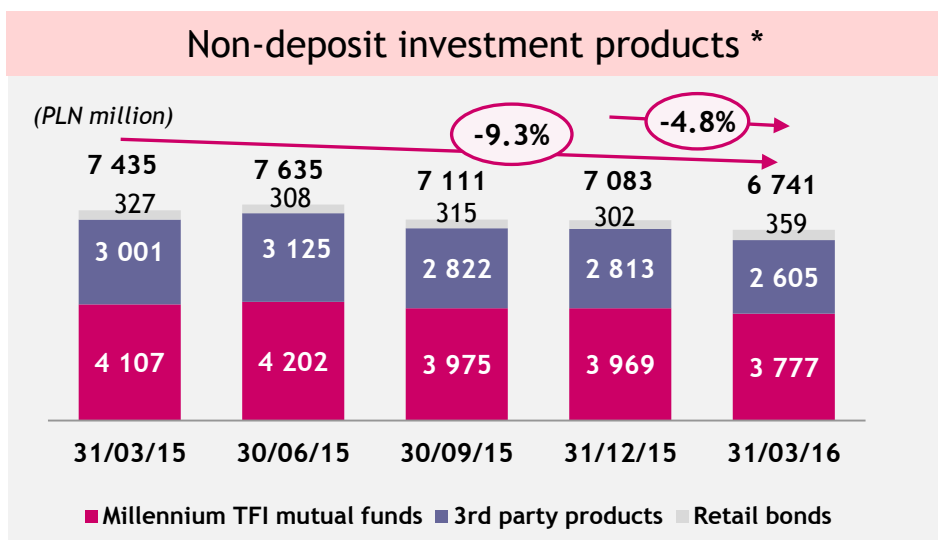
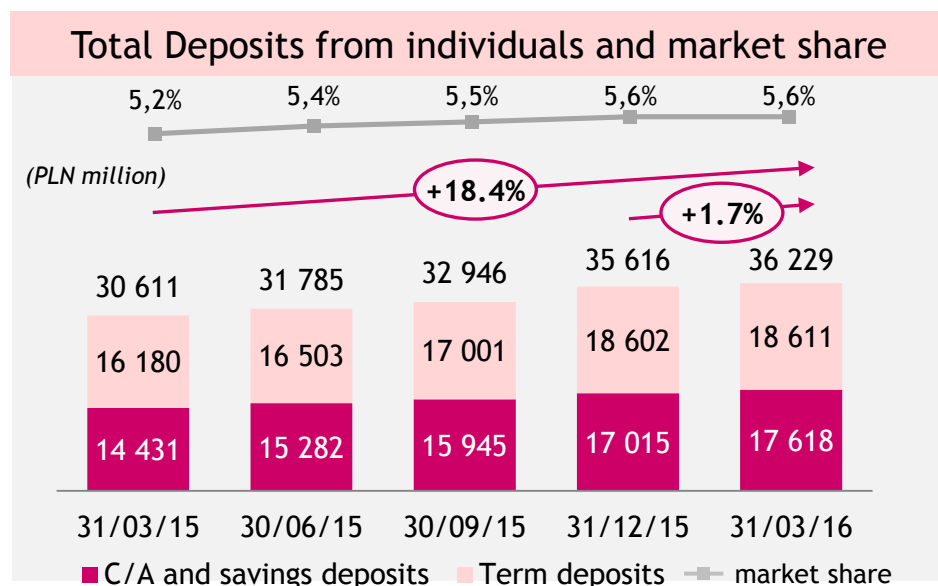
0zł healthcare and technical assistance

Millennium bank

Tradycyjna bankowość w nowoczesnym wydaniu

- Almost 72 thousand new current accounts opened in 1Q'16 - increase by 11.4% versus 1Q'15.
- 1.39 million active retail clients; +87 thousand yearly.

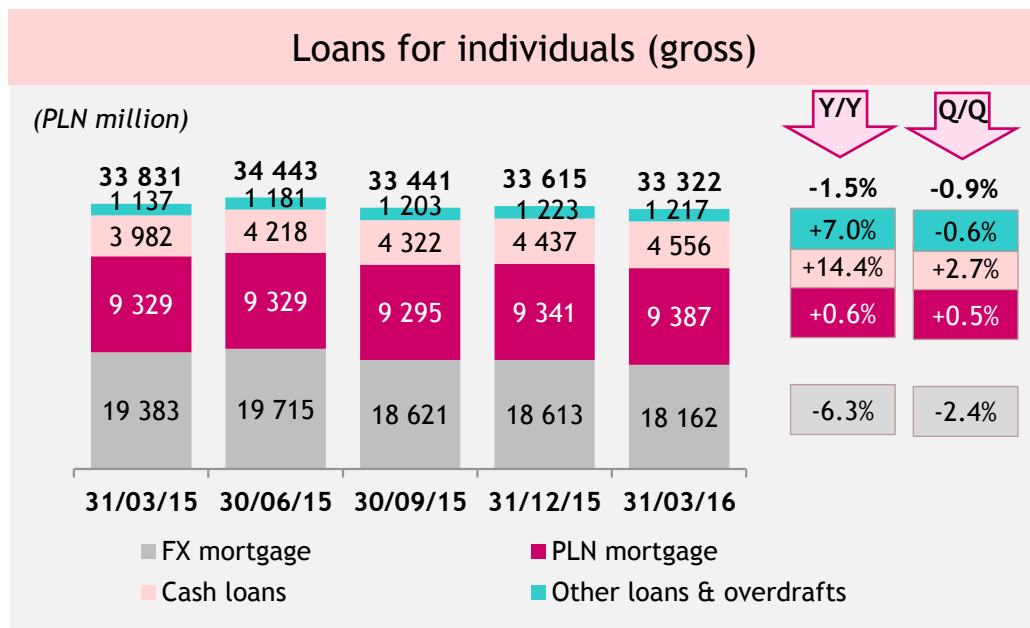
Retail business – customer funds



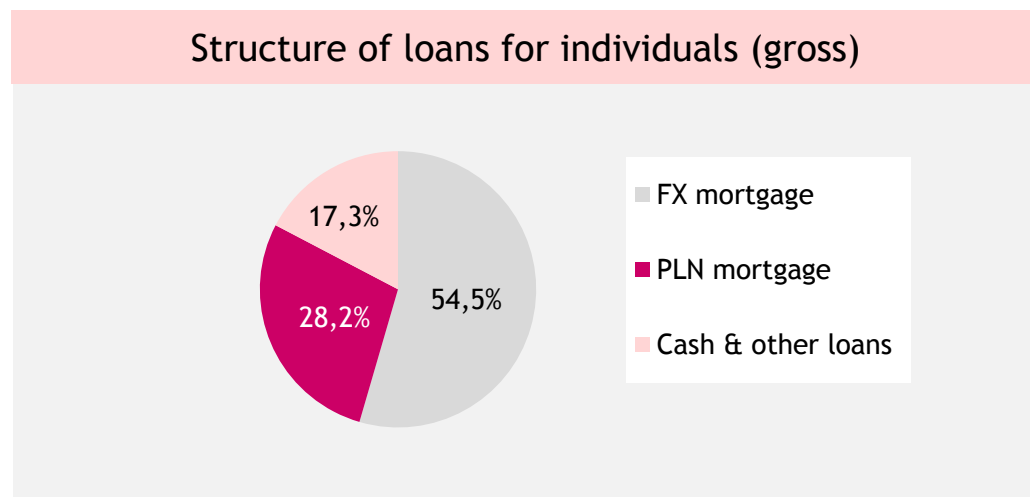
- Retail deposits showed solid growth of 18.4% y/y (+PLN 5.6 billion) vs. the end of March 2015.
- Current and saving accounts were the main driver of this growth (+22% y/y) and constituted 49% of total deposits from individuals.
- Balance of non-deposits investment products sold to retail customers fell by 9.3% y/y reflecting weak capital markets performance in Poland and internationally.

(*) Include own and third party mutual funds, insurance saving products (SPE, SPUL) and own bonds/BPWs sold to retail customers

Retail business - loan portfolio



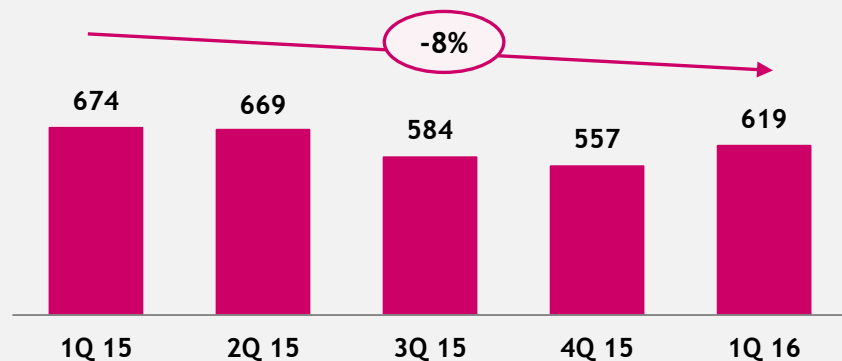
- Loans to individuals (gross) decreased in March 2016 by 1.5% y/y due to falling FX mortgage portfolio, whereas PLN loans grew by 4.9% y/y.
- Cash loans portfolio keeps its strong growth: +14.4% yearly; other consumer loans presented growth of +7% y/y.
- Mortgage loans in PLN grew by 0.6% y/y.



Retail business – cash and mortgage loans

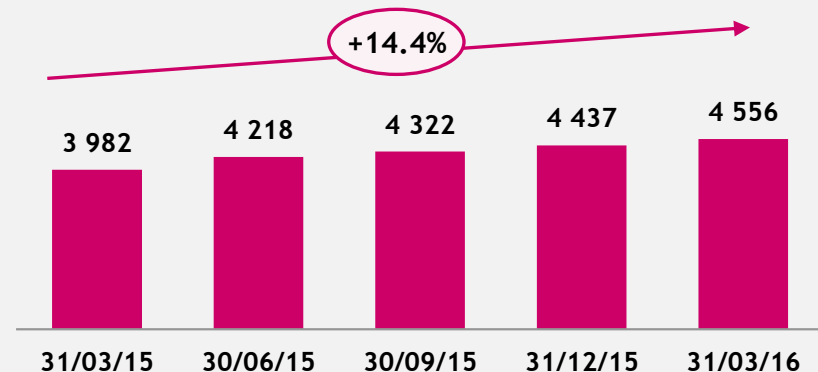
Cash Loans new production

(PLN million)



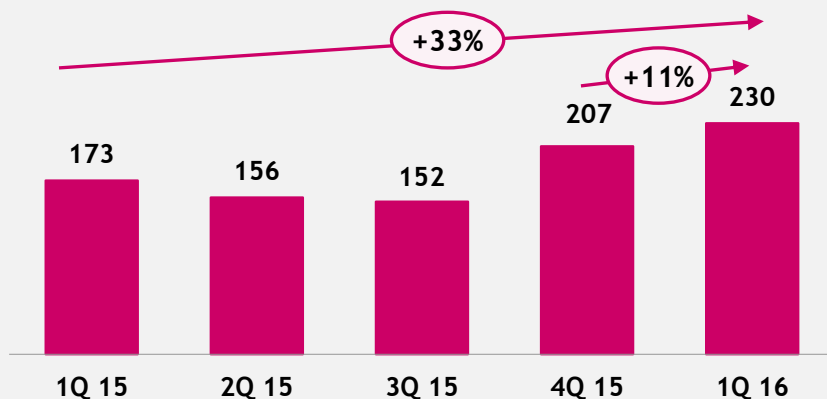
Cash Loans portfolio (gross)

(PLN million)



Mortgage new production

(PLN million)



- High level of quarterly cash loans production maintained: 619 million in 1Q'16; portfolio grew by 14.4% yearly.
- Rebound of mortgage loans sales in the last two quarters: quarterly sales in 1Q'16 grew +33% vs. 1Q'15 and +11% vs. the previous quarter.

Online and mobile platform core competency

Very agile platform and internal capability to deliver new and innovative changes at a fast pace

Client Experience #1 priority, creating value through screen to screen relations

- Simple processes, needs driven,
- First class e-care service,
- Humanizing digital experience with virtual advisor,
- Extensive security mechanism for customers.

830k (+ 11% YoY)
Active online retail clients
Very High Satisfaction levels

435k (80% YoY)
Mobile App and RWD mobile users

99%

Mobile and online transactions (YoY)

20%
Cash loans sales
30%
Overdraft sales

65% Time deposits

Distinctive Omnichannel

Newsweek Ranking Leader

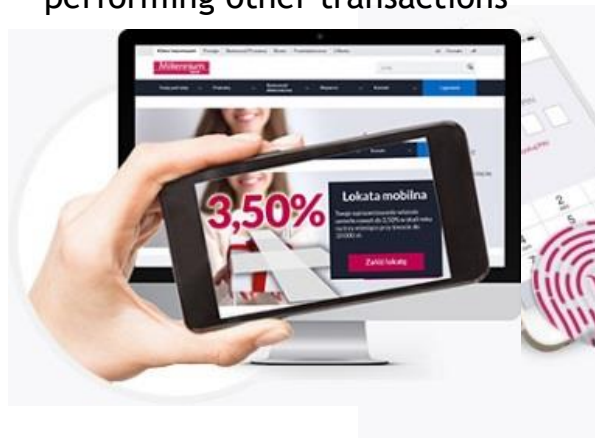
Continuous innovation

Mobile applications:

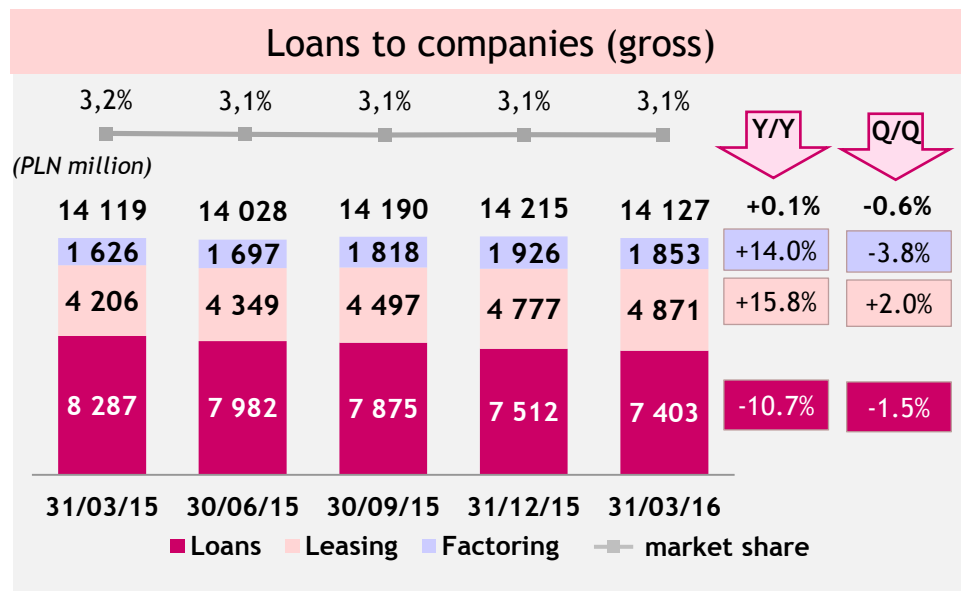
- Augmented reality (term deposit promotion),
- Fingerprint login in Android 6.0,
- User experience improvements,
- 3D Touch feature support for iOS.

Responsive Millenet (on PC, tablet, mobile) :

- Enabling cash loan process online for new to bank customers
- Supporting development of digital Poland strategy and e-administration via possibility of applying for 500+ social fund, integration with ZUS PUE
- Revamped process for cash loans
- Possibility of opening preferential retention deposits while performing other transactions



Companies business – loans

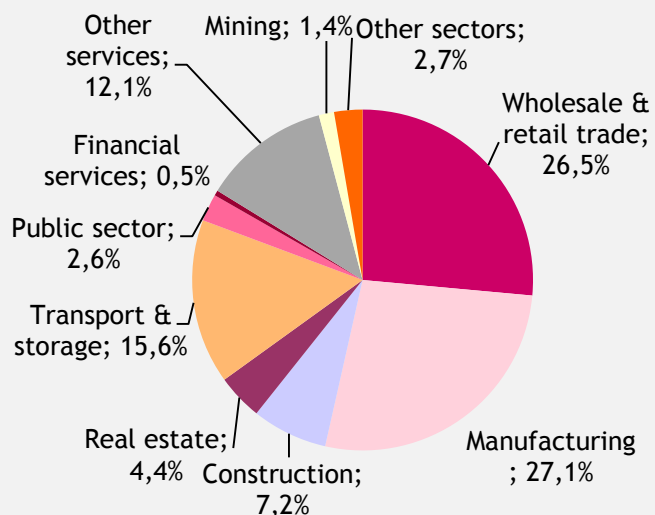


- Loans to companies (gross) at similar level as one year ago (PLN 14.1 billion), with strong growth of leasing and factoring portfolios: +16% and +14% y/y respectively.

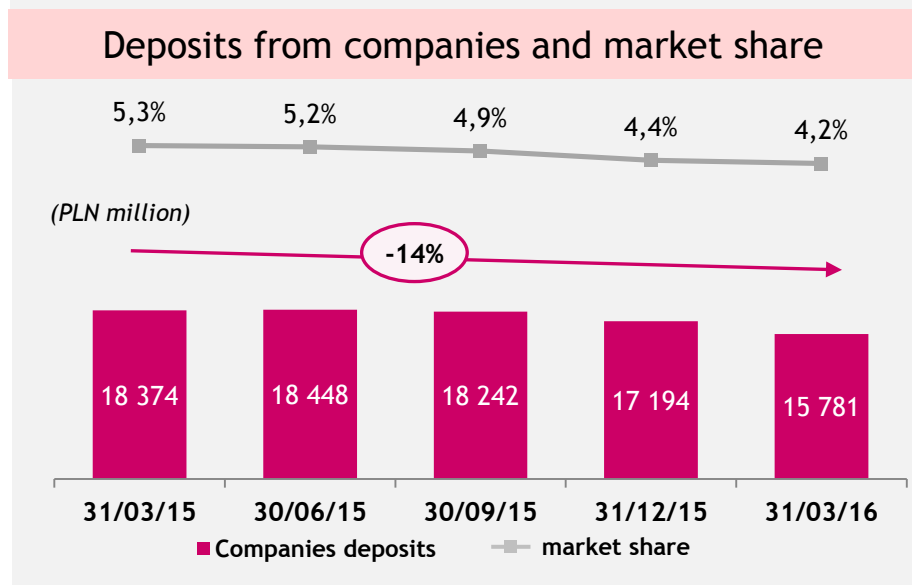
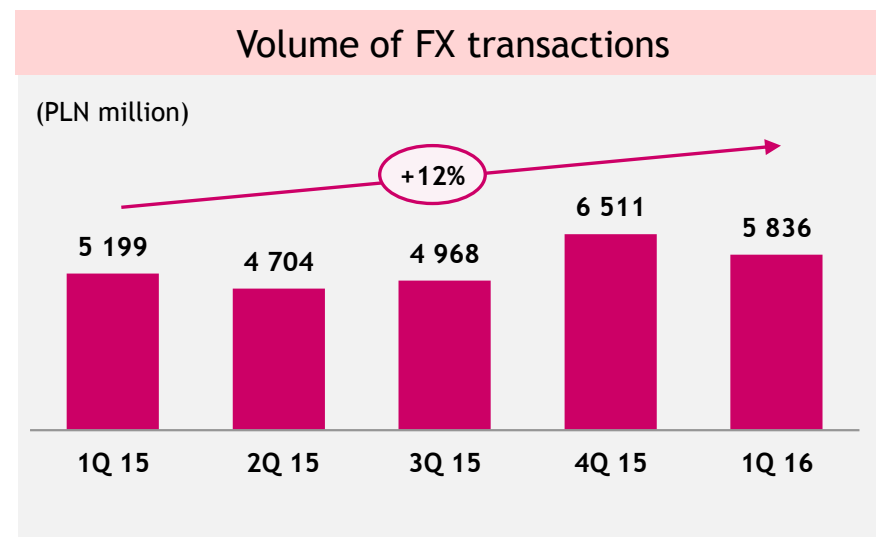
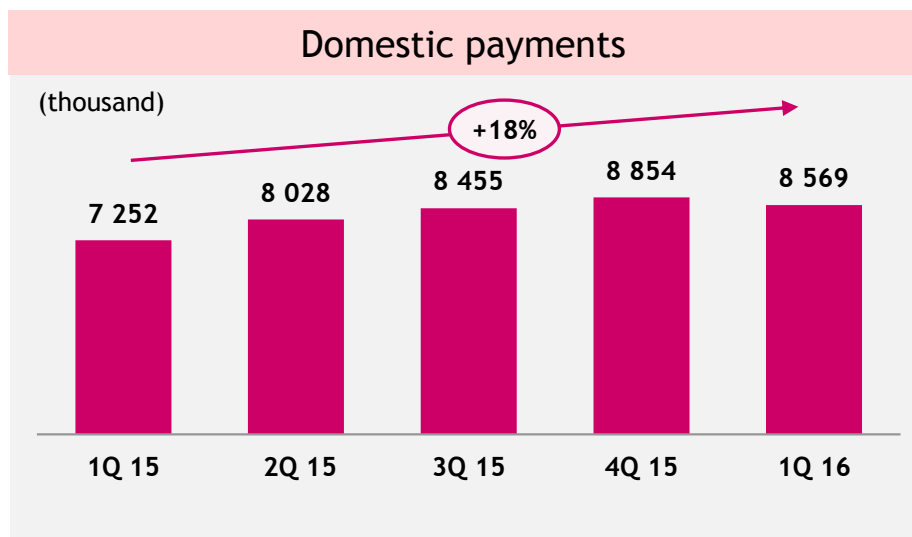
- Loans (excluding leasing and factoring) decreased by 10.7% y/y as the Bank continued effort to prudently manage credit risk and margin in a very competitive market environment.

- Well diversified corporate loan portfolio.

Structure of corporate loan portfolio (gross)

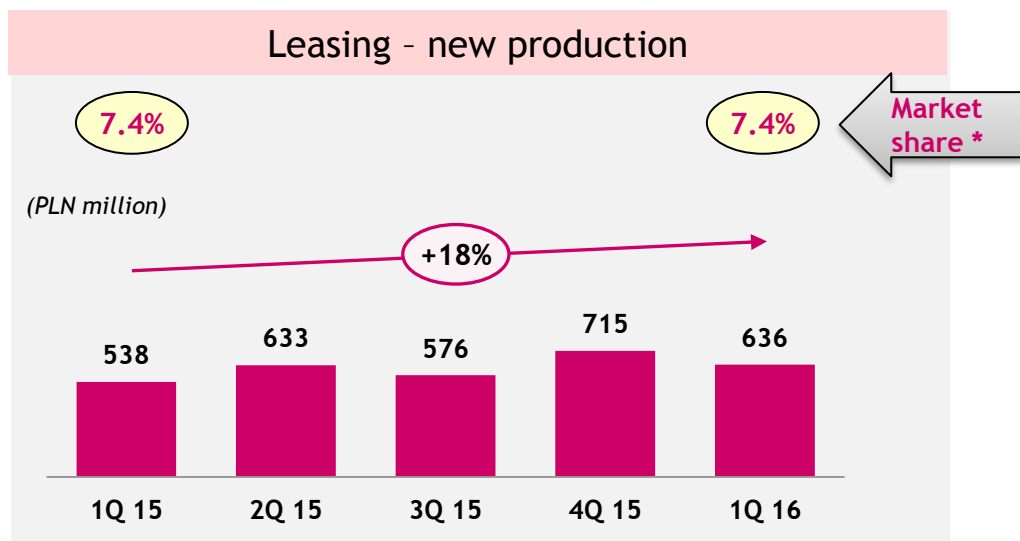


Companies business – transactions and deposits



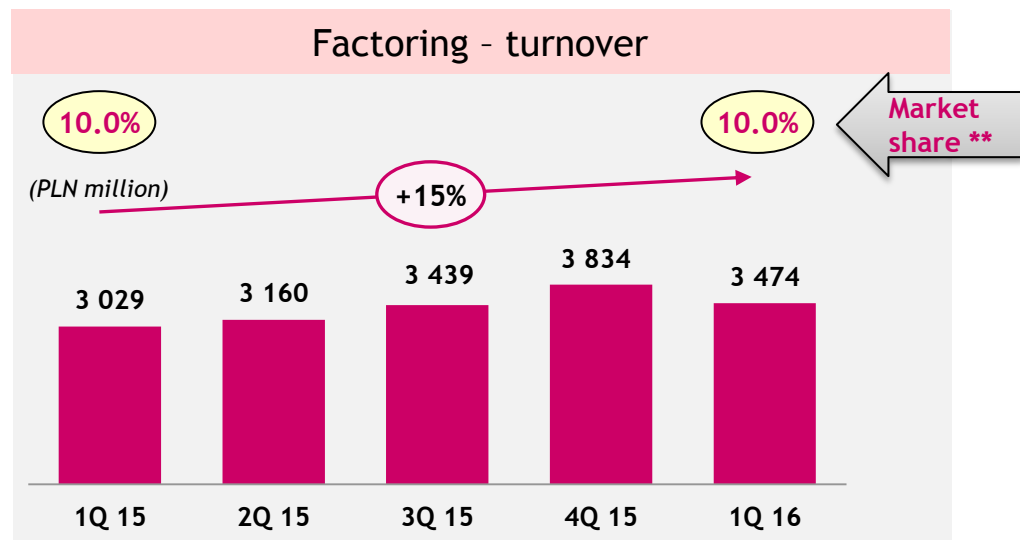
- Decrease of companies deposits (-14% y/y) due to strict pricing and balance sheet management, supported by continued very strong growth of retail deposits.
- Growing trend in number and volume of transactions kept: quarterly domestic payments grew by 18% yearly and FX transactions grew by 12% y/y.

Companies business – leasing and factoring



- Leasing sales in 1Q'16 grew by 18% versus 1Q'15.

- Millennium Leasing improved position in 1Q'16: to 4th place with 7.4% share of the Polish market.



- The value of factoring turnover in 1Q'16 grew by 15% yearly.

- This growth allowed the Bank to keep high market share** of 10% and fourth position among Polish factors.

(*) Bank's estimations based on Polish Leasing Association data (commitments)

(**) Based on Polish Factors Association members data



Newsweek's Friendly Bank

Best Internet banking in Poland 2015!



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- **Appendixes**

Recent major awards and achievements



- During the Great Gala of Leaders in Banking and Insurance World, Bank Millennium was recognized as **the most innovative bank in Poland**. The jury appreciated the Bank for innovative thinking, covering all processes and structures and the usage of new technologies in order to help customers in daily banking.

Service Quality Stars



- For the fifth time Bank Millennium has been honored with the prestigious title of **Service Quality Star**. The award is given on the basis of consumer votes in the Polish Service Quality Programme, collected through entire year on www.jakoscobslugi.pl, also by smartphone applications.



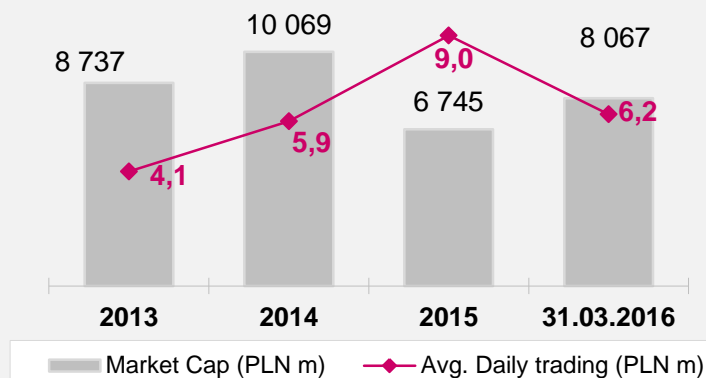
- **Bank Millennium took third place in the „Złoty Bankier” ranking (The Gold Banker) in category of the highest quality of service** organized by "Puls Biznesu" daily and *Bankier.pl*. TNS Poland and *Obserwatorium.biz* conducted a full audit of the quality of service banking in branches, call center, ergonomics electronic channels, electronic security systems, the product offer, social communication and banking advertisement. Additionally, the Bank received a special award in the category „The best practice of security systems”



- **Bank Millennium was awarded in the competition "Website without barriers"** for adapting the website to the needs of people with disabilities, the elderly and exposed to digital exclusion. The competition "Website without barriers", organized by the „Fundację Widzialni” (Foundation Visible) and „Szerokie Porozumienie na Rzecz Umiejętności Cyfrowych” (A Wide Coalition for Digital Skills) is the only such initiative in Poland.

Bank Millennium share performance

Market cap/liquidity



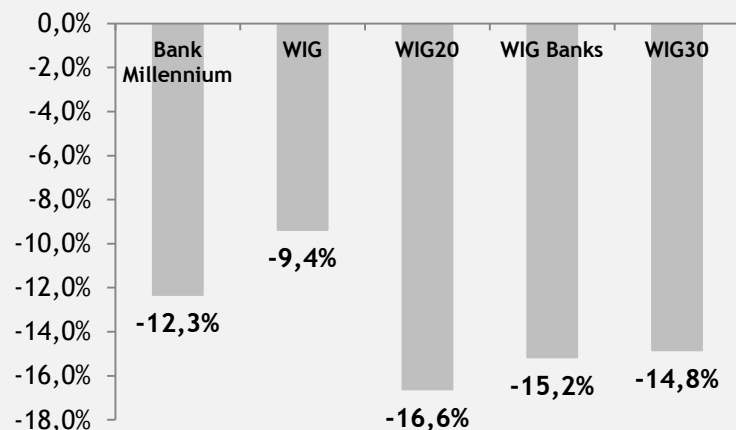
Since 19th March 2016, after indices annual revision. Bank Millennium is also in the composition of **WIG30**

General information on Bank Millennium shares

- ✓ **No of shares:** 1 213 116 777 (listed 1 213 007 541)
- ✓ **Listed:** on Warsaw Stock Exchange since August 1992
- ✓ **Index:** WIG, WIG30, mWIG40, WIG Banks, WIG RESPECT, MSCI PL, FTSE GEM
- ✓ **Tickers:** ISIN PLBIG0000016, Bloomberg MIL PW, Reuters MILP.WA

Annual stock performance vs. main indices

(as on 31.03.2016)



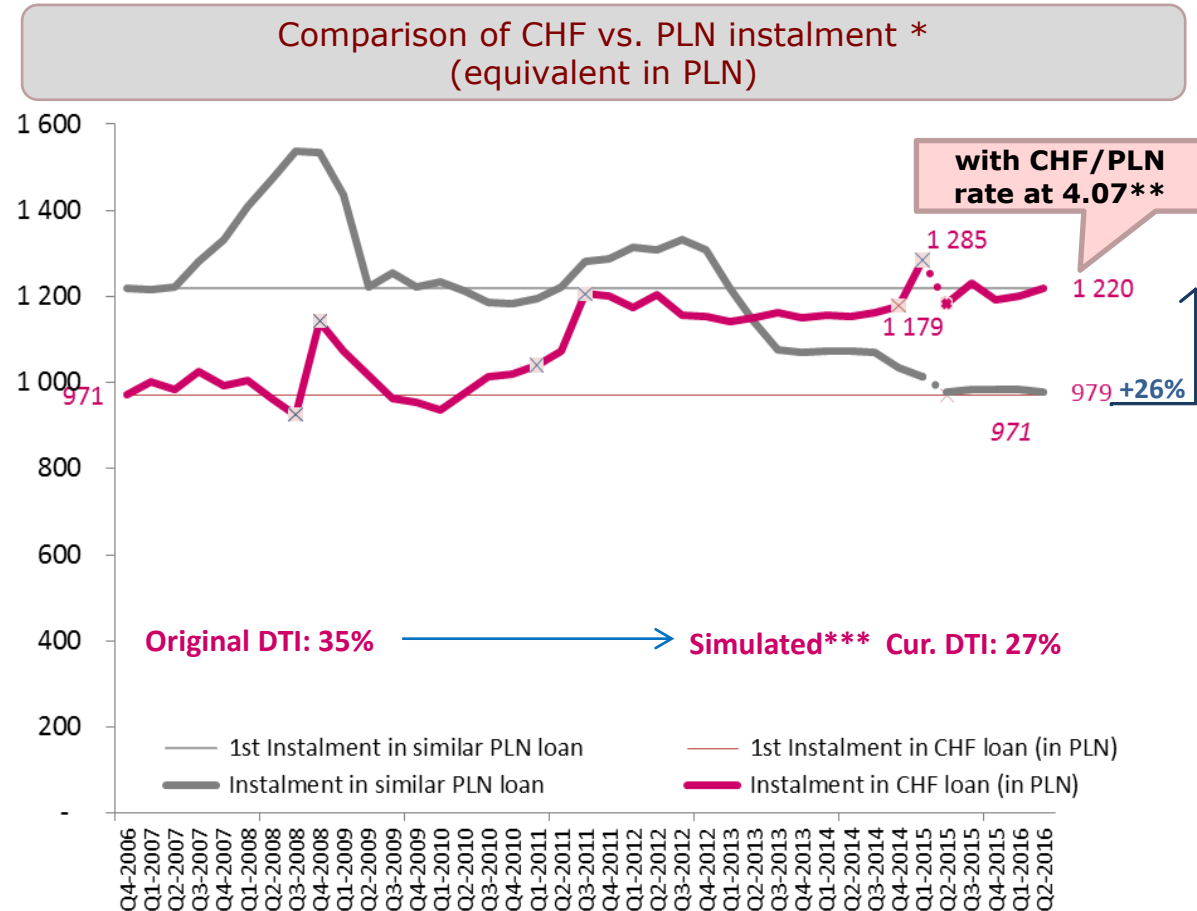
Share price evolution till 31-03-2016 (PLN 5.83)

Share price change

1 month	-0.5%
3 months	+4.9%
Annual	-12.3%

During 1Q'16 Bank Millennium shares partially rebound after weak performance during 2015 (for entire sector), which was driven by new banking tax introduction, few extraordinary charges booked at the end of 2015 year and by still continued uncertainty concerning possible further regulatory interventions towards banks with FX mortgages.

Mortgage loans – evolution of CHF instalments



- CHF rate surge in January caused a temporary growth of mortgage instalments, which was lower than scale of increases that occurred during 2008 and 2011 years.

- Instalments in 1Q'16 are still benefiting from record low level of CHF Libor, which almost fully compensate (to most of clients) the FX effect.

- Thanks to wage increase in Poland since the origination of FX loans, the burden of current instalment may be even lower than at the origination (measured by the simulated DTI ratio***).

- Current level of CHF instalment is still lower than the historical peak levels for the PLN borrowers.

(*) Simulation for a loan using average age, maturity, amount and spread of current CHF mortgage portfolio

(**) CHF/PLN average sell rate in 1Q'2016

(***) Simulated Current DTI (Debt service To Income ratio) is based on Initial DTI with the new Instalment amount and the Income updated based on National wages growth

Actions to support mortgage loan borrowers

The Bank fully implemented a set of „**Six-pack solution**” recommended by Polish Banking Association (ZBP) in order to mitigate negative impact of CHF appreciation, stabilize the level of loans instalments and support clients with the difficult financial standing:

1. Applying negative LIBOR rate*: since 1st January 2015, the loans indexed to CHF LIBOR have the interest rate calculated based on a negative LIBOR3M. In 1Q'16 Bank was using CHF negative LIBOR 3M of -0.756% and since 1st April the Bank applies the rate of -0.729%.
2. Temporary decrease of the FX conversion spread for CHF loans,
3. Extension on the Client's request the period of repayment or temporary suspension of the repayment of the capital instalment,
4. Resignation from demanding new collateral and loan insurance,
5. Enabling loan conversion at the average NBP rate,
6. Relaxing conditions of restructuring mortgage loans for clients occupying credited real estate

Additionally, Bank Millennium continues to be flexible in accepting change of collateral under the same mortgage loan (as long as LTV ratio does not deteriorate) and is providing to its customers different alternatives in case they want to decrease partially or totally the FX risk associated with the loan through preferential PLN mortgage conditions in case of partial or full conversion to PLN or early partial repayment.

On October 9th 2015 the new **Act on support of housing borrowers in a difficult financial situation** was passed, which was the idea proposed by 11 banks in March 2015. The new **Support Fund** worth initially of PLN 600 million was created with an aim to help all mortgage borrowers (FX and PLN) being in troubled situation and meeting certain criteria. During first two months of activity, the Fund supported 100 borrowers (of which 40 with CHF mortgage).

(*) Legally, total interest cannot be lower than zero. Nevertheless, since 1 April the Bank provides an additional payment for a CHF borrower with sum of interest spread and reference rate at a negative value. This payment will be valid till 30th June 2016.

Synthetic P&L account (pro-forma)

<i>(PLN million)</i>	1Q 2015 pro-forma	4Q 2015 pro-forma	1Q 2016 pro-forma
Net interest income*	351,1	361,7	364,8
Net commission income	156,7	140,4	134,4
Other non-interest income **	37,7	-114,9	40,0
Operating Income	545,5	387,3	539,1
General and administrative costs	-262,5	-262,0	-258,4
Depreciation	-11,9	-13,4	-13,5
Total operating costs	-274,4	-275,4	-271,8
Net provisions	-67,8	-45,2	-44,3
Operating profit	203,3	66,7	223,0
Banking tax	-	-	-32,3
Pre-tax profit	201,8	66,7	190,7
Income tax	-39,3	-13,6	-53,5
Net profit	162,6	53,0	137,2
<i>Net profit without one-off charges and special banking tax in 1Q 2016</i>	162,6	173,9	169,5

* Pro-forma data. Margin from all derivatives, including those hedging FX denominated loan portfolio, is presented in Net Interest Income, whereas in accounting terms part of this margin (PLN 17.8 million in 1Q 2015 and PLN 13.6 million in 1Q 2016) is presented in Result on Financial Operations.

** includes FX results, results on financial operations (pro-forma) and net other operating income and costs

<i>(PLN million)</i>	1Q 2015	4Q 2015	1Q 2016
Net interest income (reported under IFRS)	333,3	349,5	351,1

Balance Sheet

ASSETS	(PLN million)	31/03/2015	31/12/2015	31/03/2016
Cash and balances with the Central Bank		2 353	1 946	2 504
Loans and advances to banks		3 612	2 349	1 656
Loans and advances to customers		46 535	46 369	46 085
Amounts due from reverse repo transactions		81	0	216
Debt securities		9 987	14 056	13 378
Derivatives (for hedging and trading)		616	429	438
Shares and other financial instruments		10	230	230
Tangible and intangible fixed assets		203	218	216
Other assets		657	637	593
TOTAL ASSETS		64 054	66 235	65 316

LIABILITIES AND EQUITY	(PLN million)	31/03/2015	31/12/2015	31/03/2016
Deposits and loans from banks		2 283	1 444	1 488
Deposits from customers		48 973	52 810	52 010
Liabilities from repo transactions		72	0	0
Financial liabilities at fair value through P&L and hedging derivatives		3 387	2 477	2 149
Liabilities from securities issued		1 564	1 134	1 279
Provisions		95	31	41
Subordinated liabilities		617	640	644
Other liabilities		1 221	1 256	1 055
TOTAL LIABILITIES		58 212	59 792	58 666
TOTAL EQUITY		5 842	6 443	6 650
TOTAL LIABILITIES AND EQUITY		64 054	66 235	65 316



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