

Bank Millennium Group

2015 results

1 February 2016



Friendly Bank



No 1 in Poland

„Bank on Quality”



Jakość
na bank

Service Quality Stars



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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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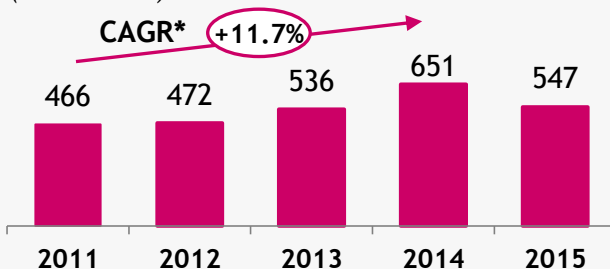
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Summary of 2011-2015 achievements (1)

Net Income

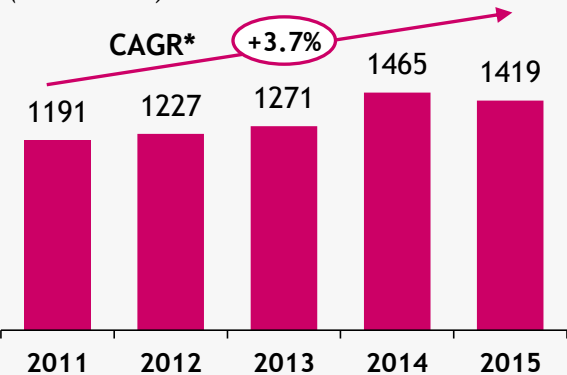
ROE	11.1%	10.2%	10.6%	11.8%	9.1%
CET1	11.4%	12.9%	13.4%	14.5%	16.4%

(PLN million)



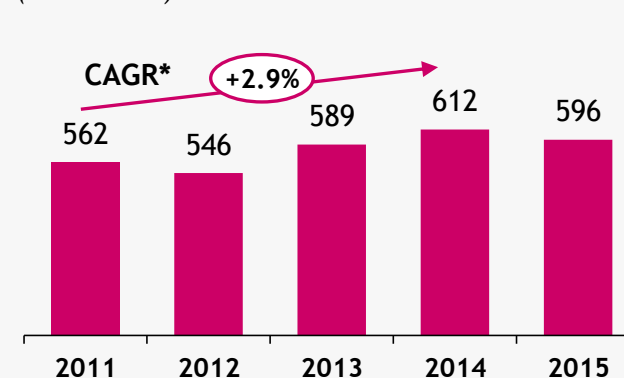
Net Interest Income

(PLN million)



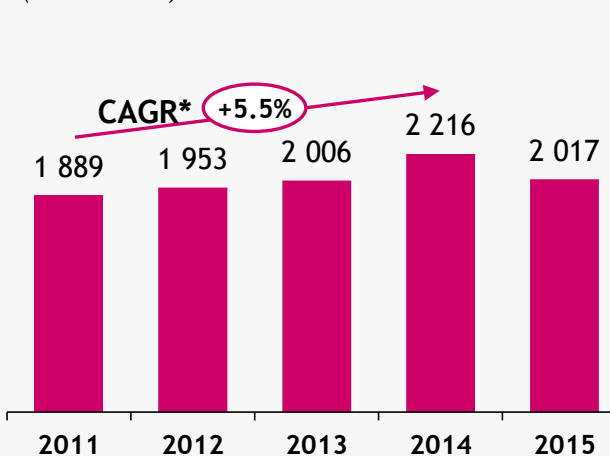
Net Commission Income

(PLN million)



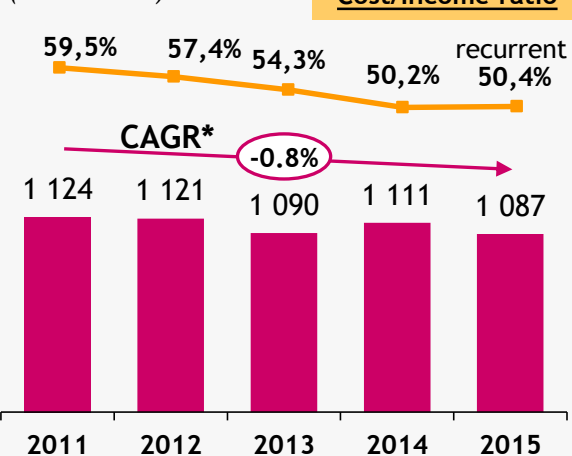
Operating Income

(PLN million)



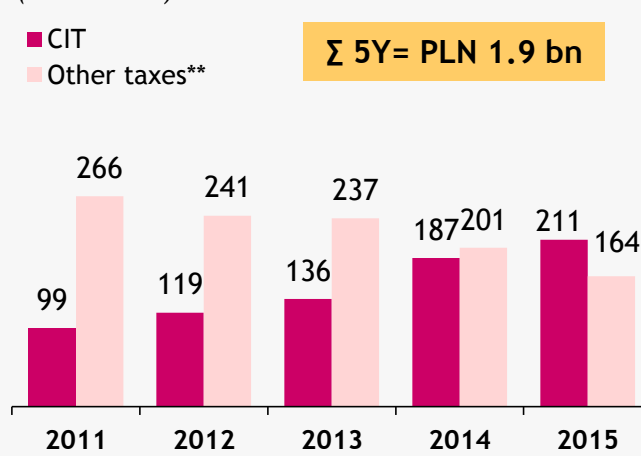
Operating Costs & Cost/Income ratio

(PLN million)



Corporate Income & other taxes paid**

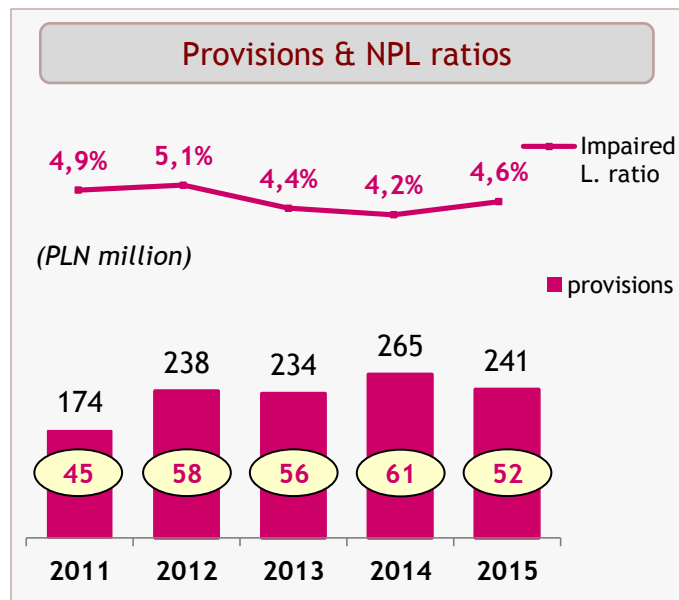
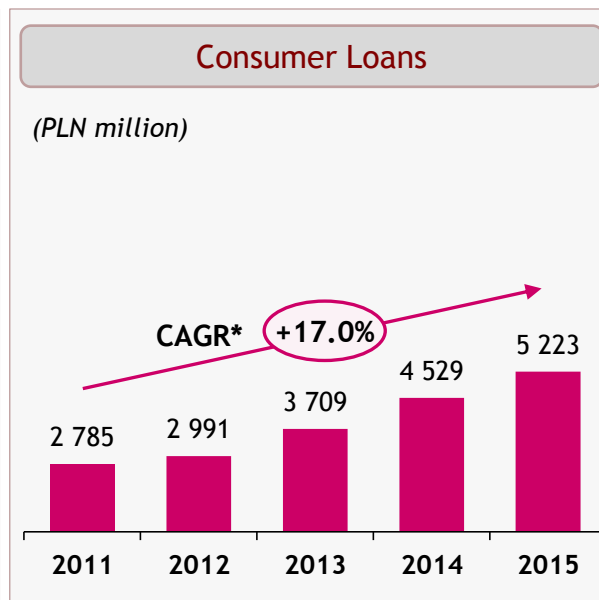
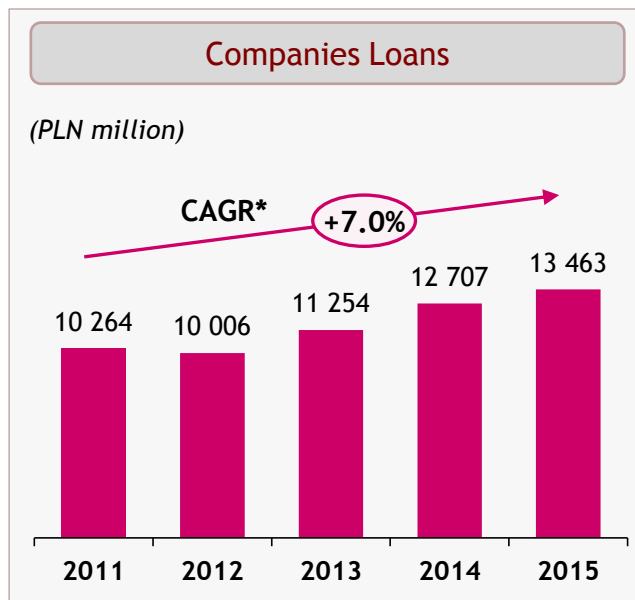
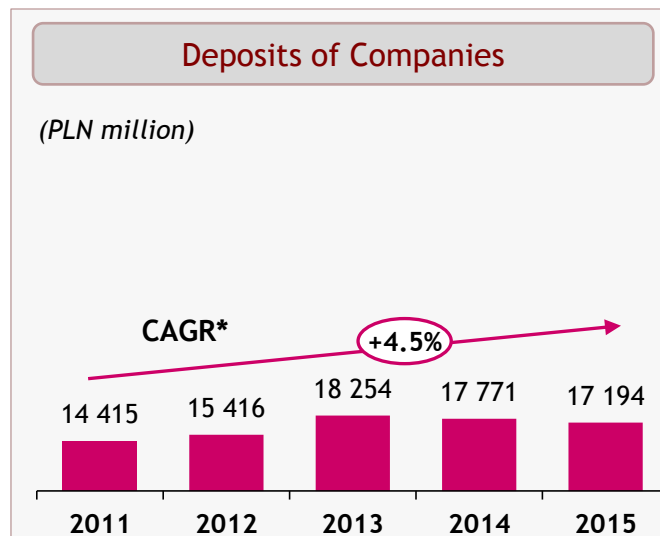
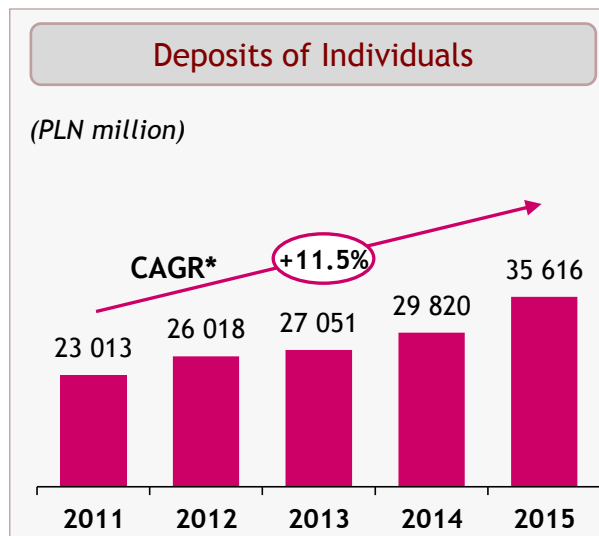
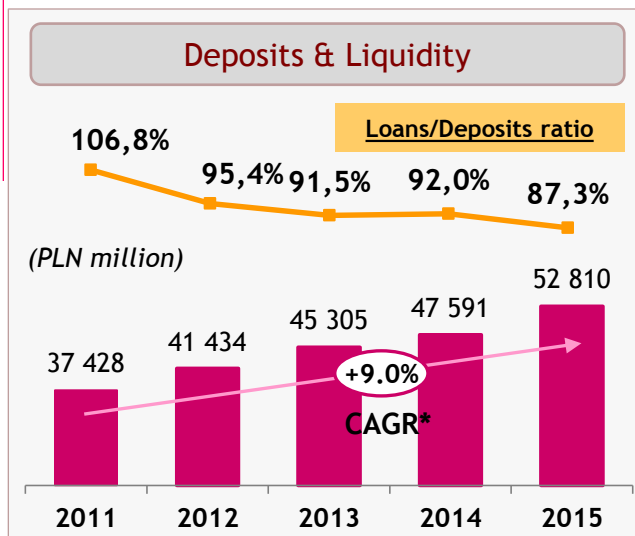
(PLN million)



* Compound average growth rate

** including VAT, tax on interest and dividend, prepayment for employees' income tax

Summary of 2011-2015 achievements (2)



* Compound average growth rate



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



Agenda

- **Macroeconomic overview**
- Financial performance
- Business development
- Appendixes

Konto pełne możliwości

– korzystaj z niego, gdzie i kiedy chcesz...

Otwórz Konto 360°, płac kartą i telefonem – tak, jak lubisz – i zyskaj nawet 360 zł!

OTWÓRZ KONTO

KONTO 360°

PŁAĆ

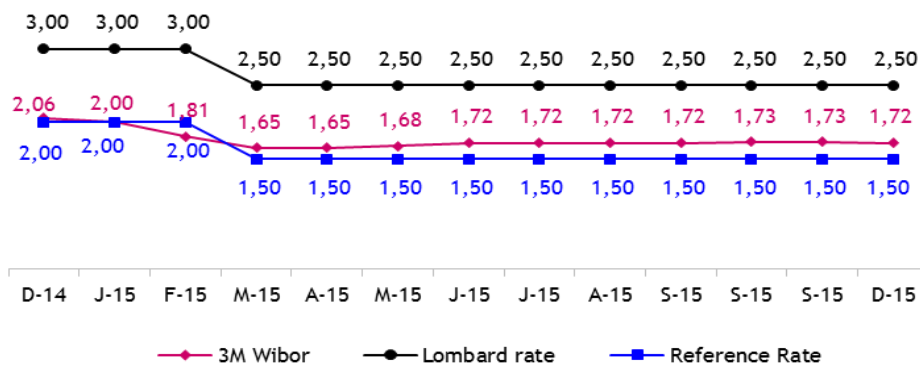
ZYSKAJ 360 zł

Millennium
bank

Tradycyjna bankowość w nowoczesnym wydaniu

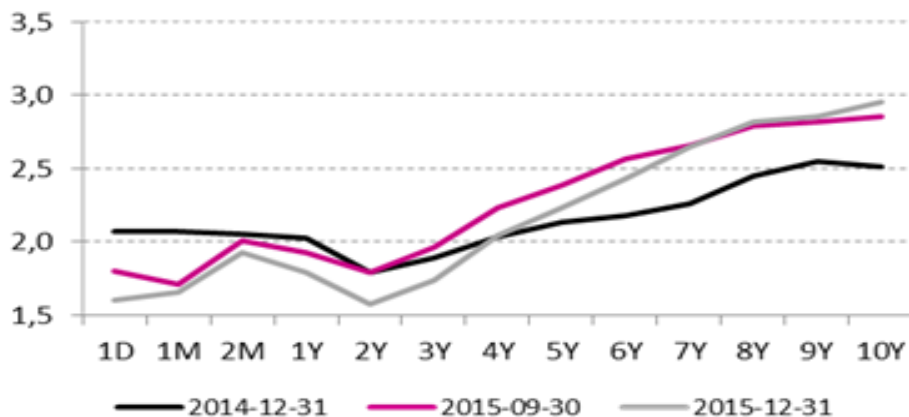
Macroeconomic Overview

Interest Rates Evolution (%)

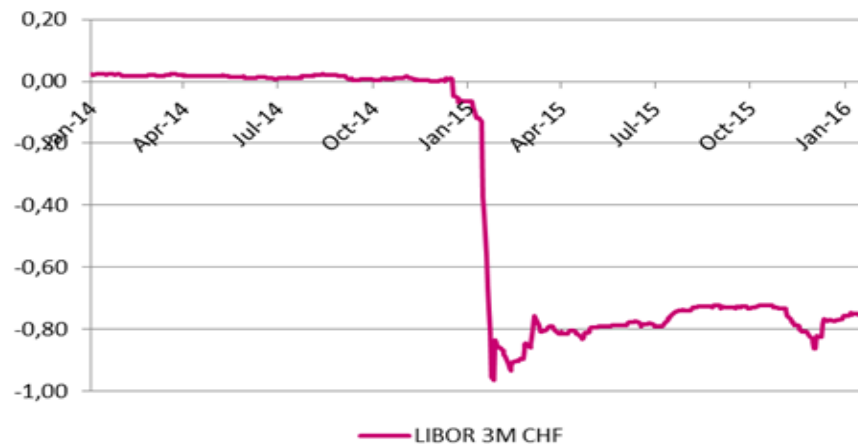


Q-o-Q (bp)	0	0	0
Y-o-Y (bp)	-34	-50	-50

Evolution of PLN yield curve (%)



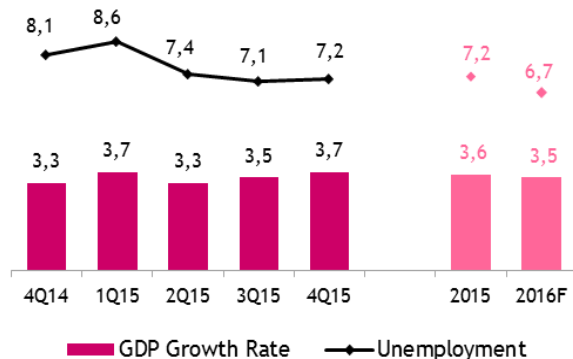
Evolution of CHF Libor 3M (%)



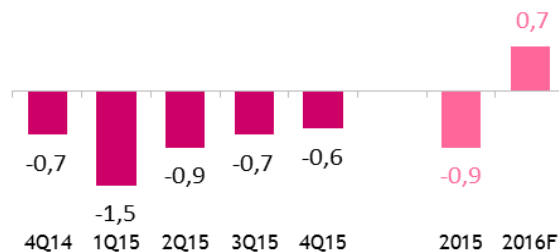
- The central bank kept rates at record low levels during 4Q. However, markets started to price-in a rate cut by the new MPC in the beginning of 2016.
- Polish yield curve steepened during 4Q. Short dated papers were supported by expected rate cuts in 2016 and prospects of a banking tax, while bonds from long end of the curve showed increase in yields mainly due to global risk aversion.

Macroeconomic Overview

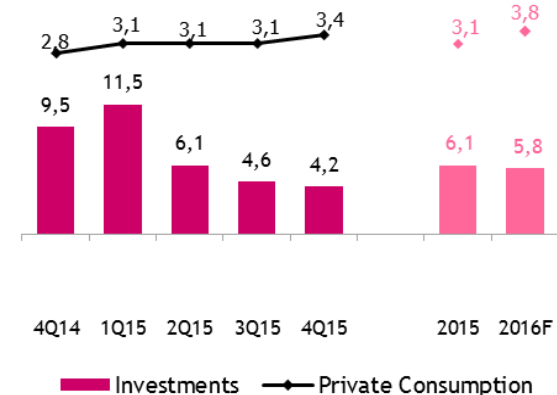
GDP Growth & Unemployment Rate (%)



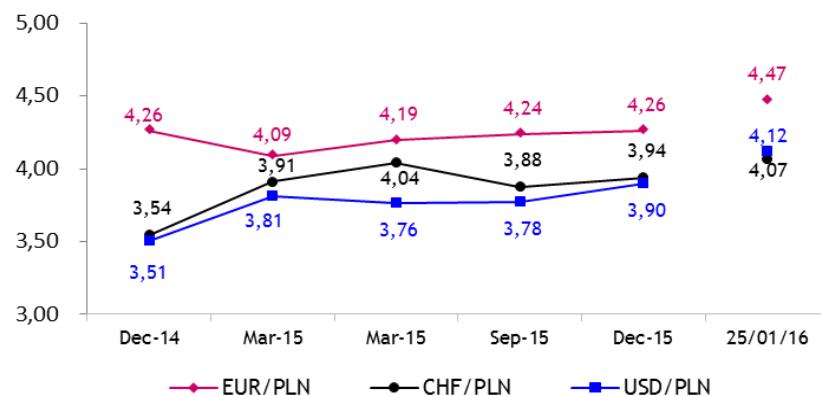
Inflation (CPI %)



Investments & Private Consumption (% y/y)



FX Rates Evolution



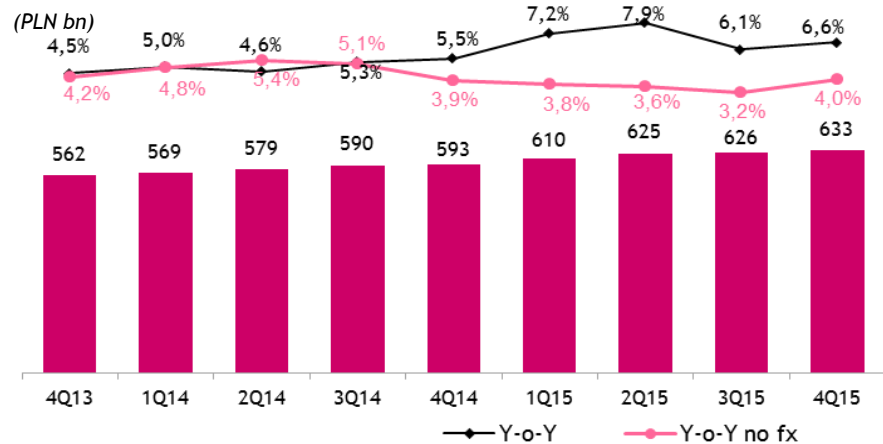
Q-o-Q	0,5%	1,6%	3,3%
Y-o-Y	0,0%	11,1%	11,2%

- Polish economy kept growing at a solid pace in 2015 driven by domestic demand and still solid growth of exports.
- Situation in the labour market continued to improve and unemployment rate slipped to the lowest level since 2008 supporting consumption growth. In the same time high capacity utilization and good financial situation of companies is expected to support private investments in fixed assets.
- Zloty depreciated during 4Q because of global risk aversion and increased political risk in Poland.

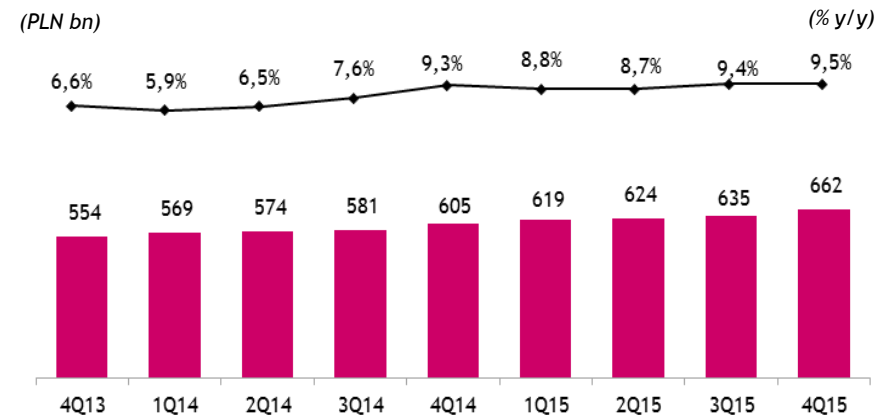
Source: NBP, GUS

Macroeconomic Overview

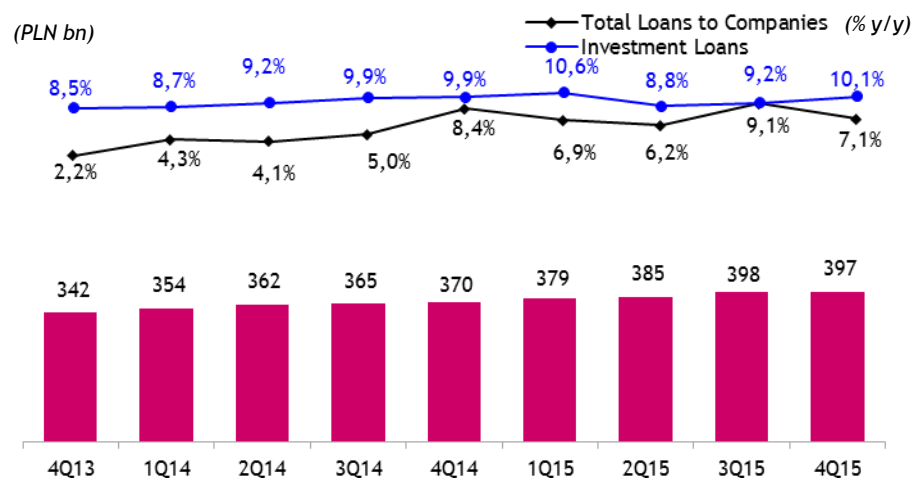
Loans to Households



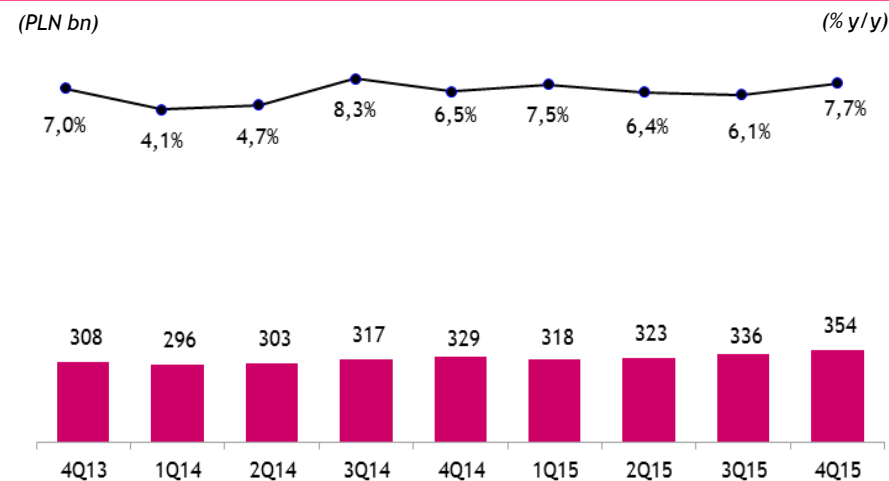
Households' deposits



Loans to Companies



Corporate sector deposits



Source: NBP

Agenda

- Macroeconomic overview
- Financial performance
- Business development
- Appendixes

Kto konsoliduje, ten zyskuje

Splacaj jedną niższą ratę i zyskaj dodatkowe
środki, na co tylko chcesz.

oprocentowanie
4,99%
dla kwoty
konsolidowanych
środków

**JEDNA
NISKA
RATA**

provizja
0%
od kwoty
konsolidowanych
środków

Millennium
bank

Tradycyjna bankowość w nowoczesnym wydaniu

Main financial highlights in 2015

Net profit under 4Q extra charges

Core income and costs fell; stable Cost/Income ratio

High asset quality and low cost of risk kept

Further improved capital and liquidity ratios

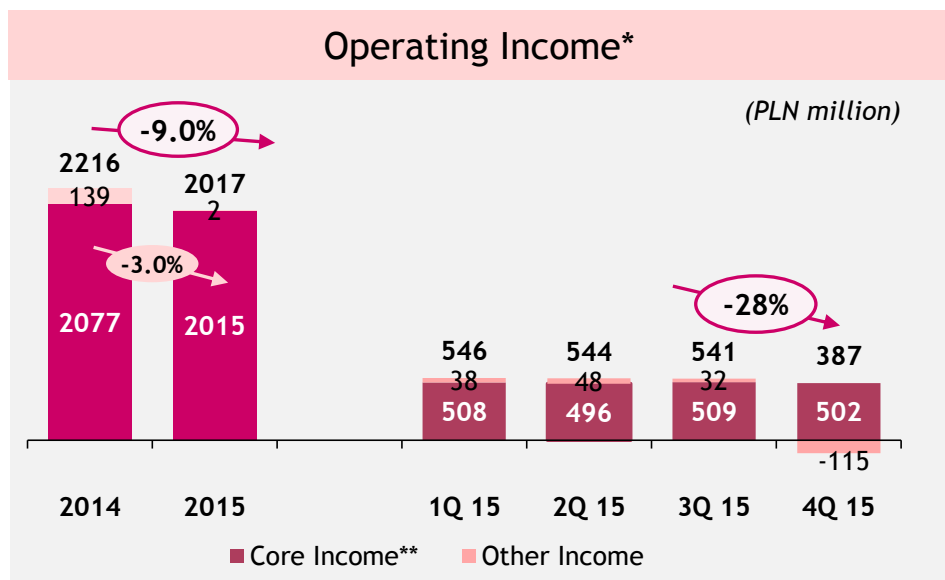
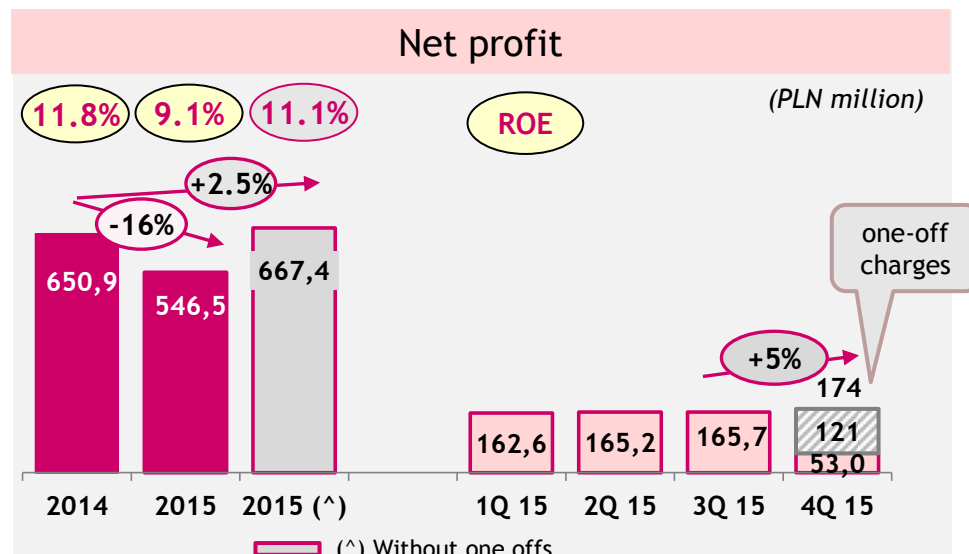
- Yearly net profit PLN 547 million; 4Q affected by extraordinary charges:
 - ✓ PLN 102.5 million extraordinary payment to Bank Guarantee Fund
 - ✓ PLN 15.6 million participation in Mortgage Support Fund
 - ✓ PLN 12.2 million penalty from UOKiK* decision.
 - ✓ PLN 10 million net provisions for tax and other
- ROE at 9.1% (11.1% without 4Q extra charges)
- Core income fell 3% yearly but net interest income continued gradual recovery since 2Q.
- Operating costs fell 2.2% y/y despite higher BFG** fees (-5.1% without regular BFG fees)
- Stable Cost to income without one-offs at 50.4% (53.9% if included)
- Impaired loans ratio at low 4.6%, mortgage at 2.1% (past-due over 90 days at 0.9%)
- Cost of risk at 52 b.p.s. over net loans - lower by 9 b.p.s. versus 2014
- Strong and growing capital ratios: TCR at 16.7% and CET1 at 16.4%
- Loans-to-deposits ratio*** dropped to 87%

* Authority for Competition and Customer Protection

** Banking Guarantee Fund

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

Profitability

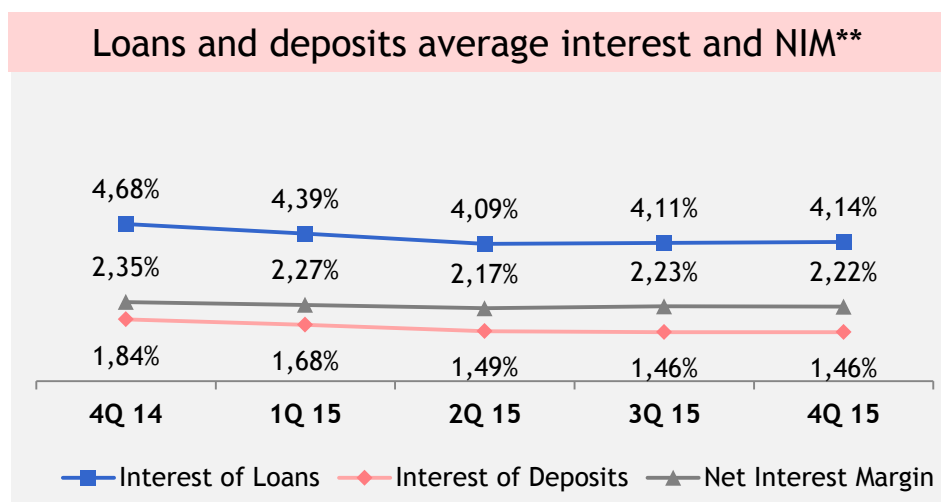
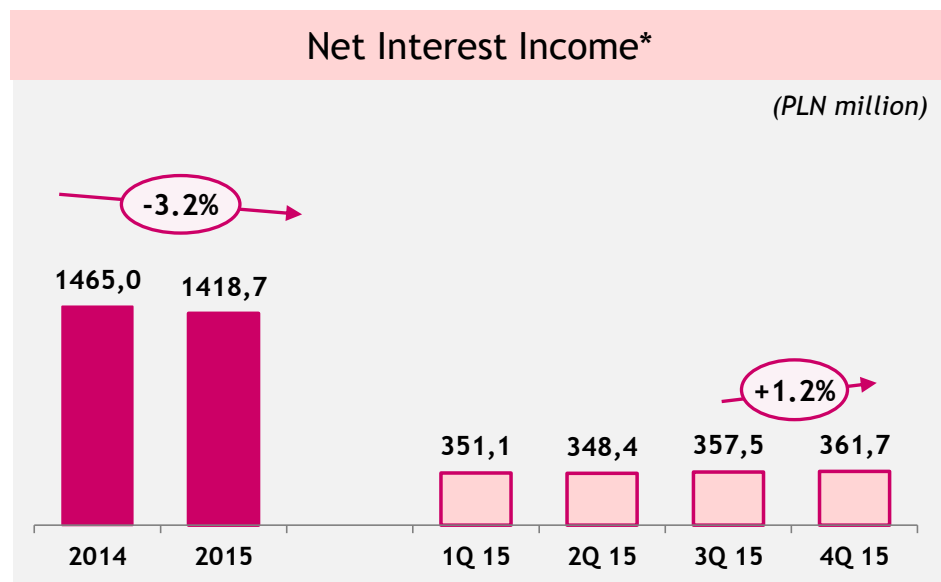


- Net Profit for 2015 reached PLN 547 million and fell by 16% vs. 2014. Excluding 4Q one-off charges, yearly net profit would reach PLN 667.4 million, which would mean PLN 16.5 million growth.
- Net Profit in 4Q'15 reached PLN 53 million and was affected by adverse one-off items:
 - PLN 102.5 million (gross) payment to Bank Guarantee Fund to cover deposits of bankrupted SK Bank,
 - PLN 15.6 million (net) provision for payment to the Fund supporting distressed mortgage borrowers,
 - PLN 12.2 million penalty payment resulting from UOKiK decision.
 - PLN 10 million net provisions for tax and other
- ROE of 9.1% (11.1% without one-offs).
- Core Income** only decreased by 3.0% y/y despite lower interest rates (average yearly WIBOR was 75 bps lower y/y) and regulatory adverse impact of interchange fees cuts.

* Including net other operating income and cost

** Net Interest Income + Net Commissions Income

Net Interest Income



- Net Interest Income* continued moderate growing trend in 2nd half of the year (+1.2% q/q in 4Q'15) gradually rebounding after the two interest rate cuts.
- Net Interest Margin was stable in 4Q'15 at 2.22%.
- In yearly terms, NIM reached 2.20% in 2015 which is 33 b.p.s. lower than in 2014 year (impact of rate cuts).
- Average interest rate on loans and deposits in 4Q relatively stable versus previous quarter.

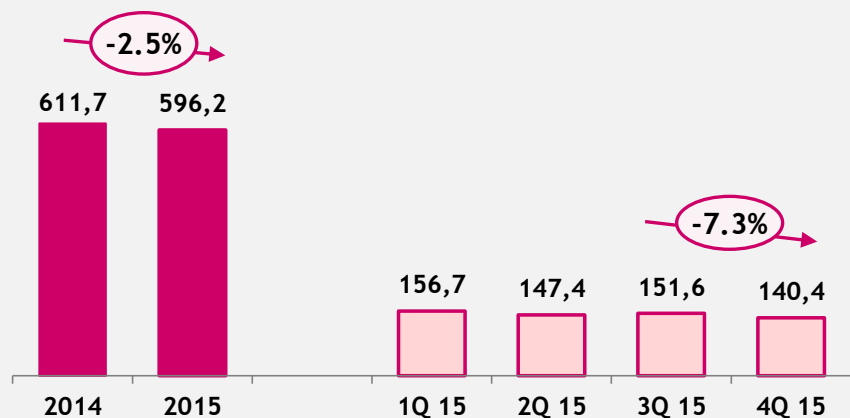
* Pro-forma data: margin from all derivatives hedging FX denominated loan portfolio is presented in interest revenue (hedging derivatives) and NII, whereas in accounting terms part of this margin (PLN 53.4 million in 2015 and PLN 10.9 million in 2014) is presented in Result on Financial Operations.

** Net Interest Margin: relation of net interest income (pro-forma) to average interest earning assets in given period

Non-interest Income

Net Commission Income

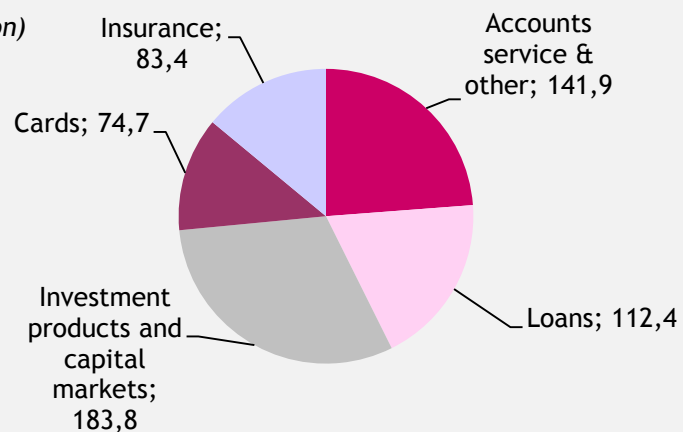
(PLN million)



- Net Commissions Income amounted to PLN 596 million in 2015 and only decreased by 2.5% vs. 2014 despite the 42% drop (-53,7 million) of payment card fees due to interchange fees cut.
- In quarterly terms commissions were lower by 7.3%, mostly due to lower commissions from investment products.

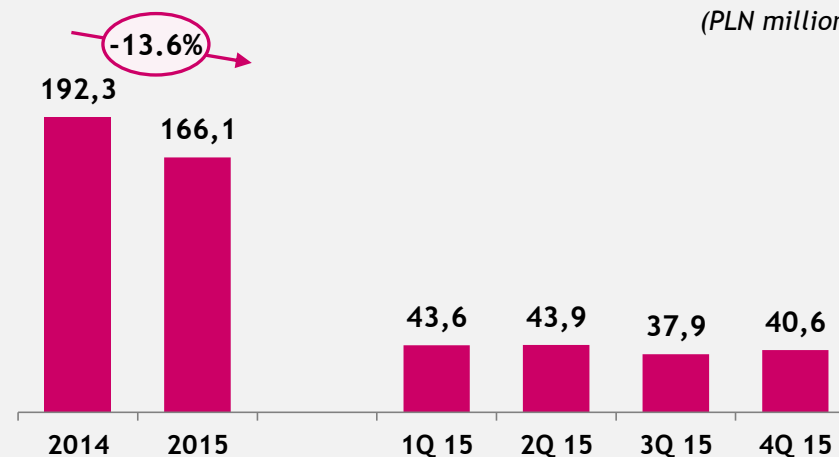
Net Commission split for 2015

(PLN million)



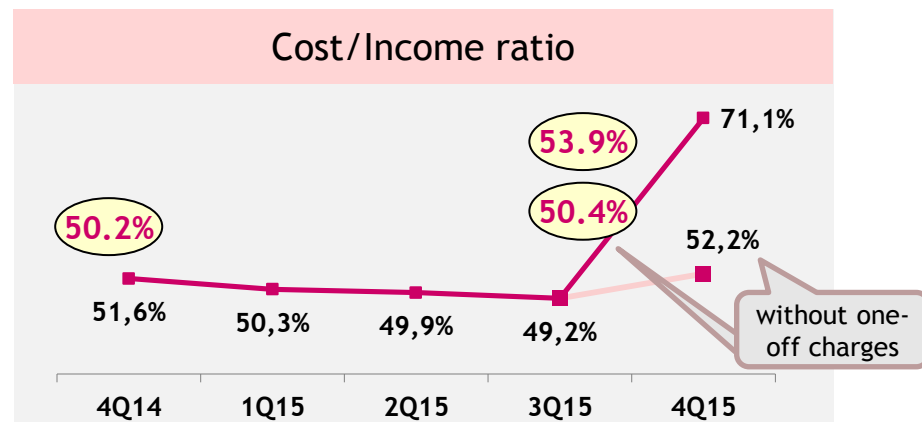
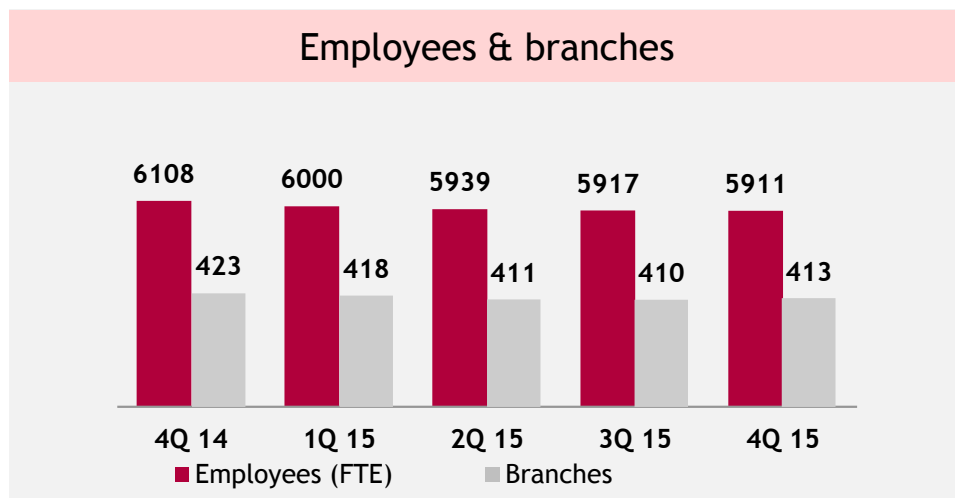
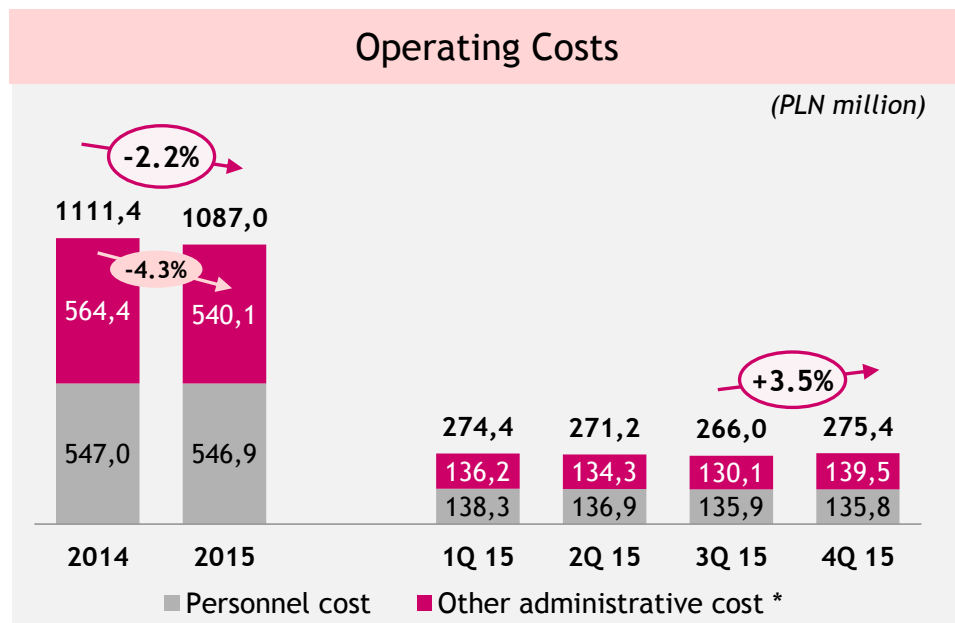
Trading Income*

(PLN million)



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

Operating Costs and Efficiency Ratio



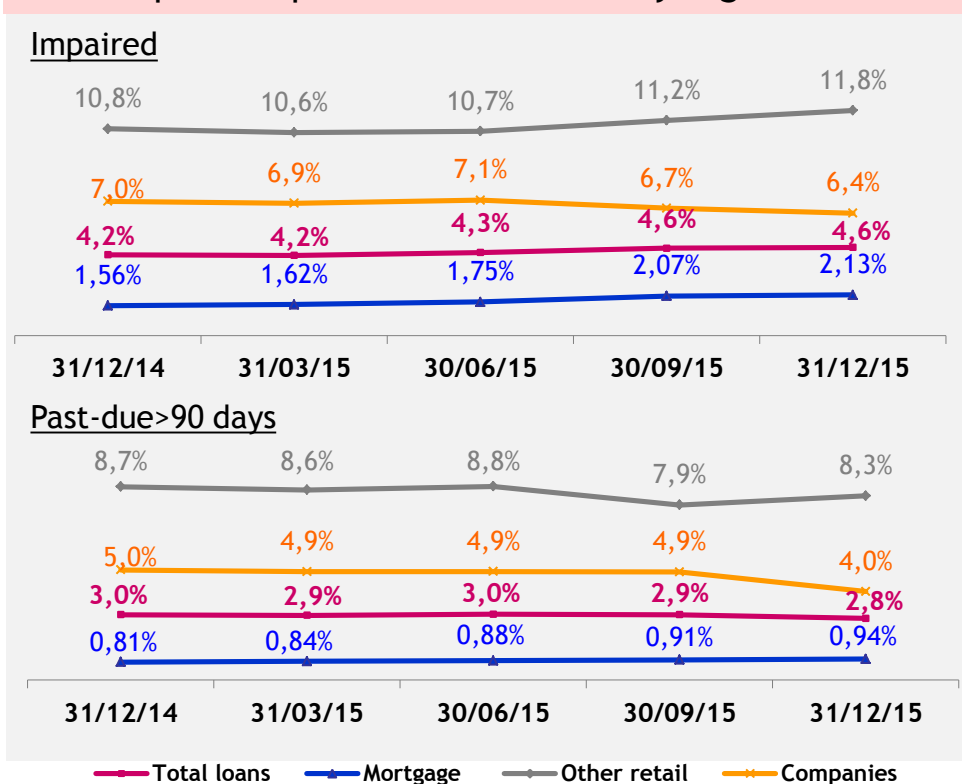
- Total costs in 2015 fell by 2.2% vs. corresponding period of 2014 despite higher annual contribution to BFG**. Without this BFG impact, total costs would fall -5.1% y/y.
- Other administrative costs fell by 4.3% y/y (-10.2% without BFG fees).
- Personnel costs stable both yearly and quarterly.
- In 4Q'15 costs increased by 3.5% vs. the previous quarter due to seasonal impact in administrative costs.
- Cost-to-Income ratio for 2015 at 53.9% (50.4% without one-off charges).

* Including depreciation (PLN 50.4 million in FY2015 and 13.4 million in 4Q 15).

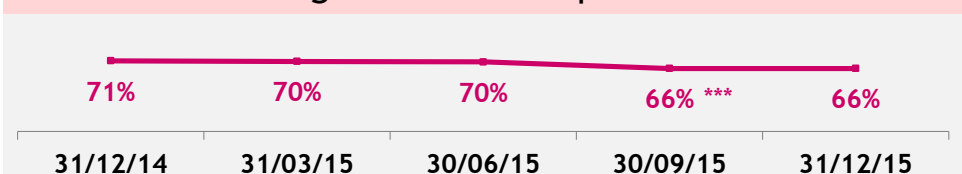
** Bank Guarantee Fund main yearly fee increased by PLN 30 million (from 0.10 p.p. in 2014 to 0.189 p.p. in 2015)

Asset quality

Impaired/ past due loans ratio by segments *



Coverage ratio ** of impaired loans



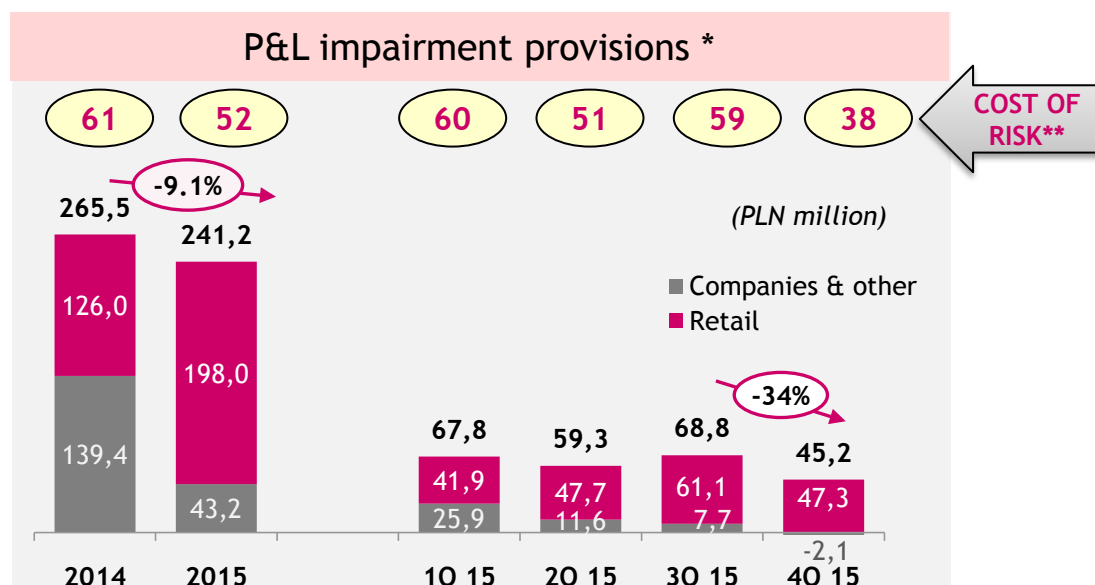
- Impaired loans ratio did not change in 4Q and remained at 4.6% as at the end of the year (the second lowest among main Polish banks).
- Share of loans past-due more than 90 days in total portfolio keep improving trend reaching 2.8% level in December (with their coverage by total provisions at 110%).
- Coverage ratio at the same 66% level as in the previous quarter.
- Mortgage loans impaired ratio at 2.13%. Loans past-due more than 90 days remains on a very low level of 0.94% of total loans in December 2015.

* according to internal segment division

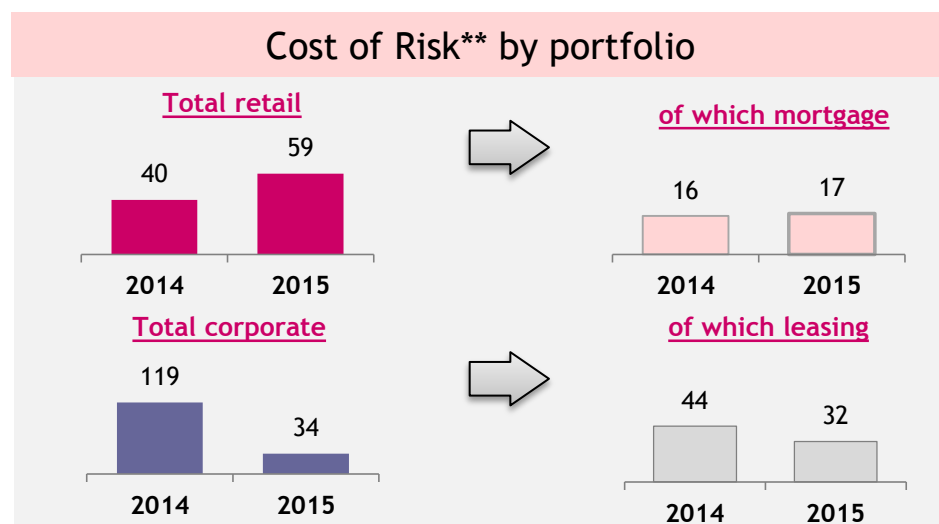
** Coverage of gross impaired loans by total provisions (including IBNR)

*** Impact of sale of retail NPLs worth PLN 103.5 million (covered by PLN 100.7 million provisions) done in September 2015

Cost of Risk



- Provisions for credit risk in 2015 (PLN 241 million) were lower by 9.1% than in 2014 and represented 52 bps. of average net loans (less by 9 bps vs. 2014 level).
- Provisions for corporate segment in 2015 reached PLN 43.2 million which means significant decrease by 69% y/y.
- Cost of risk** in corporate segment much lower in 2015, at 34 bps (good coverage of impaired loans by provisions for this portfolio of c.a. 75%).
- In retail segment, the average level of provisions per quarter in 2015 was c.a. PLN 40-50 million (higher provisions for retail segment in 3Q'15 resulted from impairment methodology adjustment).
- Retail cost of risk** at 59 bps, higher than in 2014 but still at low level.

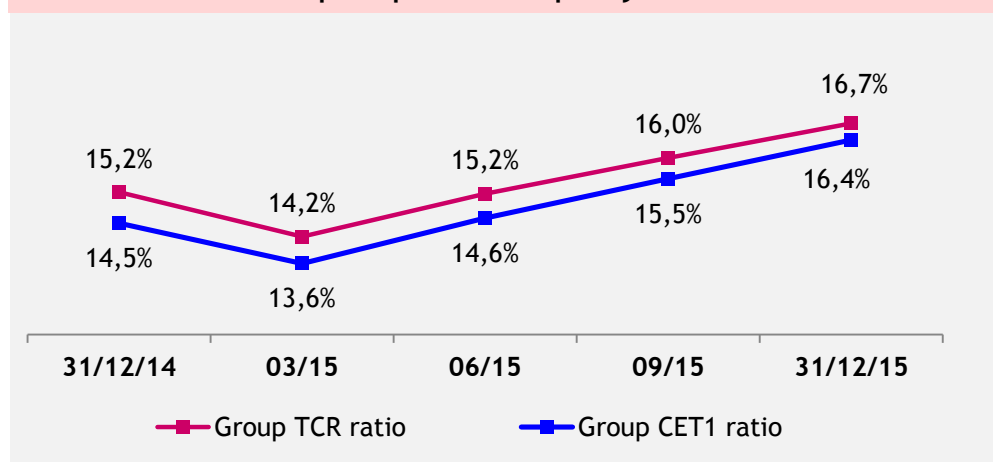


* according to internal segment division

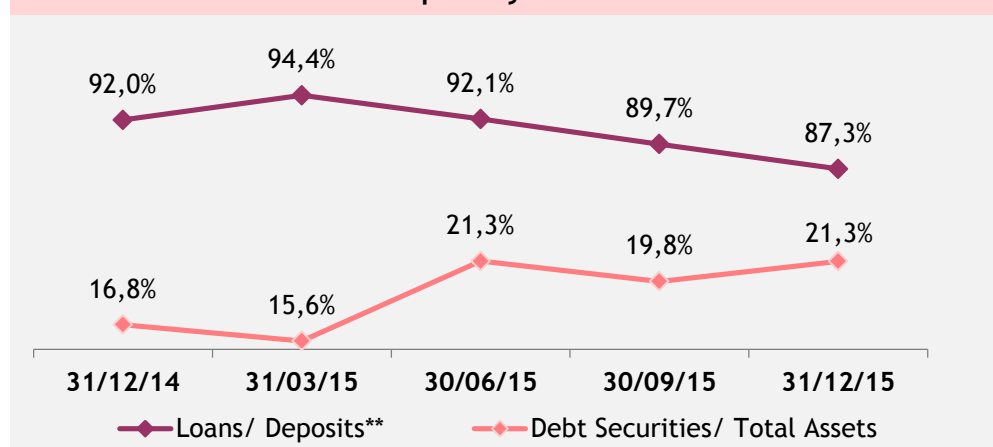
** total impairment provisions created (net) to average net loans in given period (in basis points)

Liquidity and Capital Adequacy

Group Capital Adequacy Ratios *



Liquidity Ratios



- Group Capital Ratio grew strongly in 2015 to 16.7% (TCR) and 16.4% (CET1)
- The Management Board of the Bank will submit to the Annual General Shareholders Meeting a proposal to retain 100% of the net profit of 2015 in equity.
- Both Group and Bank's capital ratios are already covering the new buffer connected with the FX mortgage portfolio specific risk (3.83 p.p. of which T1 2.87 p.p.).
- Loan to deposits ratio improved another quarter to 87.3% level, showing the high liquidity position of the Bank.
- Liquid Treasury bonds and NBP bills portfolio constituted 21% of total assets at the end of the year (including PLN 9.8 billion of T-bonds)

* 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.

Agenda

- Macroeconomic overview
- Financial performance
- **Business development**
- Appendixes

Konto Oszczędnościowe

Twoje oszczędności dojrzewają aż

2,7% w skali roku

na Koncie Oszczędnościowym dla Klientów z Kontem 360^o przez 3 miesiące dla nowych środków do 50 000 zł

Millennium
bank

Tradycyjna bankowość w nowoczesnym wydaniu

Main business highlights in 2015

Deposits/accounts/
customers

Loans

Quality and customer
satisfaction leadership

- Accelerating growth of retail deposits: +PLN 5.8 bn (or 20%) y/y and +PLN 2.7 bn (or 8%) q/q
- 281 thousand new current accounts acquired during 2015 year
- 1.37 million active customers at year-end (+85 ths. during 2015)
- Growth of transactions in corporate business: +19% y/y in the number of quarterly domestic payments
- Cash loans portfolio grew 19% y/y, 2015 new sales at PLN 2.5 billion
- Traditionally good growth in leasing and factoring portfolios (+16% and +21% y/y respectively)
- 1st position in 3 categories of the Newsweek's Friendly Bank ranking; always in Top 3 during last 5 years
- Member of WIG RESPECT index comprising companies with the highest standards in corporate governance, investor relations, environmental and social issues

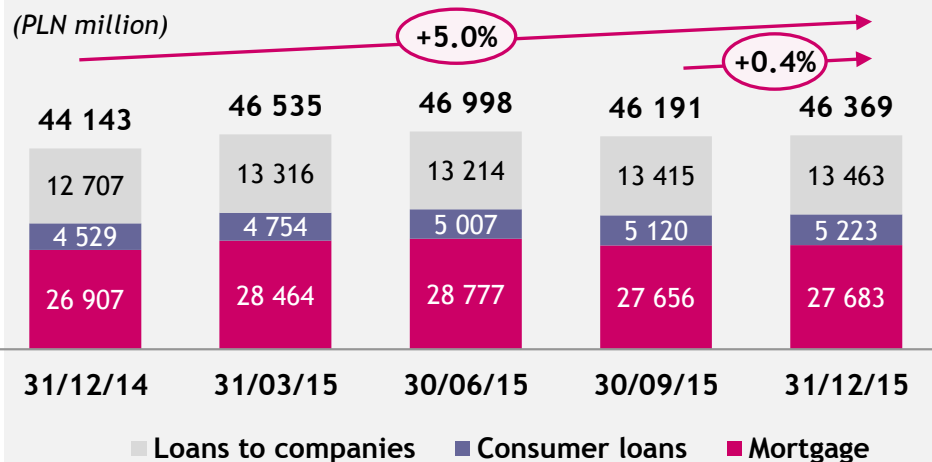
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Loan portfolio

Loan Portfolio of the Group (net)

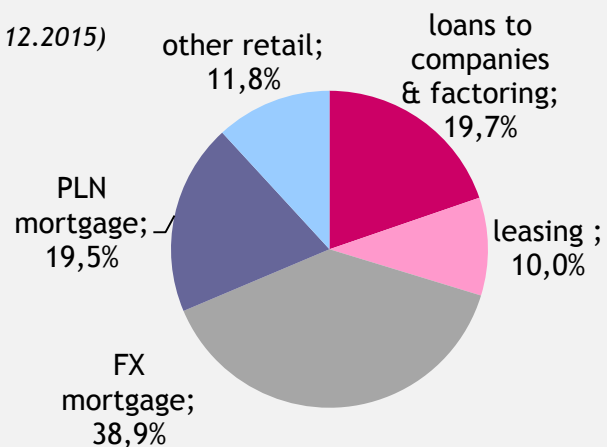
(PLN million)



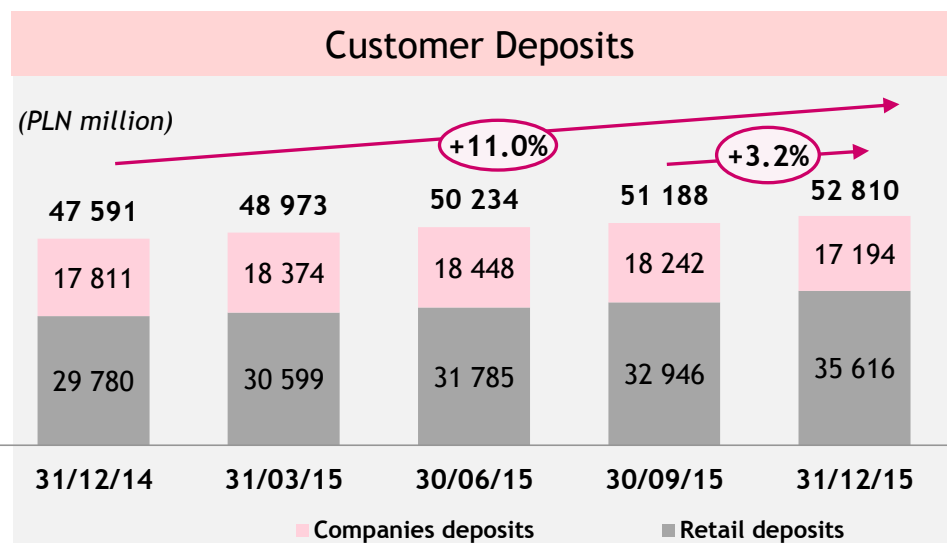
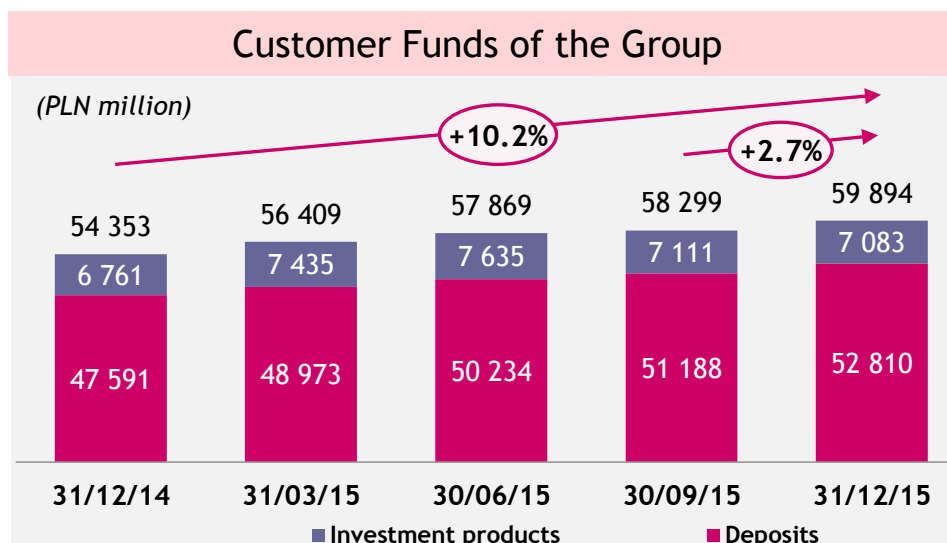
- Total net loans amounted to PLN 46.4 billion and increased by 5% y/y. In quarterly terms the loans grew by 0.4% vs. September'15.
- Non-mortgage consumer loans grew yearly by 15%.
- Net loans to companies (including leasing) amounted to PLN 13.5 billion, which means a yearly growth of 5.9%.
- Share of non-mortgage loans already at 42%.

Structure of Loan Portfolio (gross)

(as on 31.12.2015)



Customer funds

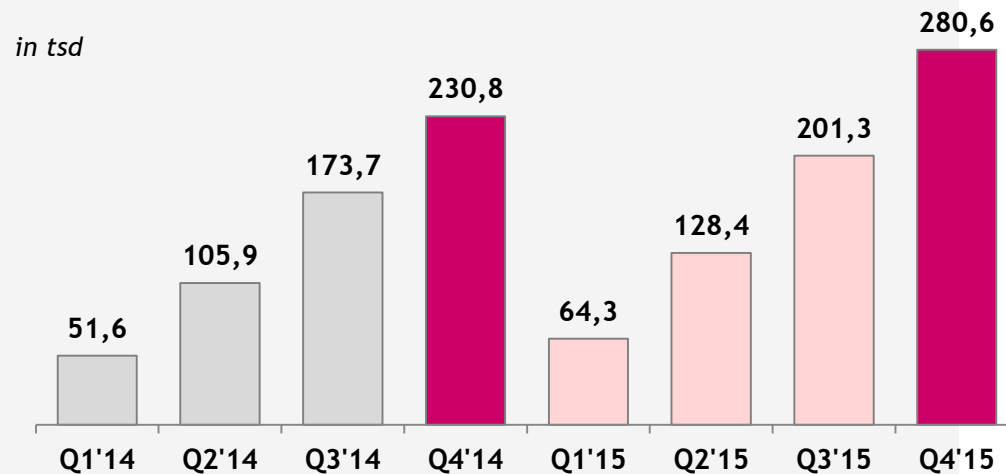


- Customer funds of the Group grew by 10.2% yearly and by 2.7% quarterly, of which deposits grew by 11% y/y and 3.2% q/q.
- Households deposits accelerated already strong growth: + PLN 2.7 billion (or +8%) increase in 4Q'15, which contributed to the remarkable annual growth of PLN 5.8 billion (or +19.6%), supported by strong growth of new customers and retail accounts.
- Deposits from companies decreased slightly, by 3.5% yearly.

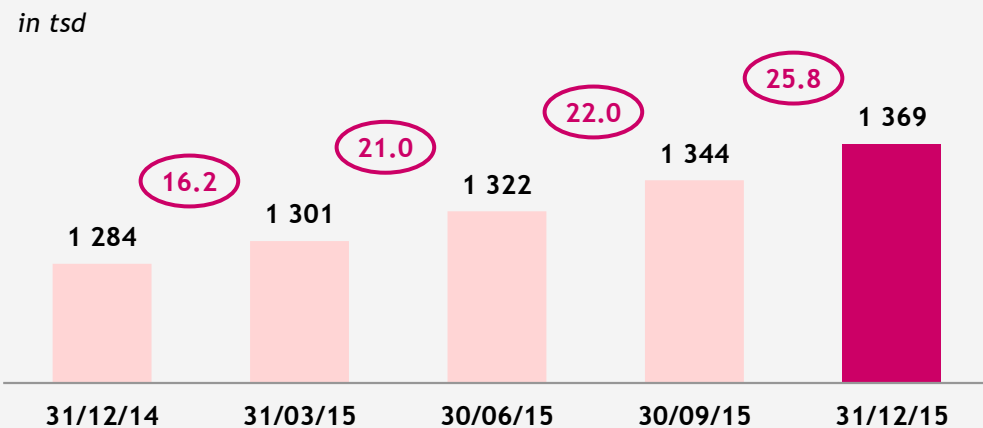
* including overnight deposits

Retail business results - acquisition of new accounts and customers

Current account acquisition (cumulative)



Active Retail Clients



360° Account

Account full of possibilities
 – use it wherever and whenever you want...
 Open 360° Account, pay with the card or smartphone – just the way you like – and get even 360 zł!

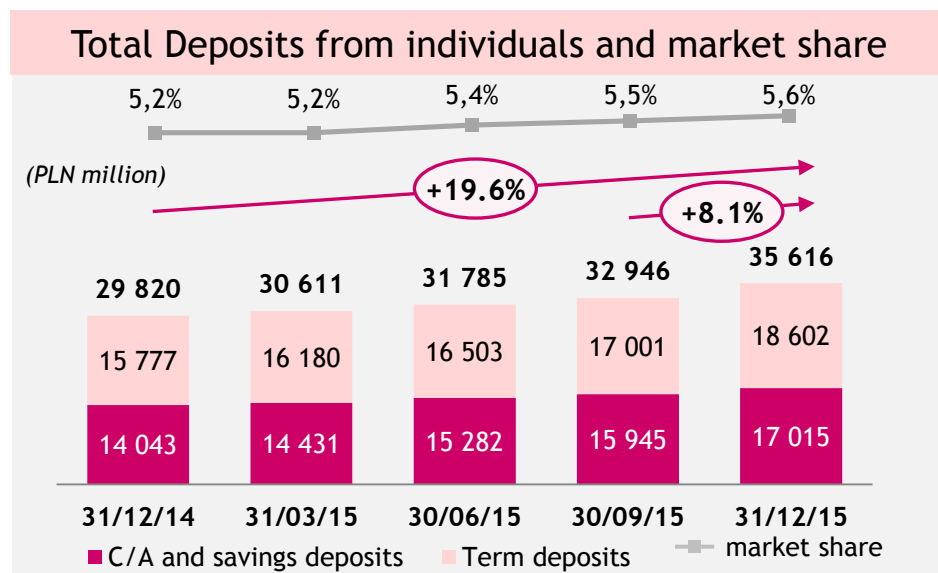
OPEN ACCOUNT
360

PAY

GET **360 zł**

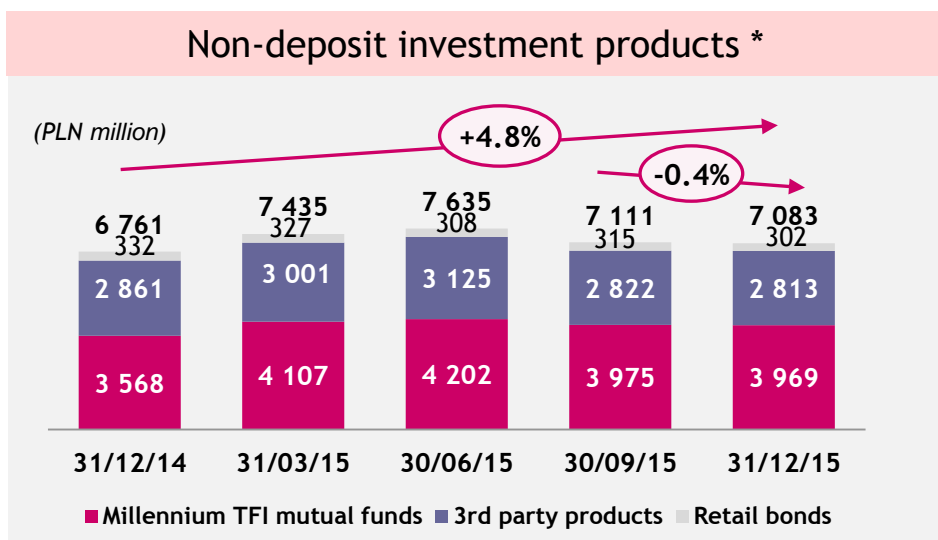
- 281 thousand current accounts opened in 2015 with growing number opened via electronic channels.
- 1.37 million active retail clients; +85 thousand yearly - in line with the strategic target of growing 300 thousand retail active clients till 2017.

Retail business results - deposits



- Retail deposits showed solid growth of 19.6% y/y and 8.1% q/q, keeping strong quarterly increase (+PLN 2.67 billion in 4Q'15).

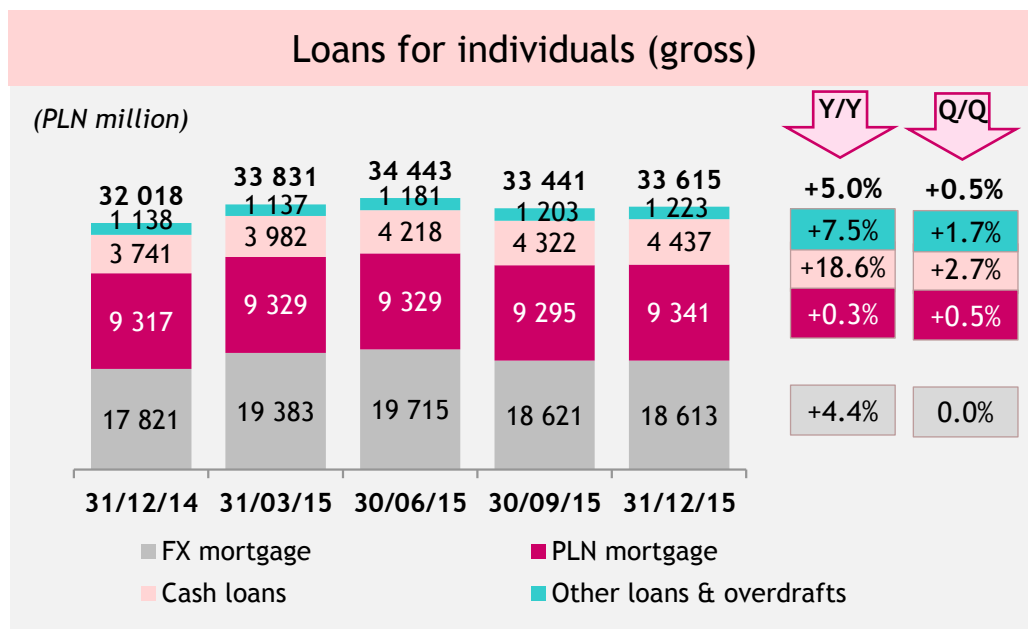
- Current and saving accounts volumes make 48% of total deposits from individuals.



- Balance of non-deposits investment products sold to retail customers grew in 2015 by 4.8% y/y although decreasing volumes in the 2nd half, partially due to some assets price decrease.

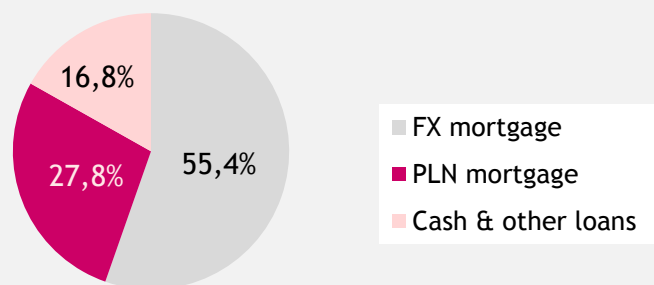
* Include own and third party mutual funds, insurance saving products (SPE, SPUL) and structured bonds/BPWs sold to retail customers

Retail business results - loan portfolio



- Loans to individuals (gross) grew by 5% y/y.
- Cash loans portfolio continued its strong growth pace: +18.6% yearly; other consumer loans presented considerable growth of +7.5% y/y.
- Mortgage loans in PLN grew slightly +0.3% y/y while FX loans fluctuated (+4.4% y/y), due to CHF/PLN exchange rate movements.

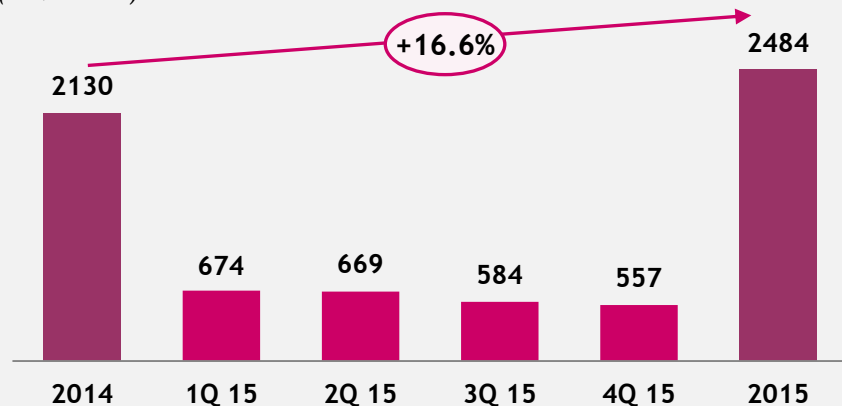
Structure of loans for individuals (gross)



Retail business results - cash and mortgage loans

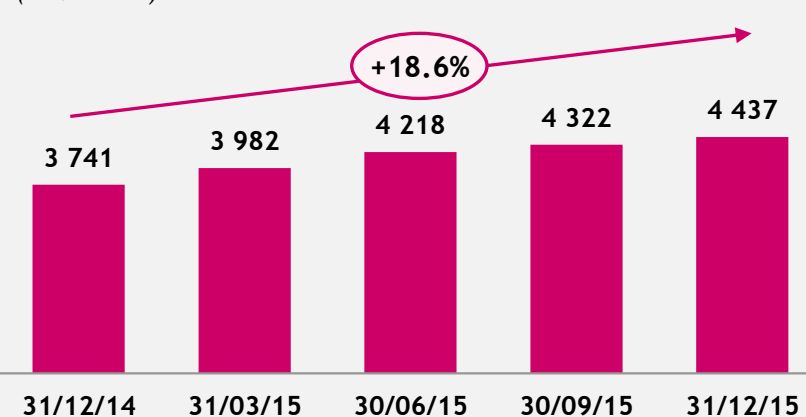
Cash Loans new production

(PLN million)



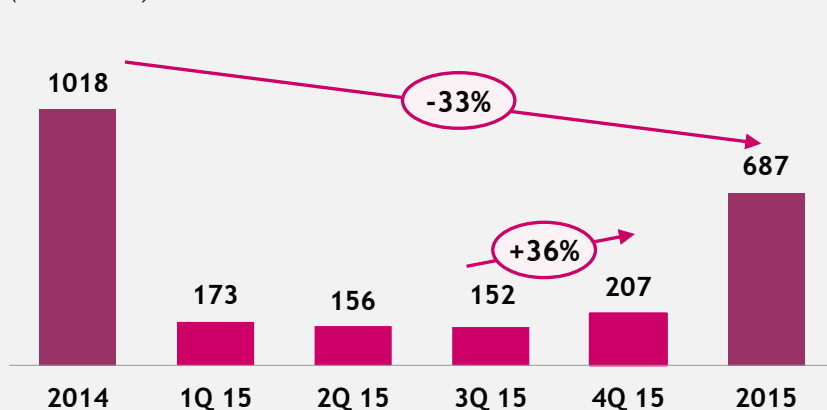
Cash Loans portfolio (gross)

(PLN million)



Mortgage new production

(PLN million)



- High dynamics of cash loans sale maintained: PLN 2.5 billion new loans sold in 2015; 17% more compared to corresponding period of the last year.
- Cash loans portfolio grew by 19% yearly.
- Rebound of mortgage loans sales in 4Q15: +36% vs. the previous quarter.

Digital transformation

Online platform's high adaptability offers on the spot implementation of innovative solutions

Best in class users' experience is our top priority

- Simple, need-driven processes,
- Highest quality online service,
- Virtual advisors offer real time assistance,
- Extensive security protocols

Continuously innovative

Implementation of responsive technology in Millenet

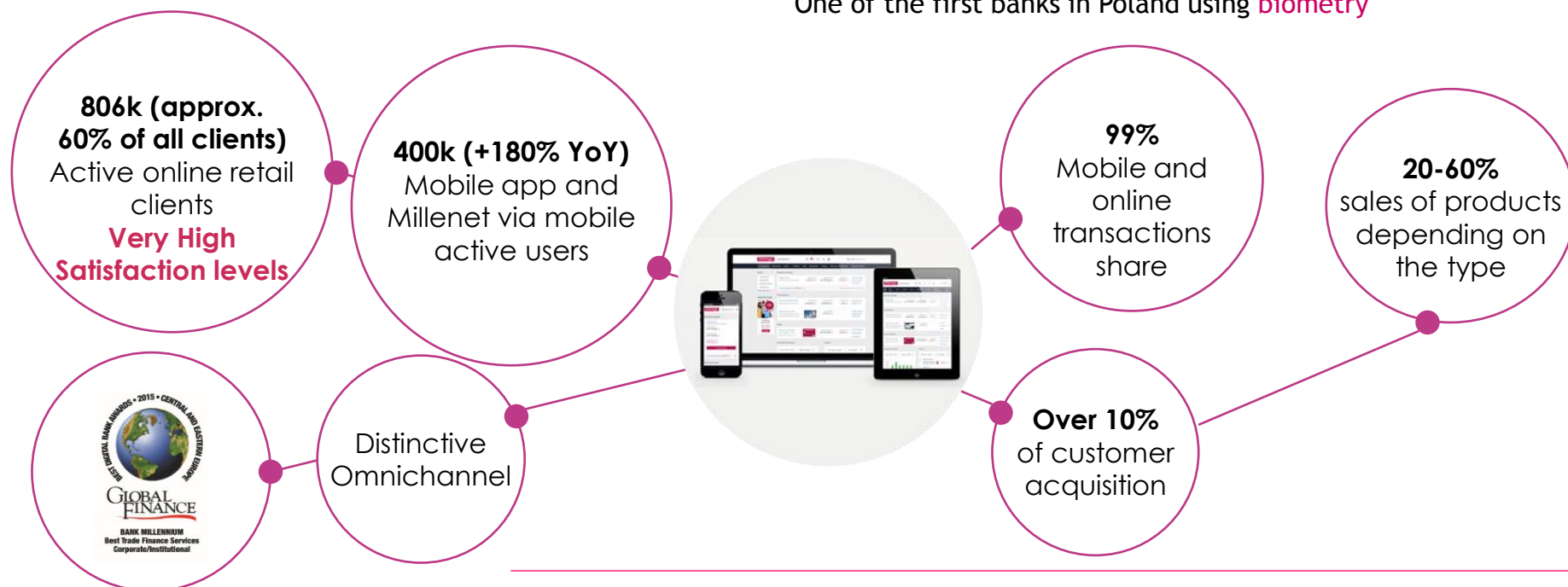
- available on all kinds of devices (desktop, mobile, tablet)
- revamped design and improved User Experience

First Bank to introduce augmented reality and 3DTouch

First Bank in Poland to release Apple Watch app for individuals

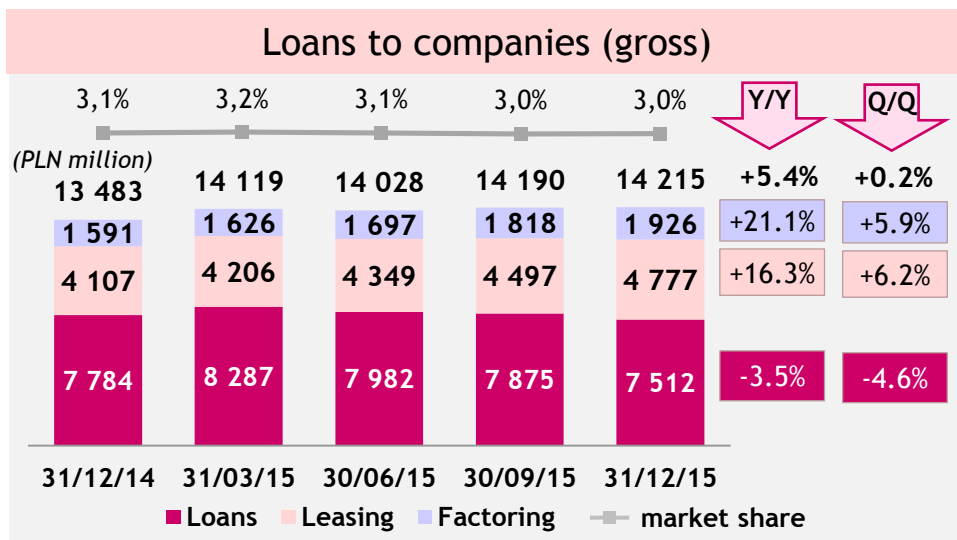
First Bank to introduce fast P2P transfers based on BLIK

One of the first banks in Poland using **biometry**



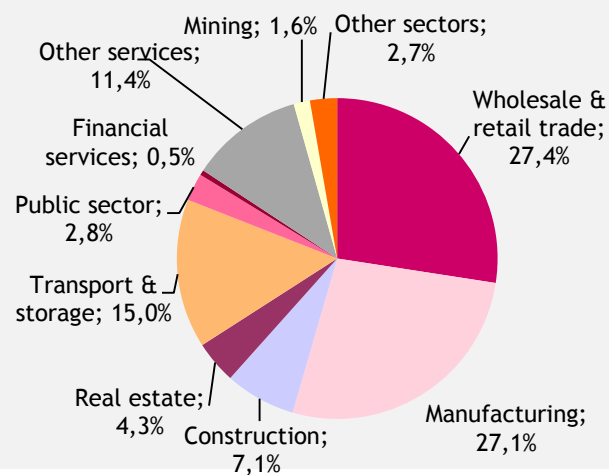
*according to *Global Finance* magazine

Companies business results - loans



- Loans to companies (gross) grew by 5.4% yearly, mostly driven by strong growth of factoring and leasing portfolios: +21% and +16% y/y respectively.
- Loans other than leasing and factoring decreased by 3.5% y/y reflecting the strong competition in the market and the Banks's effort to prudently manage credit risk and margins
- Well diversified corporate loan portfolio

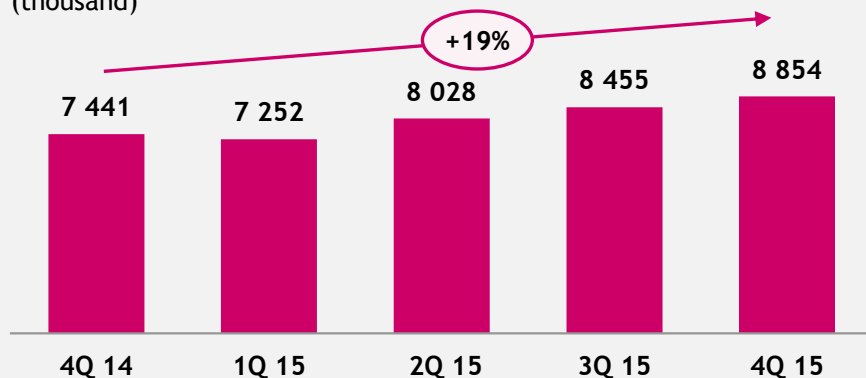
Structure of corporate loan portfolio (gross)



Companies business results - transactions and deposits

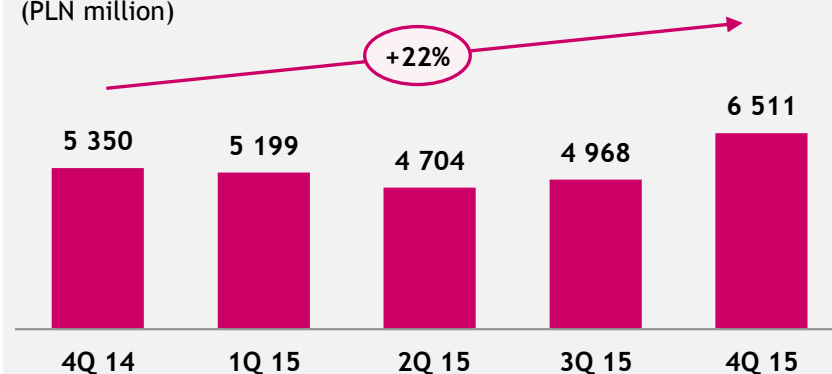
Domestic payments

(thousand)



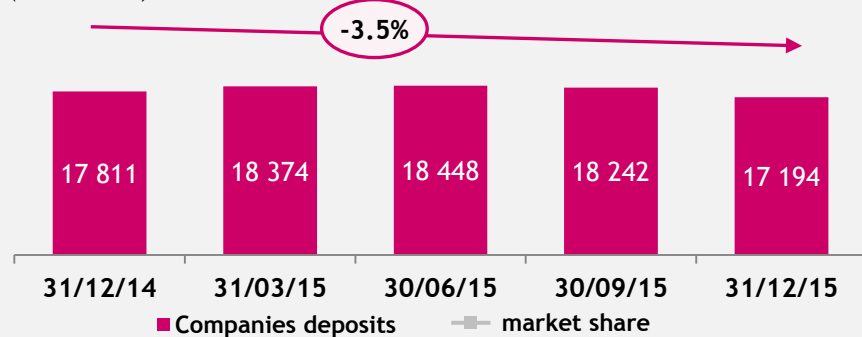
Volume of FX transactions

(PLN million)



Deposits from companies and market share

(PLN million)

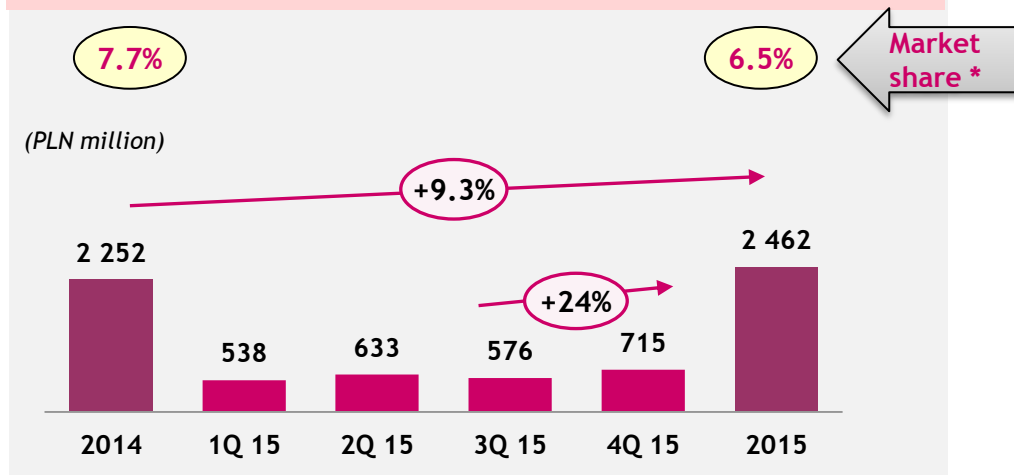


- Companies deposits decreased by 3.5% y/y, which is correlated with recent very strong growth of retail deposits and reflects a rigorous pricing policy of the Bank.
- Record growth of current accounts balances in Corporate segment* by 20% y/y.
- Higher number of transactions: growth of quarterly domestic transfers (by 19% y/y) and FX transactions (PLN 6.5 billion in 4Q'15, an increase by 22% y/y).

* without overnight deposits, micro-business and non-banking financial institutions; average balances in Dec 2015 and Dec 2014

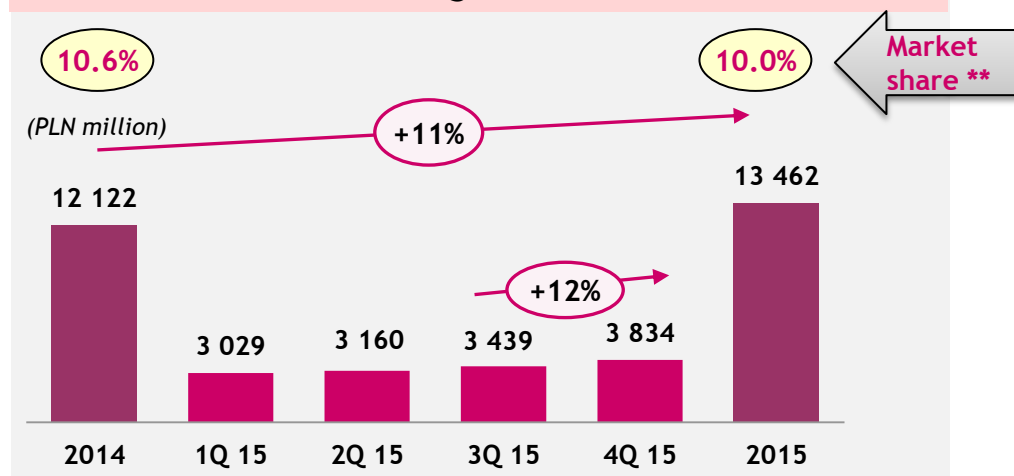
Companies business results - leasing and factoring

Leasing - new production



- Leasing sales in 2015 at almost PLN 2.5 billion, that is 9.3% higher yearly.
- Sales rebound in 4Q'15: +24% q/q.
- Millennium Leasing keeps high position in top 6 leasing companies in Poland with market share* at 6.5%.

Factoring - turnover



- The value of factoring turnover for 2015 grew by 11% y/y and reached PLN 13.5 billion.
- 4Q'15 turnover recorded high growth of 12% q/q.
- It translated into high market share** of 10% and fifth position among Polish factors.

* Bank's estimations based on Polish Leasing Association data (commitments), y-t-d, September 2015 data

** Based on Polish Factors Association members data, y-t-d

Agenda

- Macroeconomic overview
- Financial performance
- Business development
- **Appendixes**

**Karta, z którą stać
Cię na więcej. Zyskaj
aż do 760 zł rocznie!**



Millennium
bank

Tradycyjna bankowość w nowoczesnym wydaniu

2015 major awards and achievements (1)

Friendly Bank



No 1 in Poland

- First place in Newsweek's Friendly Bank 2015 ranking
 - ✓ 1st in the „Traditional Banking” category
 - ✓ 1st in the „Internet Bank” category
 - ✓ 1st in the „Mortgage Banking” category

Service Quality Stars



- For the fourth 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.



- For the second consecutive time Bank Millennium brand won **the first place in the CONSUMER CHOICE** survey in the Banking Services category, scoring highest among the six evaluated banks in satisfaction and acceptance level. The Consumer Choice title awarded by *Centrum Oceny Satysfakcji Konsumenta* (Consumer Satisfaction Survey Centre) promotes highest quality products and services in various segments of the market. The 2016 winners were identified on the basis of results of consumer surveys made in 2015.

„Bank on Quality”



- Bank Millennium **won in the “Bank on Quality” survey** carried out by TNS Polska research agency. The „Mystery Shopper” survey was carried out in 1483 randomly selected bank branches. The survey looked at offers of main personal account to young people and at evaluation process of customer needs carried out by a bank officer. Bank Millennium won with 87.4 points (out of maximum of 100).

2015 major awards and achievements (2)



- Bank Millennium is **the best Digital Corporate Bank according to magazine *Global Finance***. For the second time Bank Millennium also won the ranking “Best Trade Finance Services”. The winners of the 2015 World’s Best Corporate/Institutional Digital Banks in Central & Eastern Europe have been selected by the editors of Global Finance Magazine, helped by experts from Infosys - a global leader in consulting, new technologies and outsourcing.



- Millennium MasterCard World Elite/Elite VIP card reached the second place on this year’s Forbes monthly’s list of prestigious cards.** Forbes looked at 14 black cards issued by banks to the most affluent clients. Millennium MasterCard World Elite/Elite VIP card was recognised for absence of fees; high credit limits; unrestricted Priority Pass access to VIP lounges at airports (also for accompanying persons irrespective of the airline and ticket class) and also for a generous insurance pack (including free of charge foreign travel insurance).



- Bank Millennium won **the 2015 „Wallet of the Year Wprost weekly”** in the category “Credit Card: Individual”. The Alpha Millennium card has been highly praised. The winners ranking were selected in a two stage study, which evaluated were primarily: brand recognition, matching the offer to the market needs a clear offer to the customer, fees and commissions, customer service, loyalty and loyalty policy and trust of clients.

2015 major awards and achievements (3)



- Bank Millennium received the **Responsible Business Certificate** in a programme organized by ERIF Defaulters' Register. The award was given for regular use of the Register's tools in processes, for building security of business transactions and contributing to development of the business information exchange market.



- Bank Millennium was awarded the **CSR Silver Leaf** in a survey made by *Polityka* weekly and *Deloitte* consulting company. The survey was based on guidelines provided by the ISO 26000 social responsibility international standard covering seven areas: Human Rights, Consumer Issues, Labour Practices, Organisational Governance, Environment, Fair Operating Principles and Community Involvement and Development.



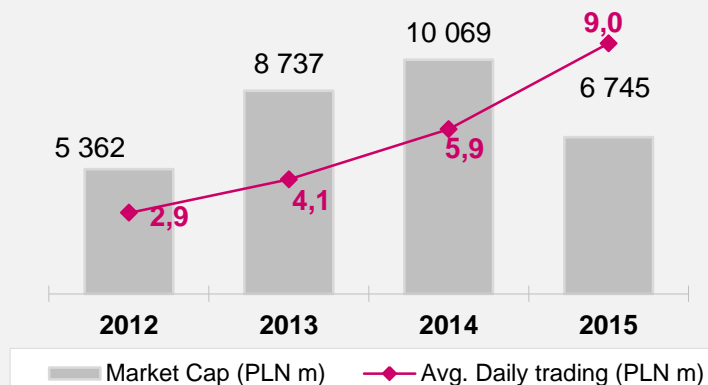
- Bank Millennium Economists scored 3rd in the ranking of **macroeconomic and financial forecasts** organized by *Parkiet* daily in 2015 year. The ranking was prepared on the basis of monthly forecasts of macro and financial markets indicators. Macroeconomic part covers inflation, labour market, money supply, balance of payment and domestic demand (production, retail sales, GDP, investments, consumption).



- Bank Millennium in 9th edition of index revision remained its position in the **Respect Index**. The index comprises selected public companies operating in compliance with best corporate governance and investor relations standards as well as with consideration of environmental and social factors. The companies undergo three-tier verification made by the Warsaw Stock Exchange (GPW), the Polish Association of Issuers (SEG) and an independent auditor.

Bank Millennium share performance

Market cap/liquidity



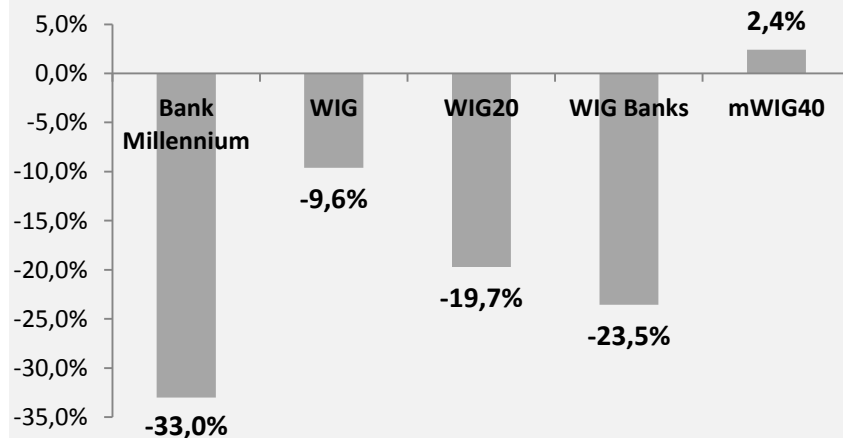
General information on Bank Millennium shares

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

In 2015 turnover of Bank Millennium shares increased by 50% versus 2014 year

Annual stock performance vs. main indices

(as on 30.12.2015.)



Share price evolution till 30-12-2015 (PLN 5.56)

Share price change

1 month	+ 5.1%
3 months	- 5.4%
Annual	-33.0%

Weak performance of Polish banks (and Bank Millennium) shares in 2015 was driven by:

- New capital buffers for banks, new banking tax, special payment to BGF (for a bankrupt co-operative bank) and contribution to the new Distressed Mortgage Support Fund
- Uncertainty concerning possible further regulatory interventions towards banks with FX mortgages

Change of Bank Millennium shareholders structure in 2015

Bank Millennium S.A.



EUR 304 m/PLN 1.2 bn
ABB Secondary

Sole Global Coordinator
JP Morgan

J.P.Morgan CAZENOVE

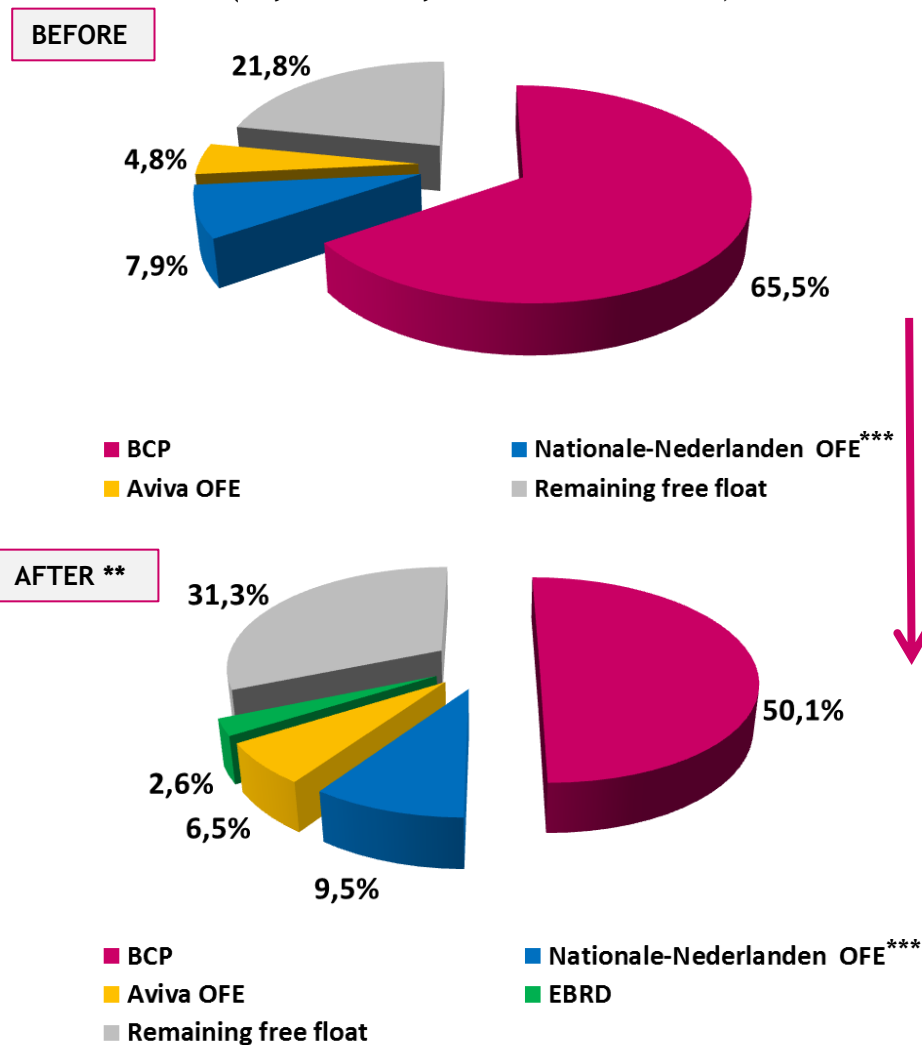
Joint Bookrunners
JP Morgan, Dom Maklerski PKO BP
J.P.Morgan CAZENOVE Dom Maklerski

Joint Lead Manager
Millennium Dom Maklerski



26 March 2015

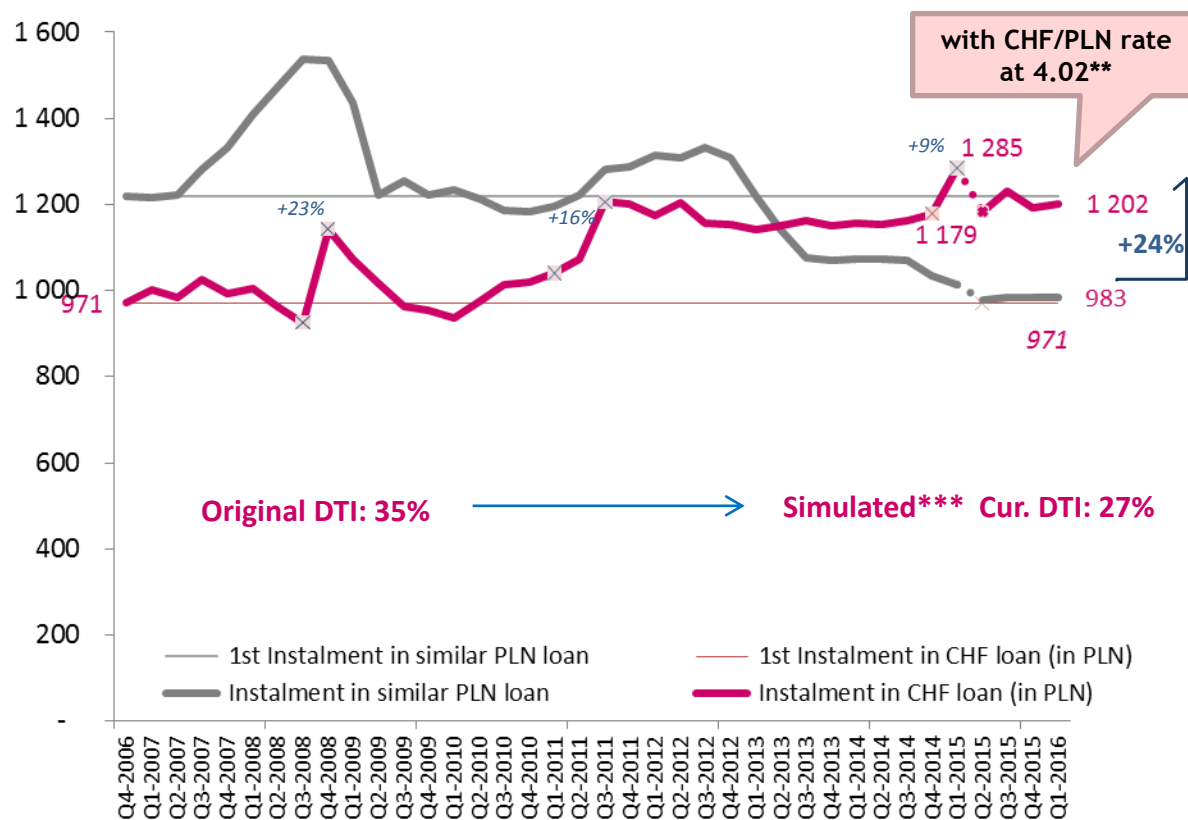
Bank Millennium shareholders structure
(before and after the transaction*)



(*) based on information publicly available; (**) as on 31.12.2015; (***) former ING OFE

Mortgage loans - evolution of CHF instalments

Comparison of CHF vs. PLN instalment *
(in PLN)



- 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 4Q'15 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 4Q

*** 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 this year, the loans indexed to CHF LIBOR have the interest rate calculated based on a negative LIBOR3M. In 4Q'15 Bank was using CHF negative LIBOR 3M of -0.733% and since 1 January 2016 the Bank applies the rate of -0.756%.
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. The Fund worth initially of PLN 600 million (to be created by banks based on the Act) will help all mortgage borrowers (FX and PLN) being in troubled situation and meeting certain criteria.

* 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 30 June 2016.

Synthetic P&L account (pro-forma)

<i>(PLN million)</i>	2014 pro-forma	2015 pro-forma	3Q 2015 pro-forma	4Q 2015 pro-forma
Net interest income*	1 465,0	1 418,7	357,5	361,7
Net commission income	611,7	596,2	151,6	140,4
Other non-interest income **	138,9	2,3	31,6	-114,9
Operating Income	2 215,6	2 017,2	540,7	387,3
General and administrative costs	-1 056,1	-1 036,6	-253,4	-262,0
Depreciation	-55,3	-50,4	-12,6	-13,4
Total operating costs	-1 111,4	-1 087,0	-266,0	-275,4
Net provisions	-265,5	-241,2	-68,8	-45,2
Operating profit	838,7	688,9	205,9	66,7
Pre-tax profit	838,5	687,5	205,9	66,7
Income tax	-187,5	-141,0	-40,2	-13,6
Net profit	650,9	546,5	165,7	53,0
Net profit without one-off charges ***	650,9	667,4	165,7	173,9

* 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 10.9 million in 2014 and PLN 53.4 million in 2015) is presented in Result on Financial Operations.

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

*** Detailed information is presented on pages 10 and 11

<i>(PLN million)</i>	2014	2015	3Q 2015	4Q 2015
Net interest income (reported under IFRS)	1 454,1	1 365,2	349,0	349,5

Balance Sheet

ASSETS	(PLN million)	31/12/2014	30/09/2015	31/12/2015
Cash and balances with the Central Bank		2 612	1 710	1 946
Loans and advances to banks		2 385	2 772	2 349
Loans and advances to customers		44 143	46 191	46 369
Amounts due from reverse repo transactions		156	45	0
Debt securities		10 176	12 911	14 056
Derivatives (for hedging and trading)		502	481	429
Shares and other financial instruments		10	15	230
Tangible and intangible fixed assets		213	198	218
Other assets		544	783	637
TOTAL ASSETS		60 740	65 106	66 235
<hr/>				
LIABILITIES AND EQUITY	(PLN million)	31/12/2014	30/09/2015	31/12/2015
Deposits and loans from banks		2 037	1 953	1 444
Deposits from customers		47 591	51 188	52 810
Liabilities from repo transactions		60	0	0
Financial liabilities at fair value through P&L and hedging derivatives		2 020	2 560	2 477
Liabilities from securities issued		1 739	1 622	1 134
Provisions		99	70	31
Subordinated liabilities		640	640	640
Other liabilities		789	928	1 256
TOTAL LIABILITIES		54 975	58 959	59 792
TOTAL EQUITY		5 765	6 147	6 443
TOTAL LIABILITIES AND EQUITY		60 740	65 106	66 235

Contact

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www.bankmillennium.pl



Twitter: [@BankMillennium](https://twitter.com/BankMillennium)



[Kanał na YouTube](#)

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