

Bank Millennium Group

2015 results

Ordinary General Meeting of Bank Millennium S.A.

31 March 2016



Friendly Bank



No 1 in Poland

„Bank on Quality”



Jakość
na bank

Service Quality Stars



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The information provided in this Presentation was included in current or financial reports published by the Bank or is additional information that is not required to be reported by the Bank as a public company.

Financial data presented hereby is based on the consolidated Bank Millennium Group level (with the exception of proposal of profit retention, which is based on unconsolidated financial data) and is consistent with the Financial Statements of the Group published on February 26th and delivered to this Ordinary General Meeting.

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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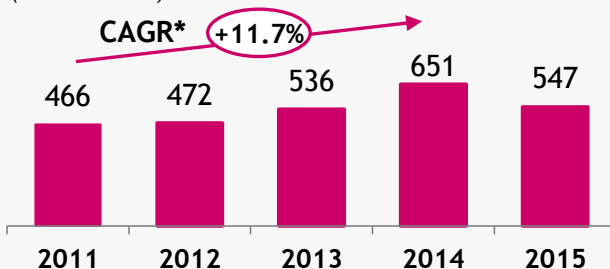
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Summary of 2011-2015 achievements (1)

Net Income

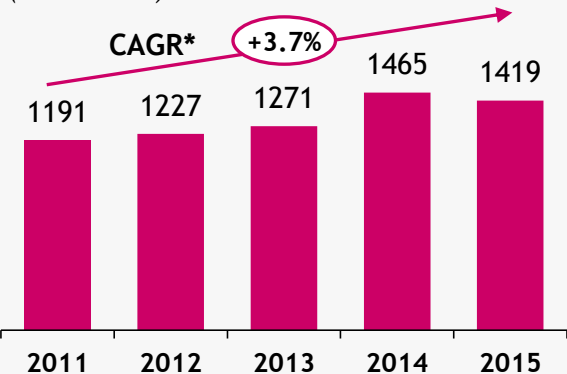
ROE	11.1%	10.2%	10.6%	11.8%	9.1%
CET1	11.4%	12.9%	13.4%	14.5%	16.4%

(PLN million)



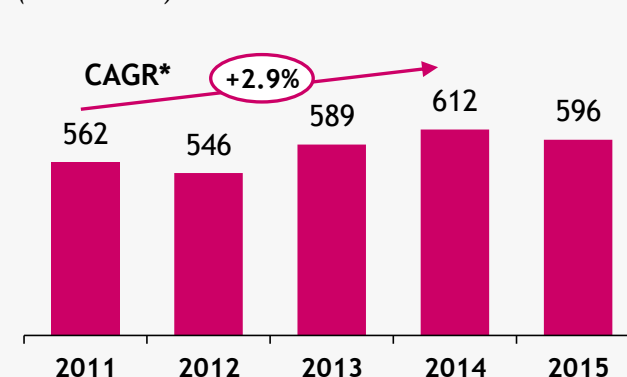
Net Interest Income

(PLN million)



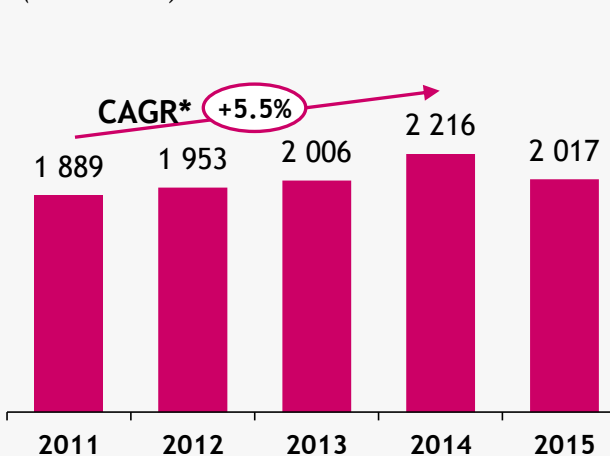
Net Commission Income

(PLN million)



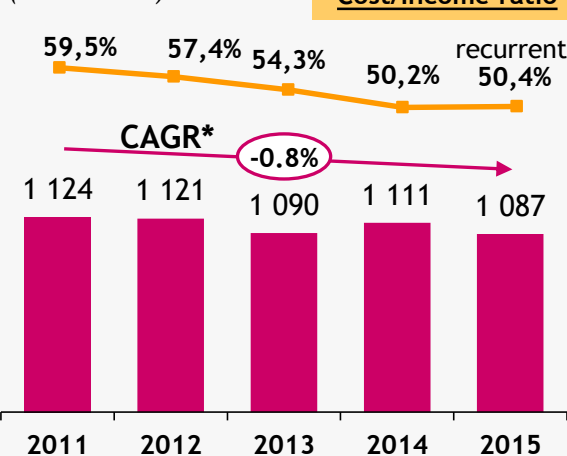
Operating Income

(PLN million)



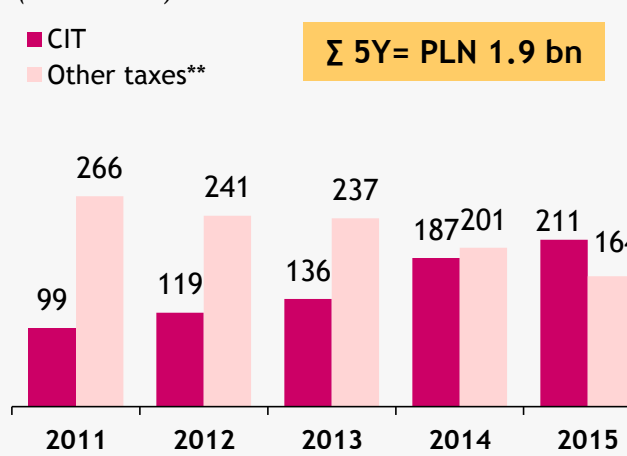
Operating Costs & Cost/Income ratio

(PLN million)



Corporate Income & other taxes paid**

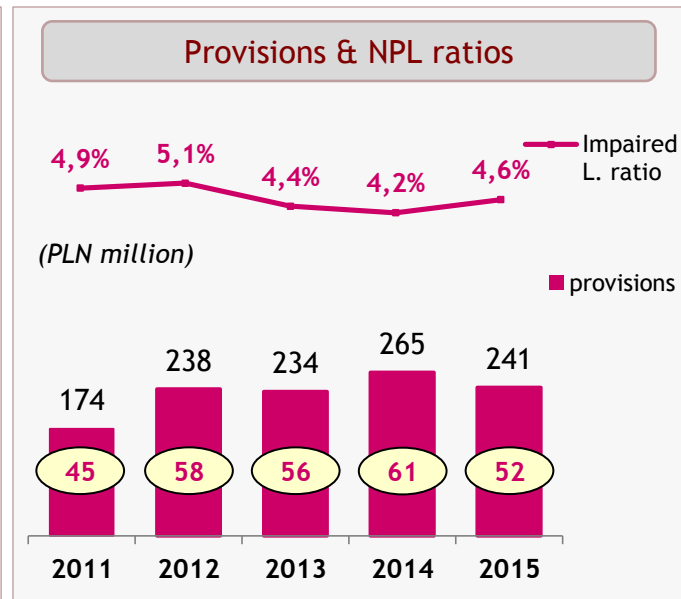
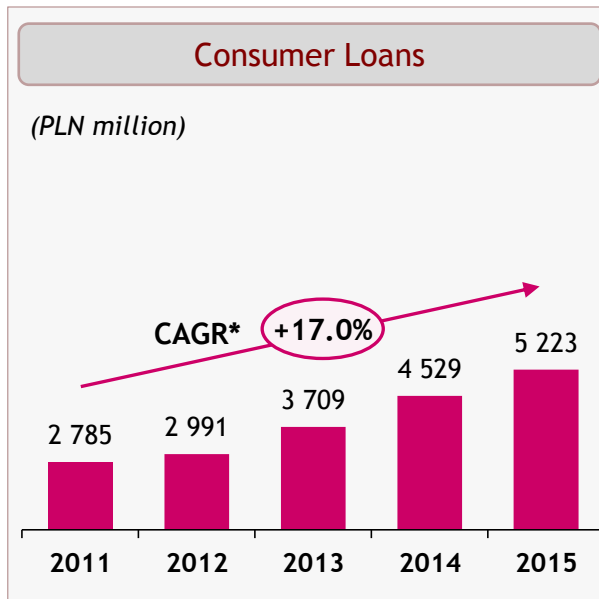
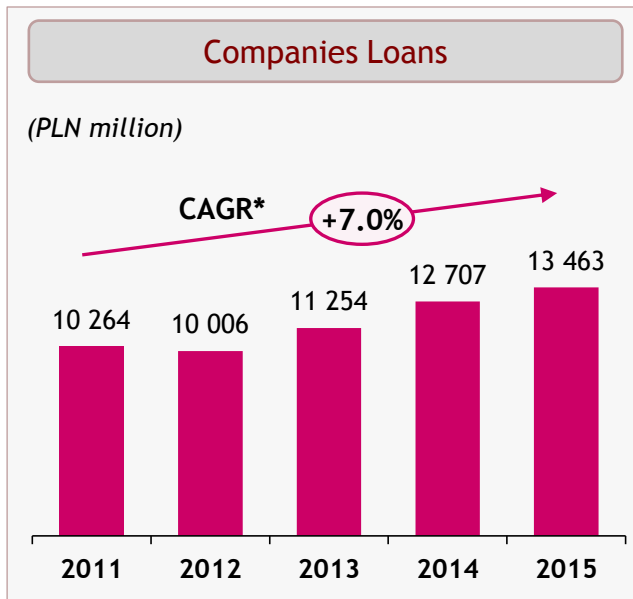
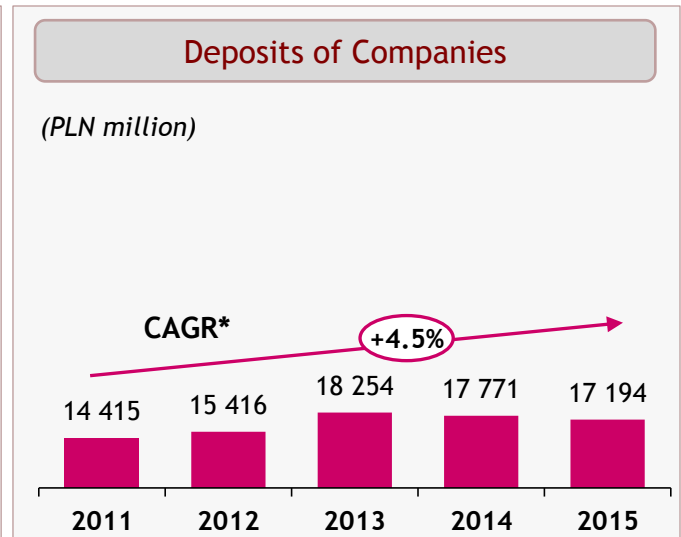
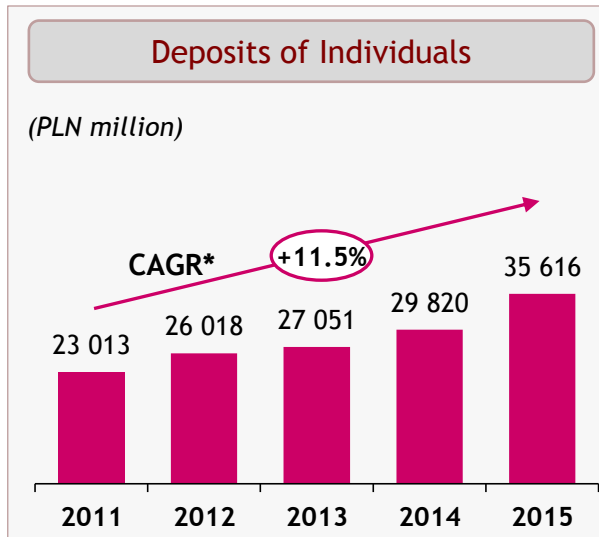
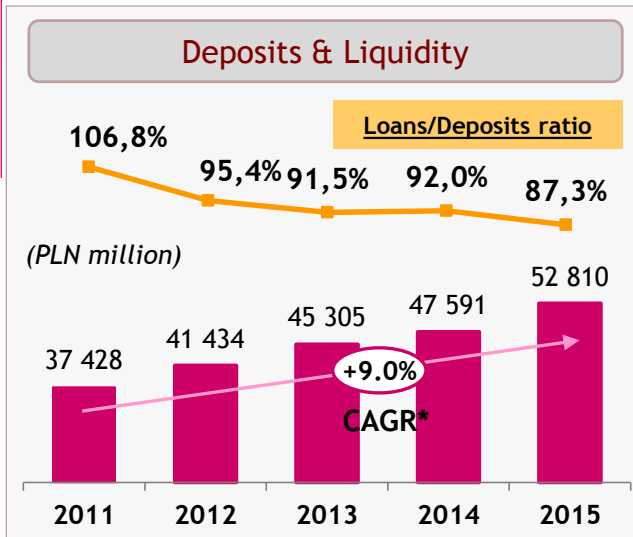
(PLN million)



* Compound average growth rate

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

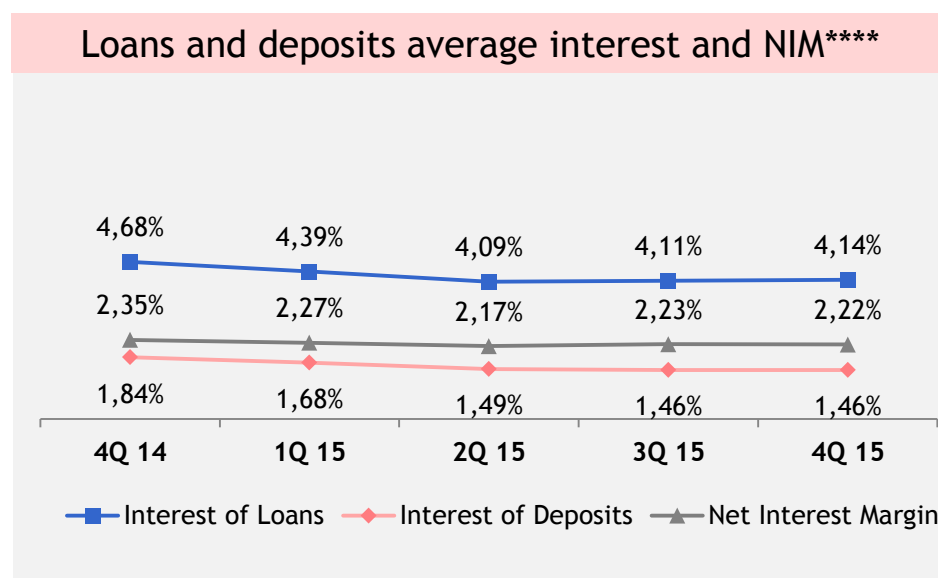
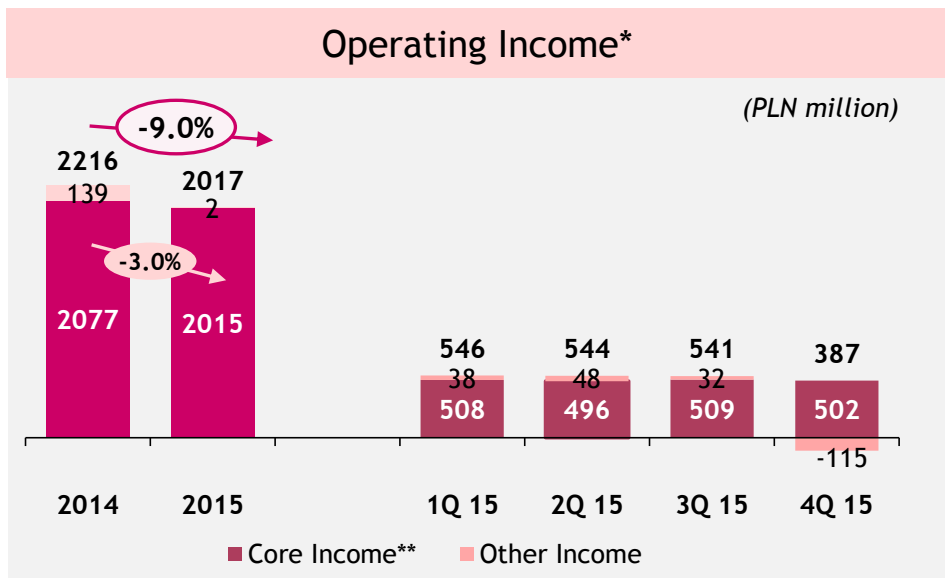
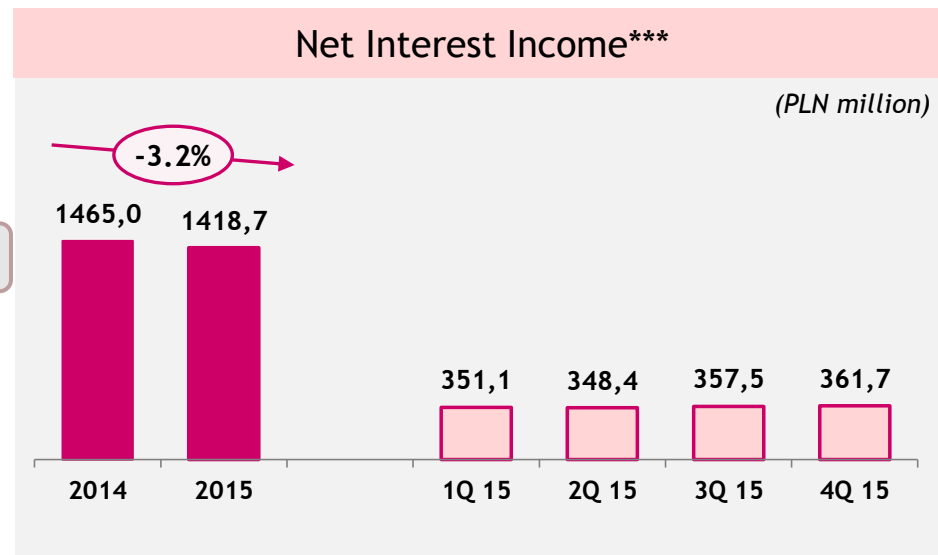
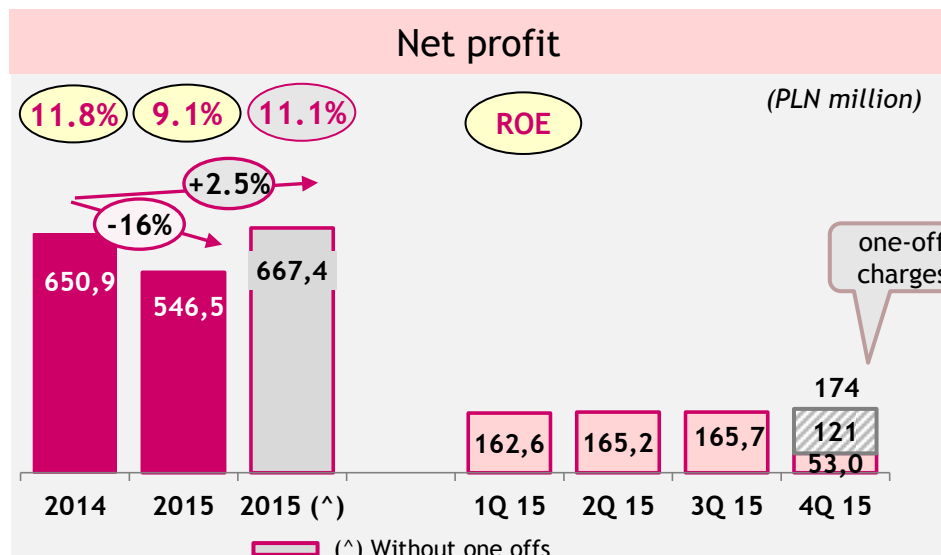
Summary of 2011-2015 achievements (2)



* Compound average growth rate

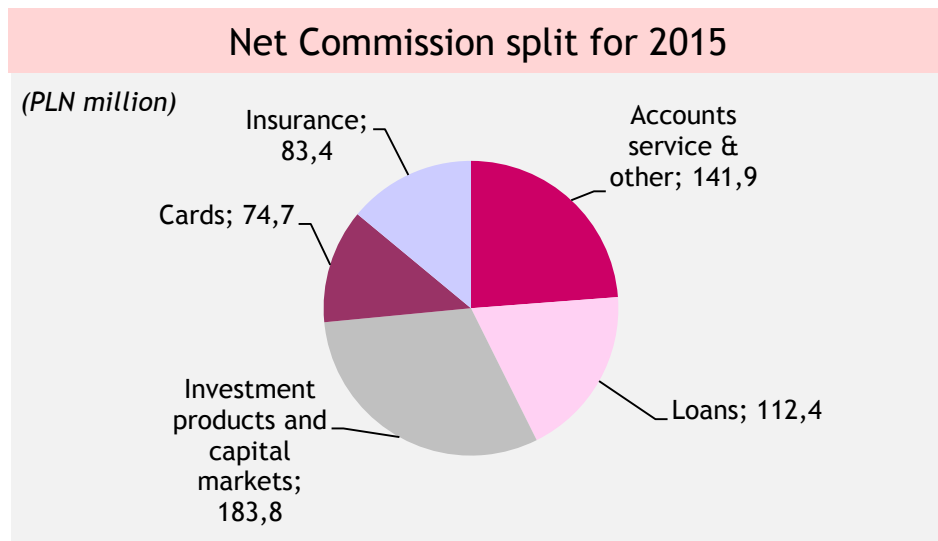
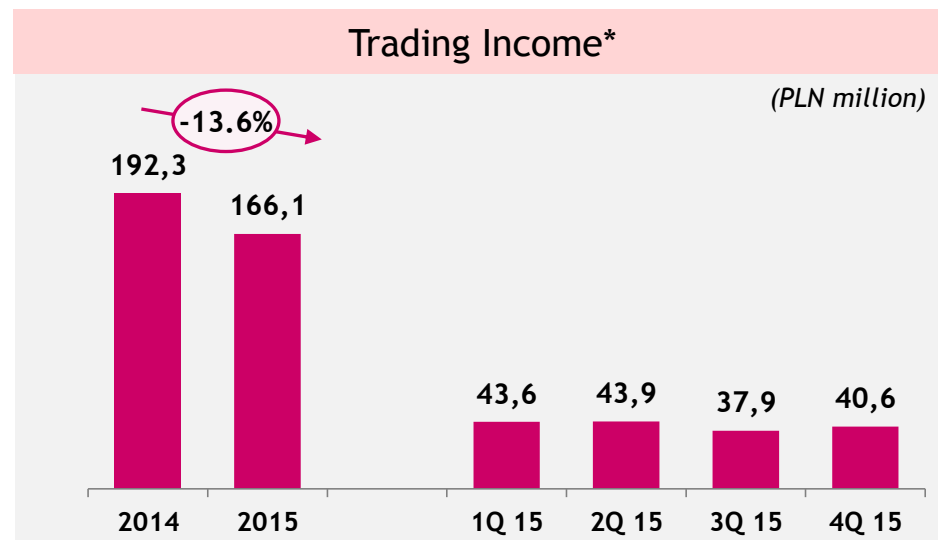
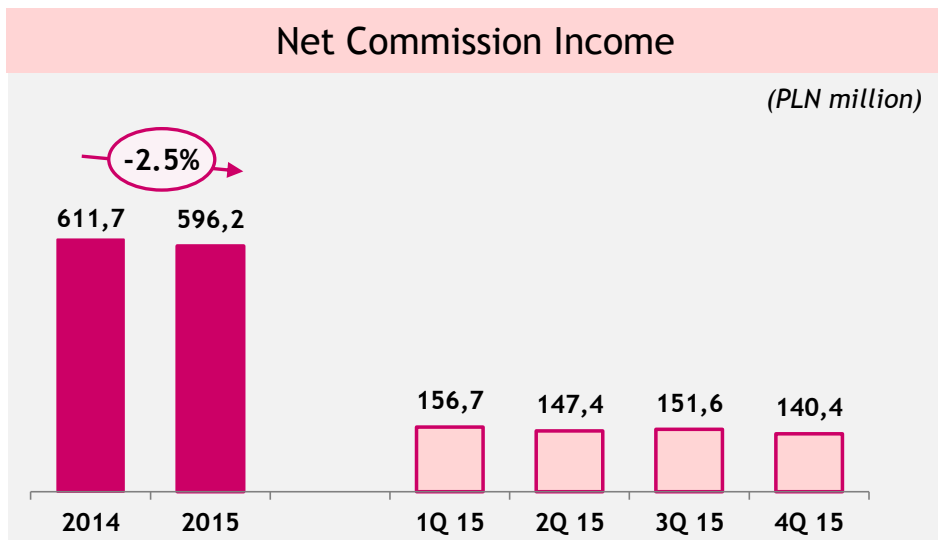
... Cost of Risk (in b.p.s. over average net loans)

Profitability, operating income and interest margin



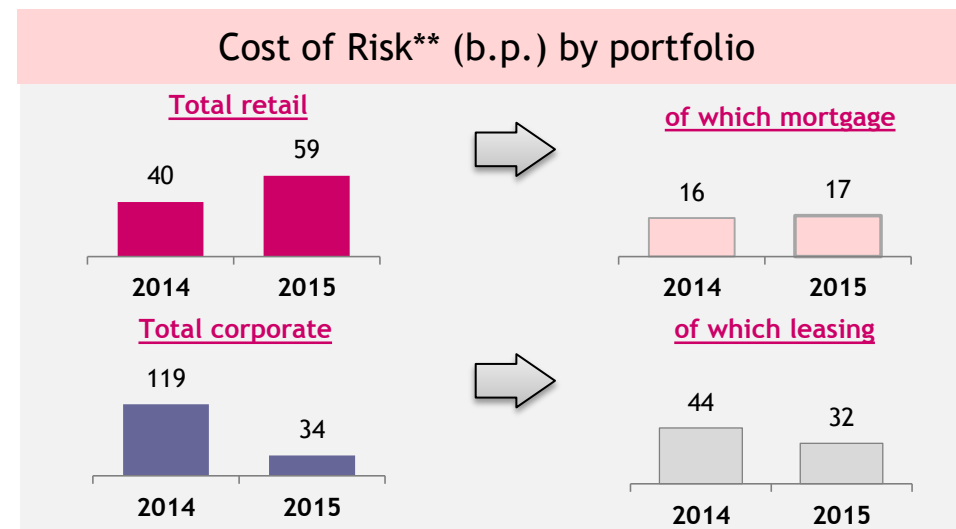
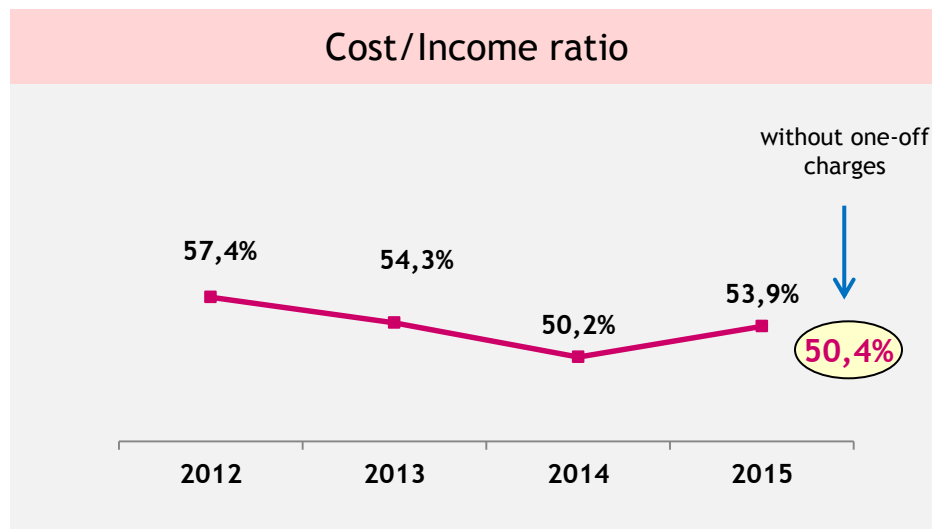
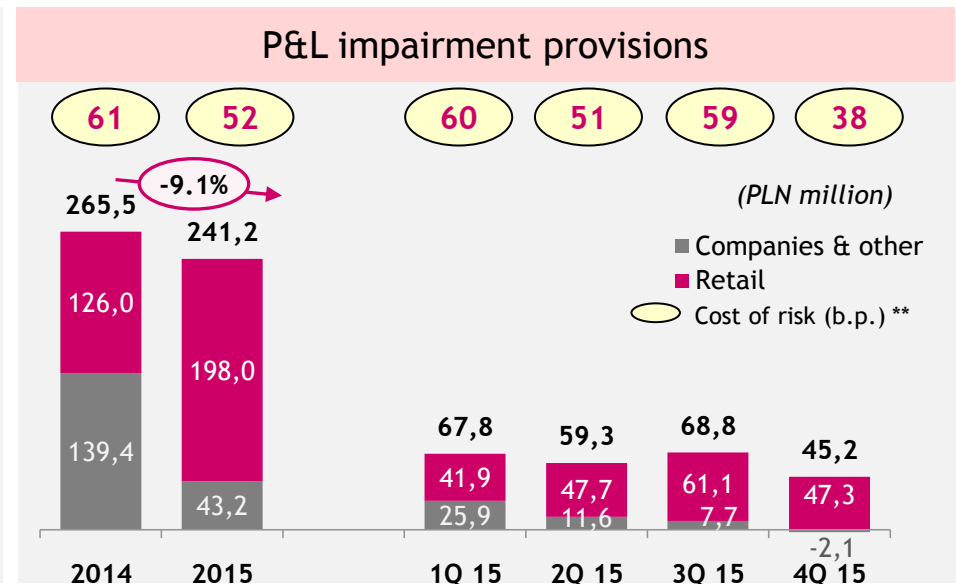
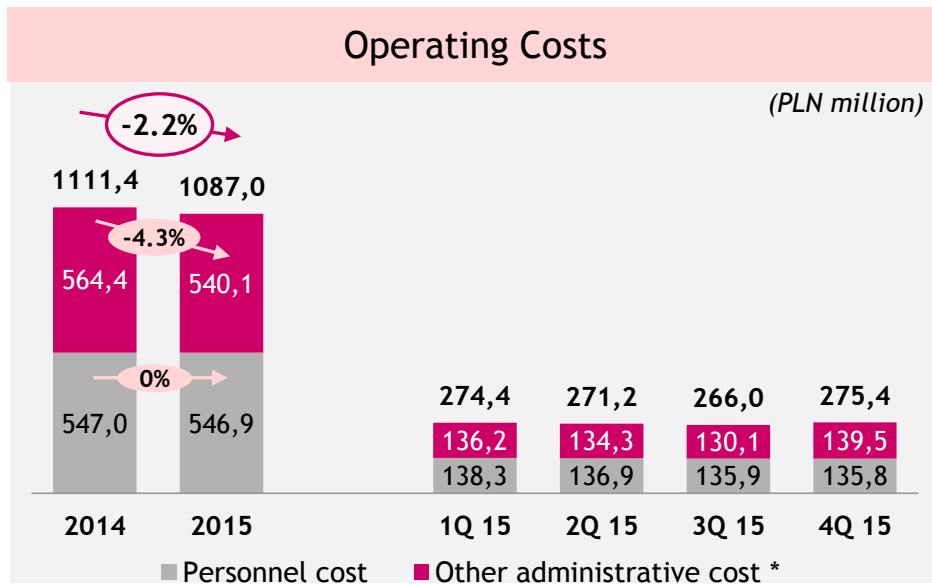
(*) Including net other operating income and cost; (**) Net Interest Income + Net Commissions Income; (***) Pro-forma data: margin from all derivatives hedging FX denominated loan portfolio is presented in interest revenue (hedging derivatives) and NII, whereas in accounting terms part of this margin (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



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

Operating Costs and Efficiency Ratio

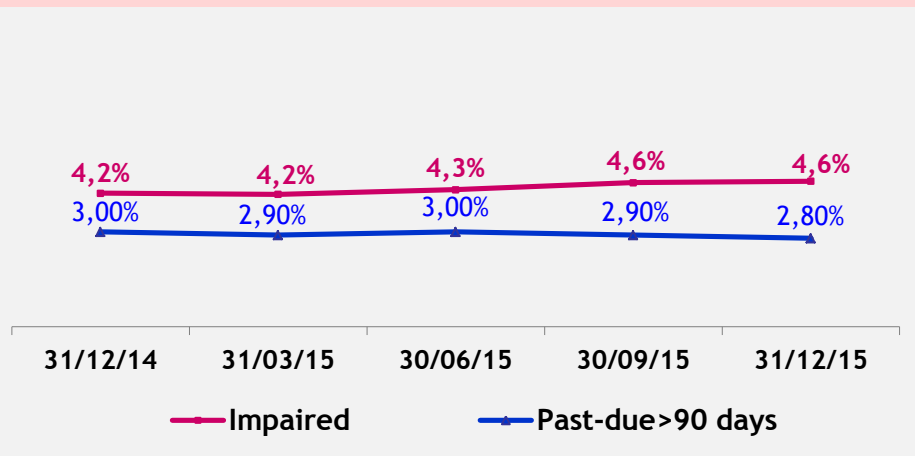


(*) Including depreciation;

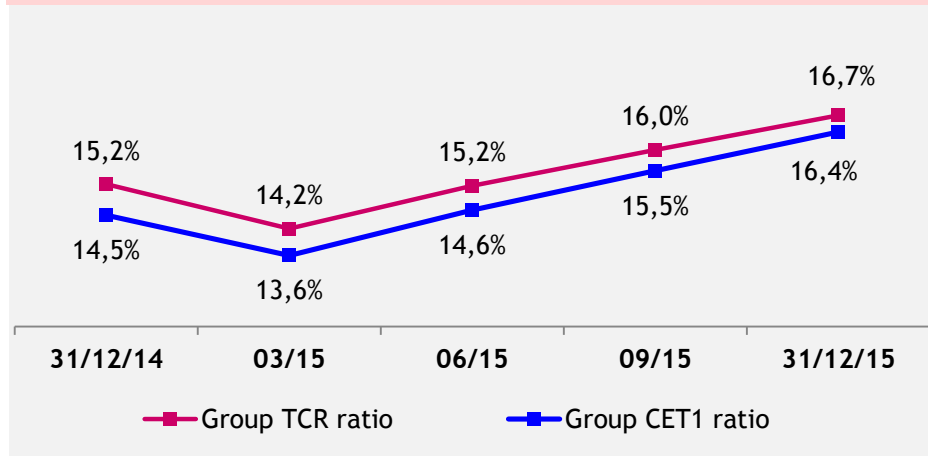
(**) total impairment provisions created (net) to average net loans in given period (in basis points)

Asset quality, liquidity and capital ratios

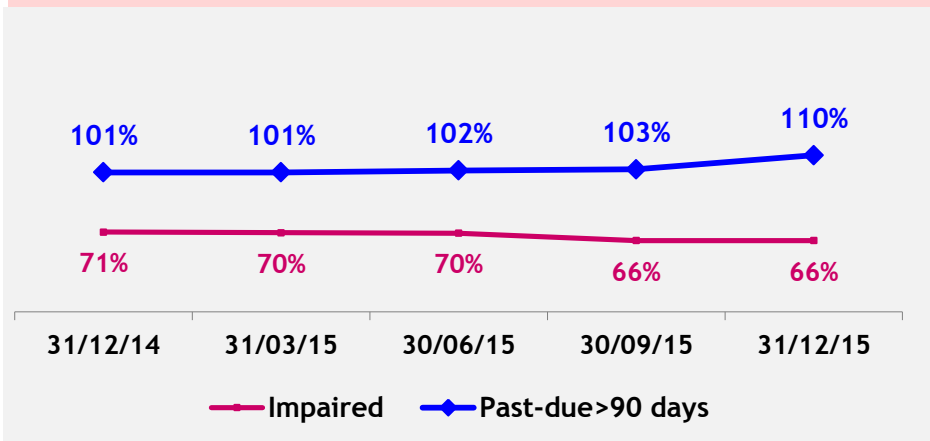
Impaired/ past due loans ratio *



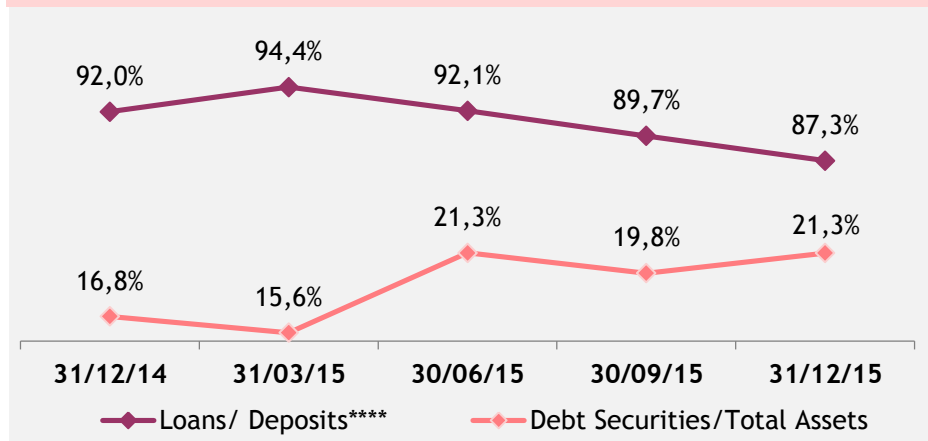
Group Capital Adequacy Ratios ***



Coverage ratio ** of loans



Liquidity Ratios



(*) The share of impaired loans in total loans gross; (**) 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; (****) 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.

Proposal to retain 2015 profit (Resolution no. 5)

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

However, following to the Financial Supervision Commission (KNF) position* and taking into consideration the additional capital requirements concerning FX mortgage loans for households and necessity of keeping the level of capital conservation buffer, the Management Board of the Bank is proposing, with a positive opinion of the Supervisory Board, to retain entire 2015 profit of the Bank in the reserve capital.

Main indicators	Bank Millennium Group	Bank Millennium
Total Capital Ratio - on 31 Dec 2015	16.72 %	16.55 %
Common Equity T1 ratio - on 31 Dec 2015	16.35 %	16.17 %
2015 net profit (PLN million)	546.5	814.2
Allocation to Reserve capital (PLN million)		814.2

(*) The position of the Polish Financial Supervision Authority on the dividend policy of banks in 2016 for the year 2015, adopted on 15 December 2015

Main guidelines for 2016

Main **opportunities** and **challenges** of macroeconomic and regulatory environment in Poland:

- ✓ Ambitious government plan to reduce taxes for microbusinesses, to develop the industry and to promote strongly innovation and technology projects aimed at making the Polish economy more competitive.
- ✓ Projected economic growth of 3.6% in 2016 with strong contribution from both consumption and investments.
- ✓ Bank tax and possible further solutions to foreign exchange mortgages, which may significantly reduce the banks' earnings and adversely affect capital position.

Main **priorities** for Bank Millennium in 2016:

- To continue current organic growth strategy for 2015-2017 years (released in February 2015).
- To focus on customer acquisition, digitalization and quality of service development.
- To keep operational and efficiency excellence.
- To continue prudent liquidity and capital management, having in mind new capital buffers introduced recently in Poland and other regulatory/external factors.