



BANK MILLENNIUM GROUP

Presentation of 1Q 2017 results



DISCLAIMER

This presentation has been prepared by Bank Millennium for its stakeholders for information purpose only.

The information presented in this presentation should be read together with other information published by the Bank (on www.bankmillennium.pl), in particular financial and current reports.

Financial data presented hereby is based on the consolidated Bank Millennium Group level. The Bank prepares its financial statements according to International Financial Reporting Standards, therefore only interests from derivatives meeting formal hedge accounting principles are recorded as Net Interest Income while other interest from derivatives is booked in Results on Financial Operations. As this hedge accounting relationship changes through time and does not necessarily include the entire portfolio of FX and Cross Currency Interest Rate swaps, the Bank provides in this presentation pro-forma data which presents all margin from derivatives in Net Interest Income. In the Bank's opinion, aforementioned approach allows better understanding of Net Interest Income evolution as it reflects substance of the derivatives transactions which are related to the liquidity management of the assets and liabilities in foreign currencies.

Statements regarding future refer only to the date on which they were created and are based on a knowledge, information and opinions available on this day. The Bank does not undertake obligation to publish any updates, modifications or revisions of the information, data or statements contained in this presentation unless such obligations arises under applicable laws and regulations.

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PRESENTATION OF RESULTS IN 1Q 2017

- > **Financial performance**
- > Business development
- > Appendixes

KEY PROFIT & LOSS ITEMS

PLN mln	1Q17	4Q16	Change Q/Q	1Q16	Change Y/Y
Net interest income	411.2	407.3	0.9%	364.8	12.7%
Net commission income	166.1	156.7	6.0%	134.4	23.6%
Total operating income	579.0	581.3	-0.4%	539.1	7.4%
Total costs	-270.5	-281.7	-4.0%	-271.8	-0.5%
Loan loss provisions	-59.7	-71.7	-16.6%	-44.3	34.7%
Banking tax on assets	-47.2	-46.1	2.5%	-32.3	46.3%
Net Profit	140.5	131.5	6.9%	137.2	2.4%
Net profit without one-offs* and new banking tax	220.7 (*)	177.6	23.8%	169.5	30.2%
NIM	2.47%	2.44%	+0.03 pp.	2.28%	+0.19 pp.
Cost/Income	46.7%	48.5%	-1.8 pp.	50.3%	-3.6 pp.
Cost of Risk	51 bp	60 bp.	- 9 bp.	38 bp.	+13 bp.
ROE	8.1%	7.6%	0.5 pp.	8.4%	-0.3 pp.
ROA	0.82%	0.77%	+ 5 bp	0.83%	- 1 bp

(*) 75% of PLN 44 million yearly resolution fund fee fully booked in 1Q (non-tax-deductible)

KEY BALANCE SHEET ITEMS

PLN mln	1Q17	4Q16	Change Q/Q	1Q16	Change Y/Y
Active customers (ths)	1 523	1 492	+31	1 387	+136
inc. on-line and mobile	1 023	980	+43	875	+148
Deposits	56 376	55 876	0.9%	52 010	8.4%
Deposits of individuals	41 009	39 682	3.3%	36 229	13.2%
Loans	46 992	47 020	-0.1%	46 085	2.0%
Mortgage Loans	26 688	27 492	-2.9%	27 290	-2.2%
Non-mortgage loans	20 304	19 528	4.0%	18 795	8.0%
L/D	82.8%	83.7%	-0.9 p.p.	88.4%	-5.6 p.p.
Impaired loan ratio	4.50%	4.50%	0 p.p.	4.47%	+0.03 p.p.
Coverage ratio	64.7%	62.6%	+2.1 p.p.	64.2%	+0.5 p.p.
CET1 = T1	17.9%	17.3%	+0.6 p.p.	17.2%	+0.7 p.p.
TCR	18.0%	17.4%	+0.6 p.p.	16.8%	+1.2 p.p.

MAIN FINANCIAL HIGHLIGHTS OF 1Q 2017

Strong core income and business results, while higher regulatory charges

Net profit improved and cost efficiency within the target

Net profit in 1Q 2017 at PLN **140.5 million (+6.9% q/q and 2.4% y/y)**.

Net profit on like for like basis* grew **+30% y/y**

ROE at **8.1%**

Cost to Income at **46.7%** - within 2017 strategic target

Excellent core income improvement

Excellent core income growth: **+15.7% y/y**

Net interest income up by **12.7% y/y**

Net commission remarkable growth of **23.6% y/y**

Higher regulatory charges

PLN **44 million** yearly resolution fund fee booked in full in 1Q on top of PLN 13 million guarantee fund quarterly fee (both non tax-deductible)

One month longer period of bank assets tax compared to 1Q 2016 (+PLN 15 million cost)

Negative combine impact on net profit of these 2 items was PLN 53 million y/y

Stronger capital, very good liquidity and asset quality

Consolidated TCR back at **18.0%** and CET1 at **17.9%**

Very strong liquidity kept: loan to deposits at low **83%** level

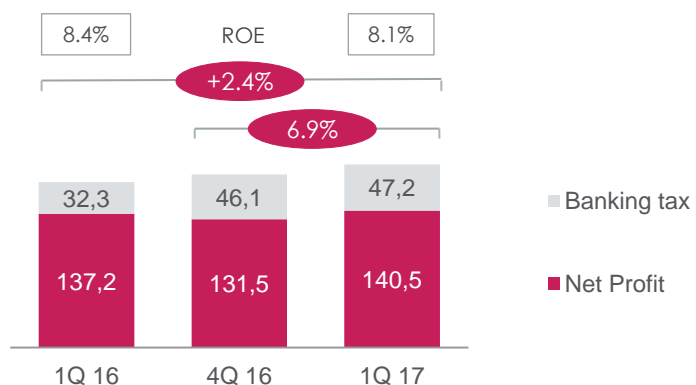
Impaired loans ratio at low **4.5%**; Cost of risk at **51 b.p.**

*) Adjusted for ¼ banking resolution fund payment and net off banking tax

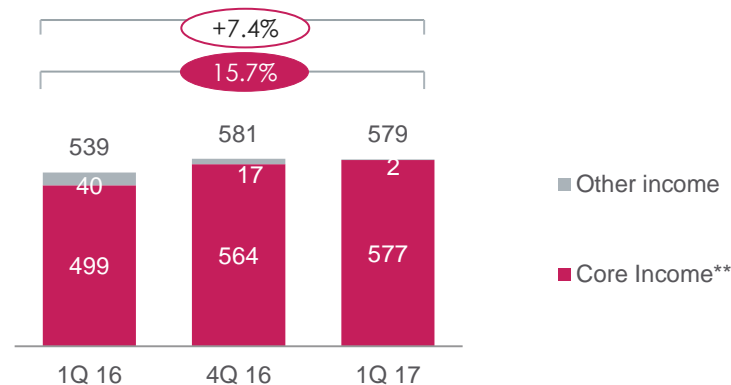
PROFITABILITY AND COST EFFICIENCY

Solid net profit despite higher regulatory charges (entire yearly resolution fund fee booked in 1Q),
Cost to Income ratio already within year-end strategic target

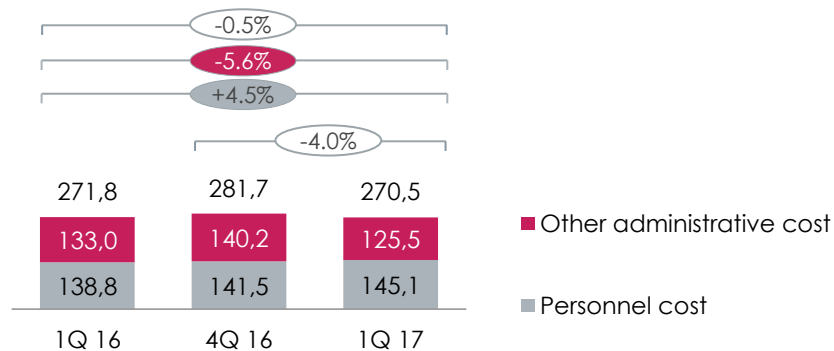
Net profit (PLN million)



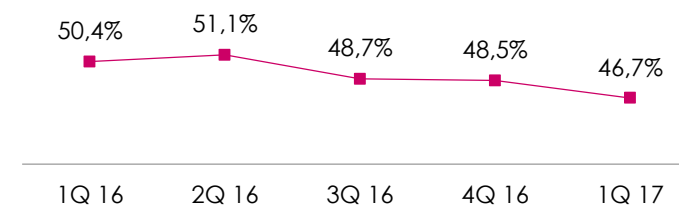
Operating income * (PLN million)



Operating cost (PLN million)



Cost/Income Ratio (without one-offs)



(*) Including net other operating income and cost

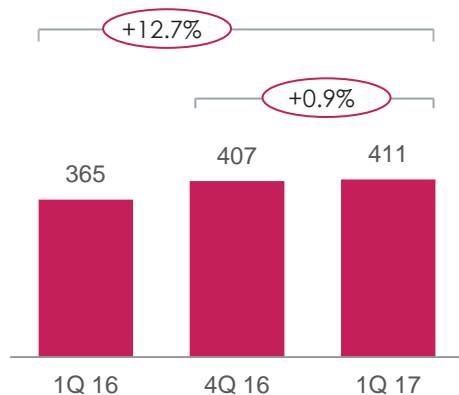
(**) Net Interest Income + Net Commissions Income

INTEREST AND COMMISSION INCOME

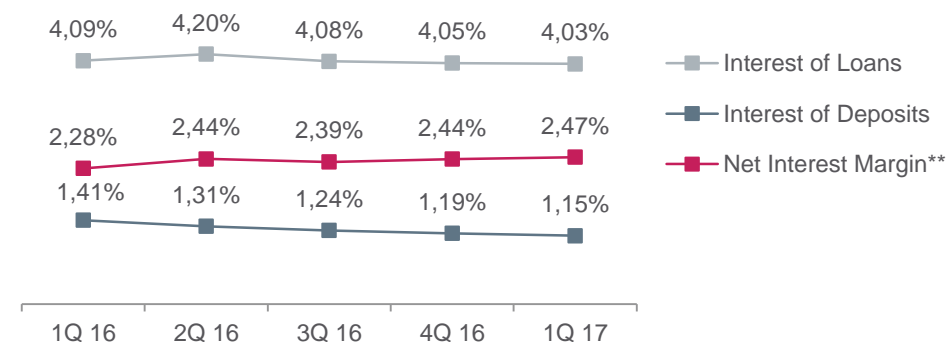
Excellent Net Interest and Commission Income growth

Net Interest Income *

(PLN million)

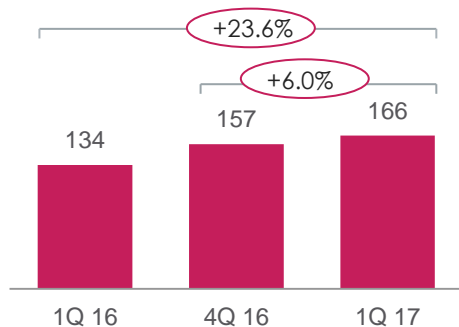


Interest on loans and deposit

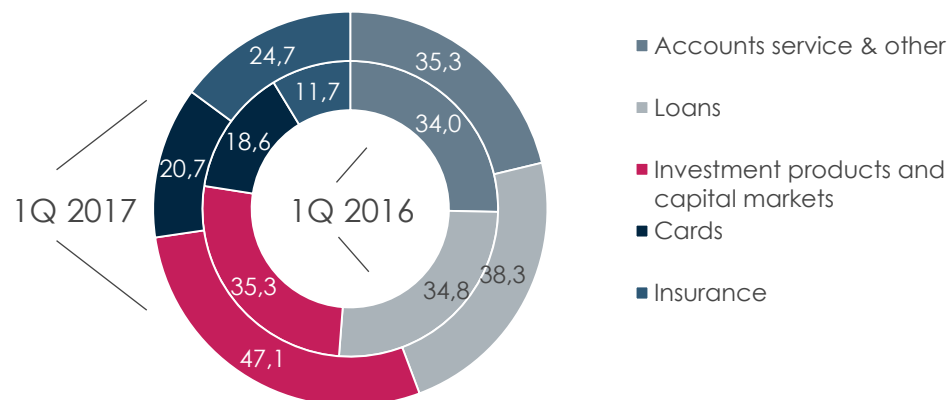


Net Commission Income

(PLN million)



Commission income structure



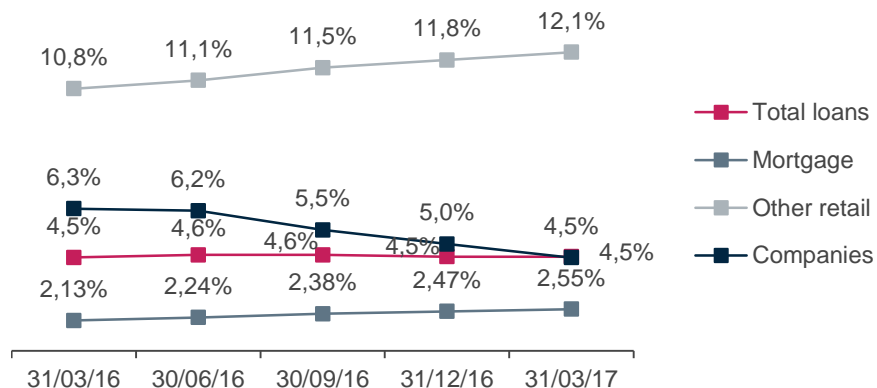
(*) Pro-forma data: margin from all derivatives hedging FX denominated loan portfolio is presented in NII, whereas in accounting terms part of this margin (PLN 17.7 million in 1Q 2017 and PLN 13.6 million in 1Q 2016) is presented in Result on Financial Operations

(**) Net Interest Margin: NII (pro-forma) to average interest earning assets

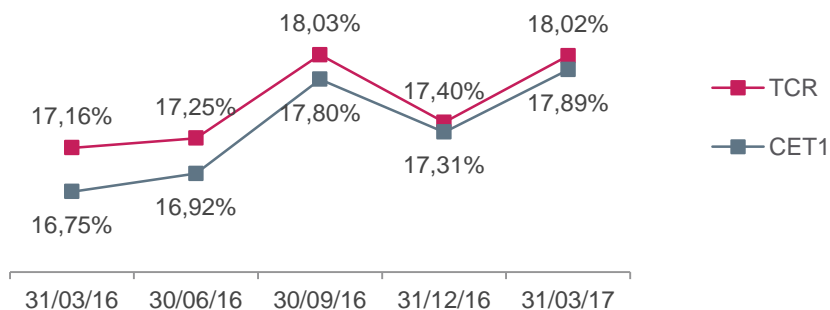
ASSET QUALITY AND COST OF RISK

Capital ratios grew after decisions of Shareholders' Meeting and lower FX rates;
cost of risk at 2016 average level

Impaired Loans

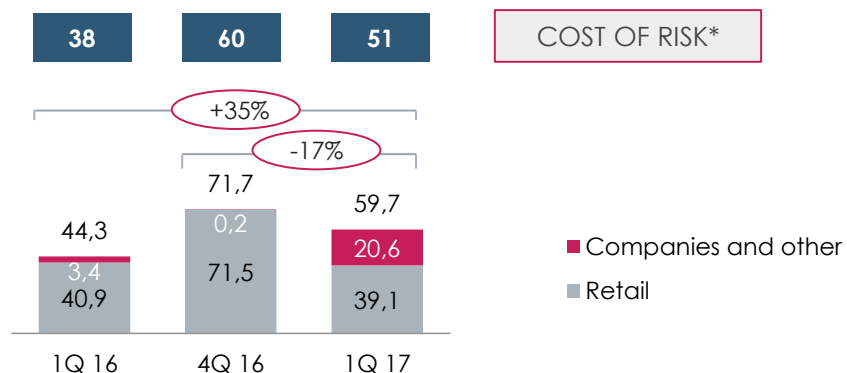


Group Capital Ratios **

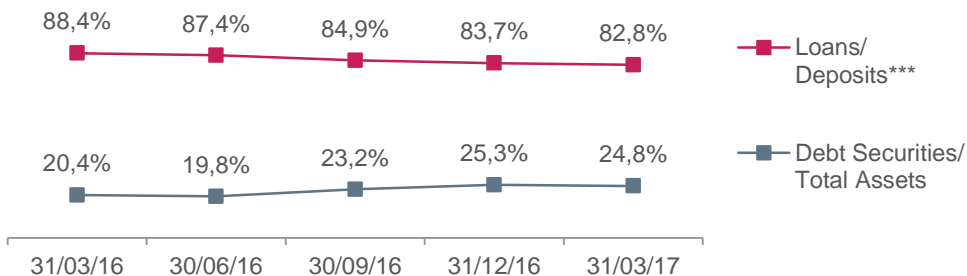


P&L impairment provisions

(PLN million)



Liquidity indicators



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

(**) 2016 FY profit fully recognized in 1Q 2017 capital ratios

(***) Deposits include own debt securities sold to individuals and repo transactions with customers



PRESENTATION OF RESULTS IN 1Q 2017

- > Financial performance
- > **Business development**
- > Appendixes

MAIN BUSINESS HIGHLIGHTS IN 1Q 2017

Very good results in main strategic areas, both in retail and companies business, with strong contribution of electronic channels

Retail business

1 523 ths. active customers with **136 ths.** net growth during last 12 months

Retail deposits crossed PLN **41 billion** with strong growth (**+13% y/y**)

Further acceleration of PLN mortgage sale: to PLN **427 million** in 1Q

Cash loans sale rebound to PLN **558 million** in 1Q

Companies business

Rebound in corporate lending: **+5%** q/q to PLN **14.5 billion** (net portfolio)

Factoring turnover the best since 2015: PLN **3,757 million** in 1Q

Strong leasing sale: PLN **690 million** in 1Q

Innovations/Quality

One million active users of electronic banking, of which over 600 thousand using mobile applications

Best current account and 3rd highest quality of service by Golden Banker survey

Bank Millennium leading in Net Promoter Score surveys

USE OF ELECTRONIC CHANNELS

High share of electronic channels in product sales volume

1023k (+17% y/y)

Retail clients active in mobile and online banking

606k (+39% y/y)

Retail clients actively using mobile app and mobile Millenet

24%

share in cash loan
– new sales (in
terms of
disbursement)

39%

share in
overdrafts by
number

99%

of all Bank
Millennium
transfers were
made online or
via mobile

87%

of all new term
deposits were
made online or
via mobile

NEW SOLUTIONS IN MILLENET AND MOBILE APPLICATION

Innovation, convenience and simplicity for customers is the key to build long term relationships through electronic channels



Public transport tickets & parking fees in app



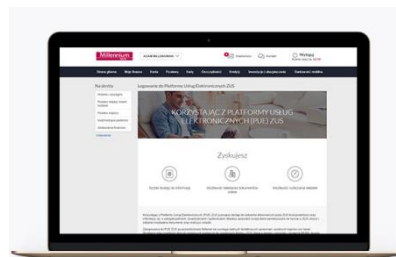
Trusted Profile via Millenet



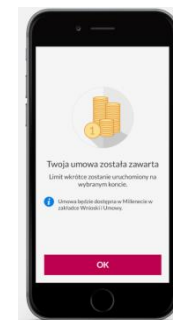
MGM programme
Like it? Share it! In app and Millenet



SIM card registration in app



Instant transfers to ZUS, tax & customs offices in Millenet

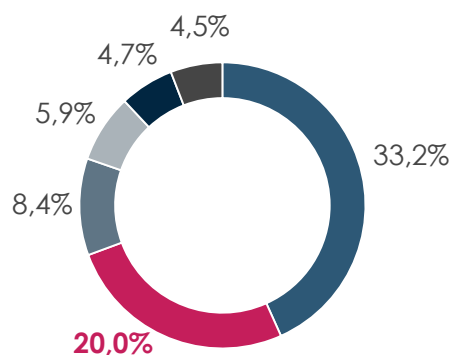


Credit processes optimization

LEADER IN PROMOTER SCORE

Satisfied customers recommend the Bank

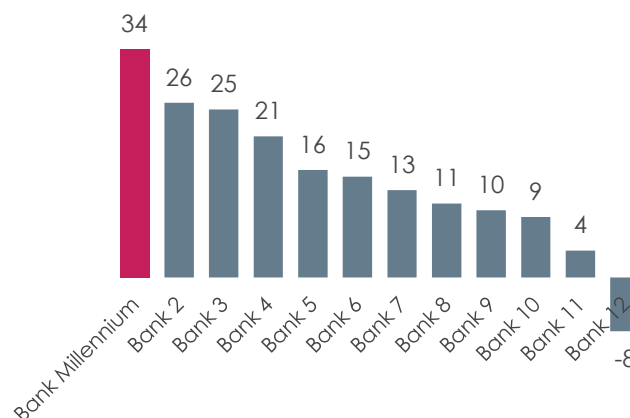
Increasing importance of recommendations among bank selection criteria (*)



- good conditions for account
- recommendation
- attractive terms for deposits
- location and opening hours
- family/friends have
- free account

Bank Millennium most often recommended bank

- Satisfied customers are the Bank's best ambassadors
- **Highest** among commercial banks in Poland **NPS ratio (34)** (according to TNS Zoom Finanse 4Q2016)



like it? share it!

Millennium
bank

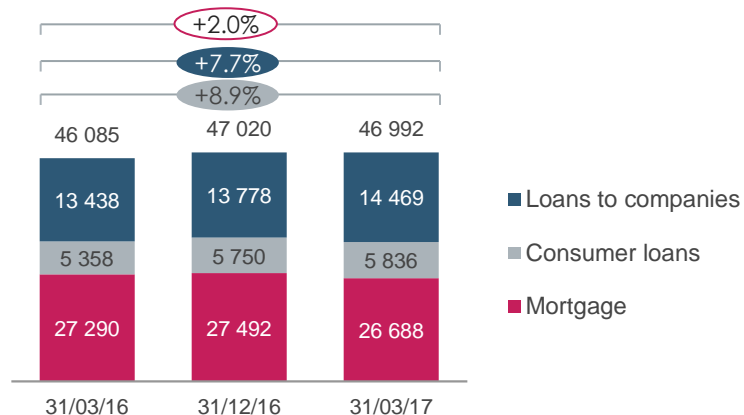
- New recommendation programme "Like it? Share it!" launched in March 2017 is available in all channels
- Full version of programme in the mobile app, with possibility of registration, recommending, checking results, selecting awards etc.
- "Like it? Share it!" aimed to accelerate acquisition of new customers, the strategic goal of the Bank

LOAN AND DEPOSITS

Rebound in companies loans and strong growth of retail deposits

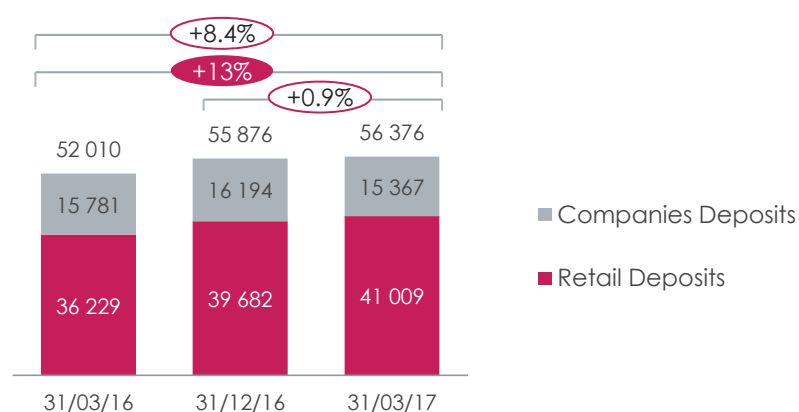
Loan Portfolio of the Group (net)

(PLN million)



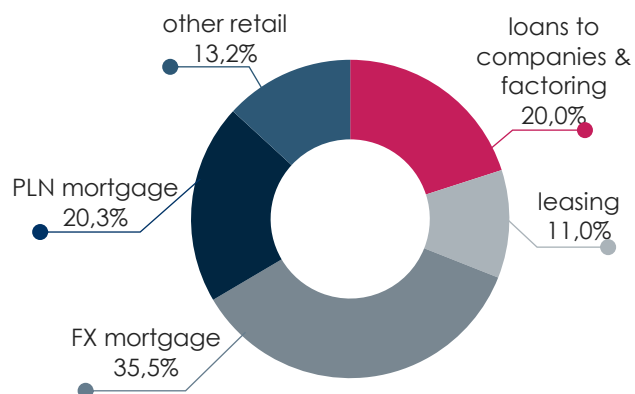
Customer Deposits

(PLN million)



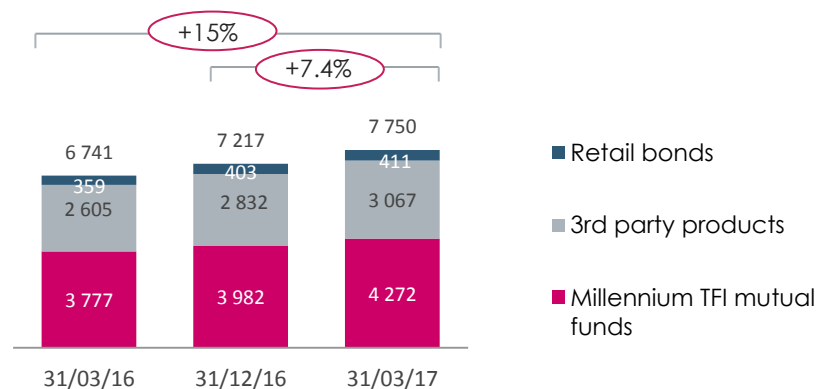
Structure of Loan Portfolio (gross)

(as on 31.03.2017)



Non-deposit investment products

(PLN million)

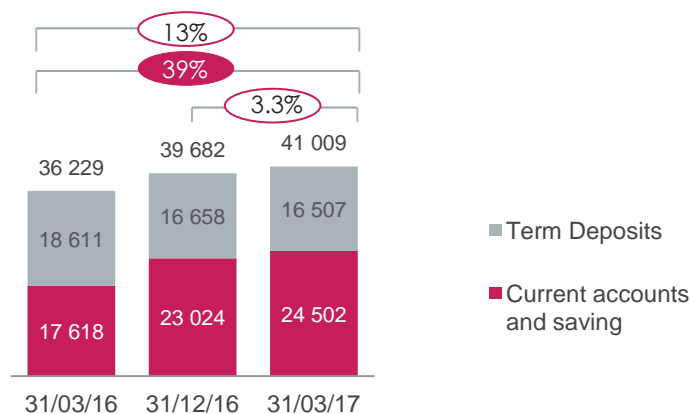


RETAIL BUSINESS – DEPOSITS AND ACCOUNTS

Fast growth of new active customers kept and retail deposit volumes crossed PLN 41 billion thanks mainly to current and savings accounts

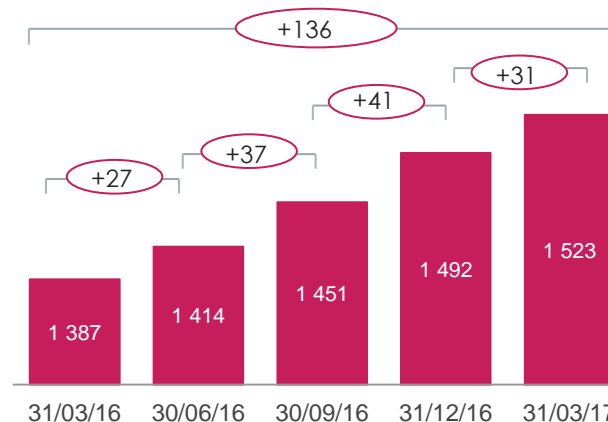
Retail Deposits

(PLN million)



Active retail clients

(in thousand.)

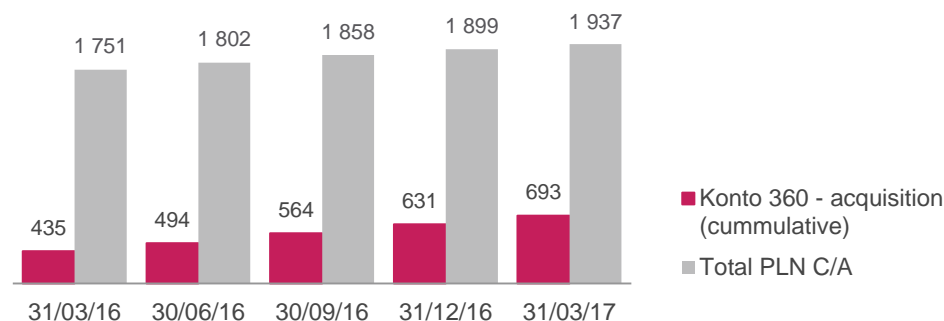


Comments

- Share of current and saving accounts at 60% of all retail deposits
- 700ths. of flag account Konto 360° sold till April 11th

Number of current accounts

(in thousand)

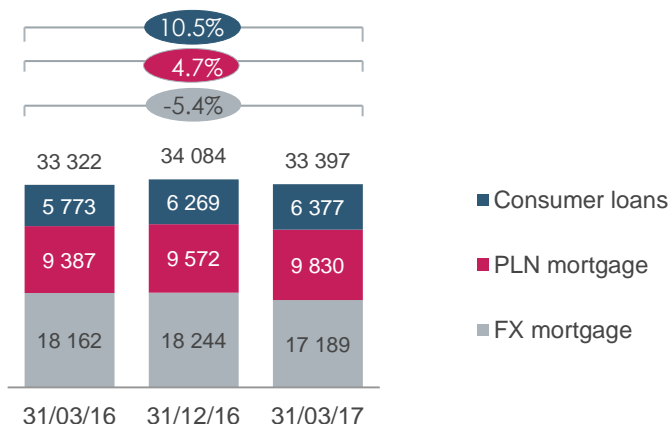


RETAIL BUSINESS – LOANS

Very fast acceleration of mortgage loans sale, cash loans rebound since the previous 2 quarters

Retail loans (gross)

(PLN million)

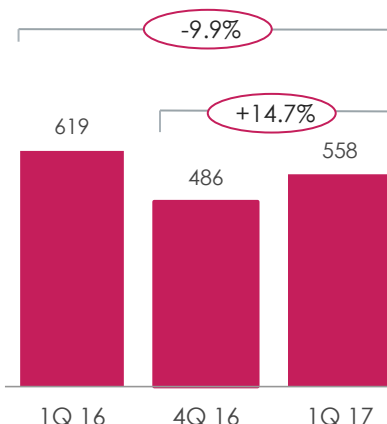


Comments

- Consumer loans portfolio continues a double-digit yearly growth
- Market share in new PLN mortgage loans sale reached 5.6% (*)

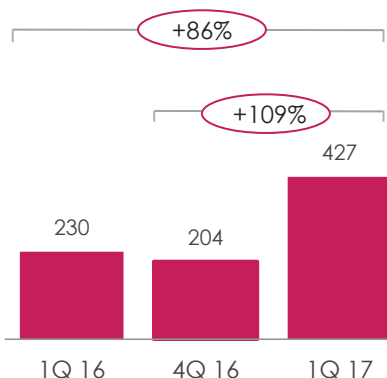
Cash loans new sales

(PLN million)



Mortgage loans new sales

(PLN million)



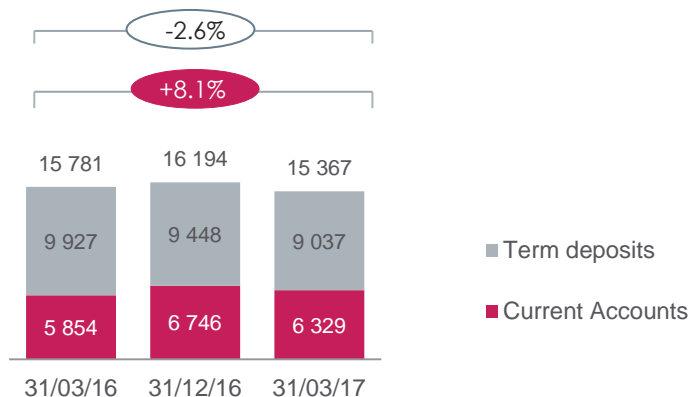
(*) based on ZBP data – by the value of commitments

COMPANIES BUSINESS – DEPOSITS AND LOANS

Growth of current accounts balances and first signs of expected acceleration of lending to companies

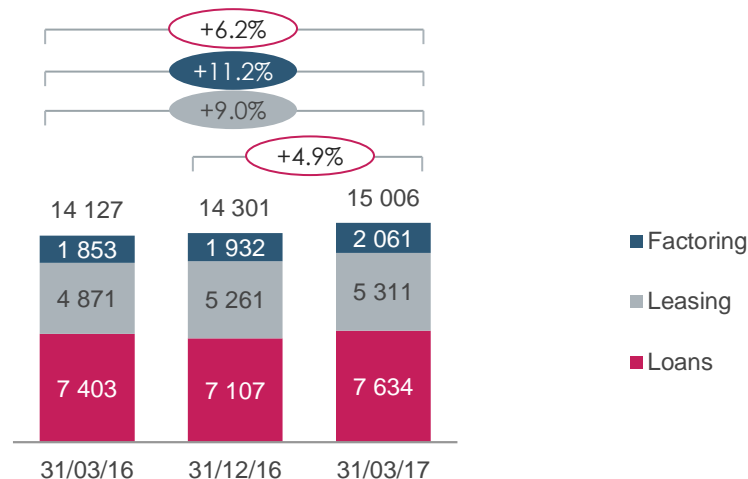
Companies deposits

(PLN million)



Loans to companies (gross)

(PLN million)

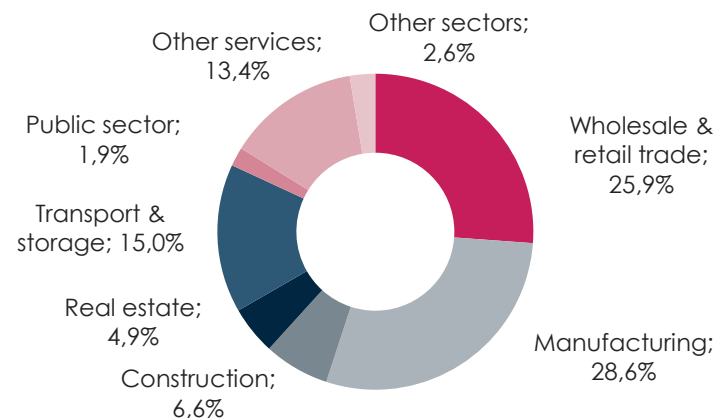


Comments

- Faster growth of loans to companies in 1Q 17
- Current accounts growth by 8% y/y

Loans by industries as at 31 march 2017

(PLN million)

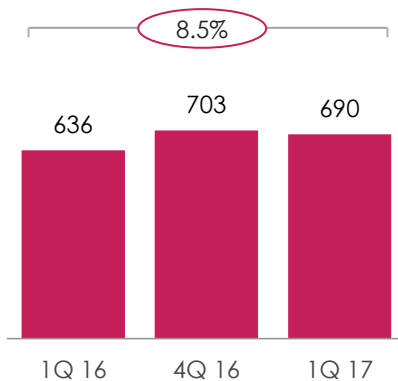


COMPANIES BUSINESS – TRANSACTIONS AND FINANCING

Growing transactional banking and specialized financing

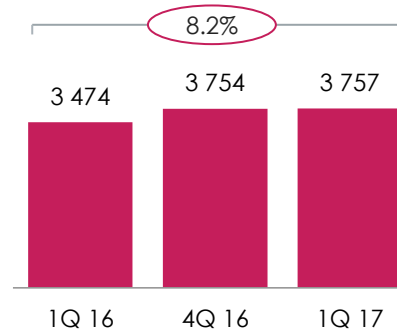
Leasing – new sales

(PLN million)



Factoring – turnover

(PLN million)

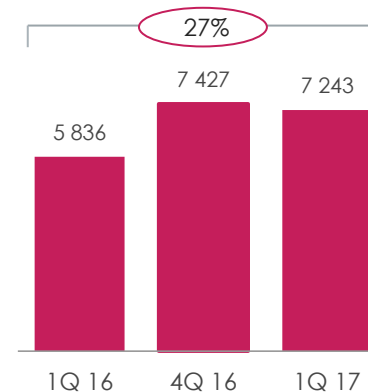


Comments

- Growing foreign trade business with clients
- High growth of leasing and factoring sales of 8-9% y/y

Volume of FX transactions

(PLN million)



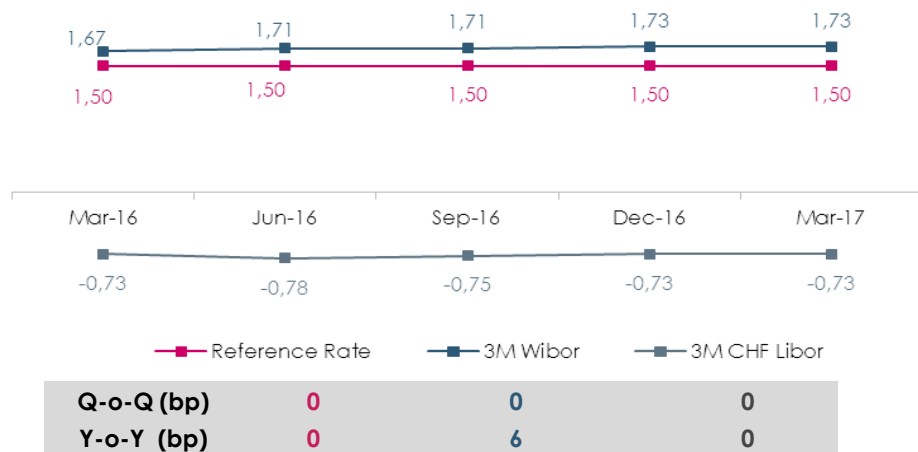


PRESENTATION OF RESULTS IN 1 Q 2017

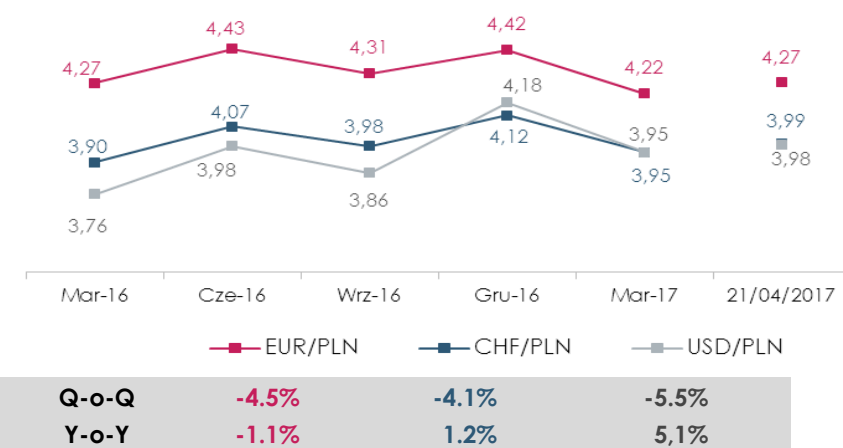
- > Financial performance
- > Business development
- > **Appendixes**

Macroeconomic overview

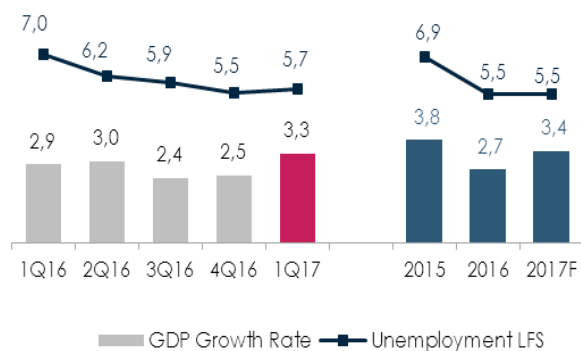
Interest rates evolution (%)



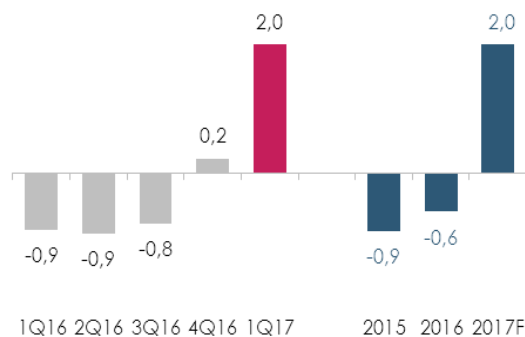
FX rates evolution



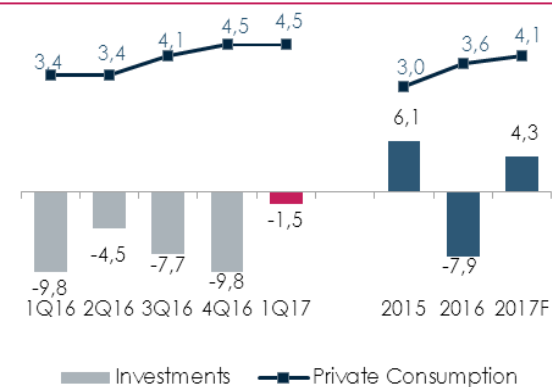
GDP growth & unemployment (%)



Inflation (%)



Investments & Consumption (% y/y)

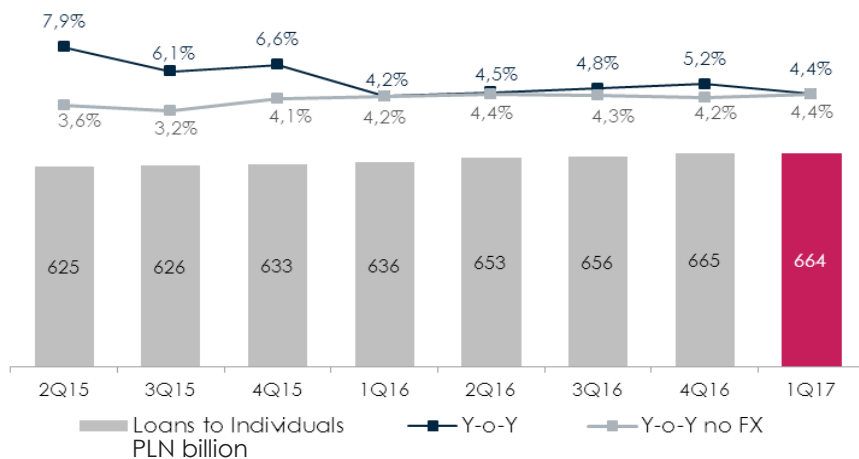


Source: NBP, GUS

Macroeconomic overview

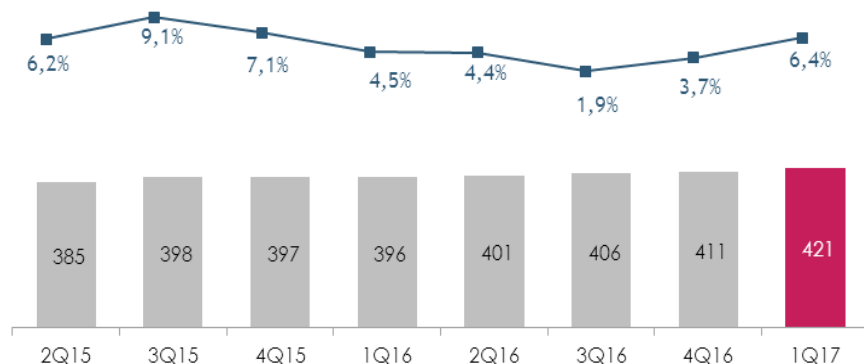
Loans to households

(PLN billion, % y/y)



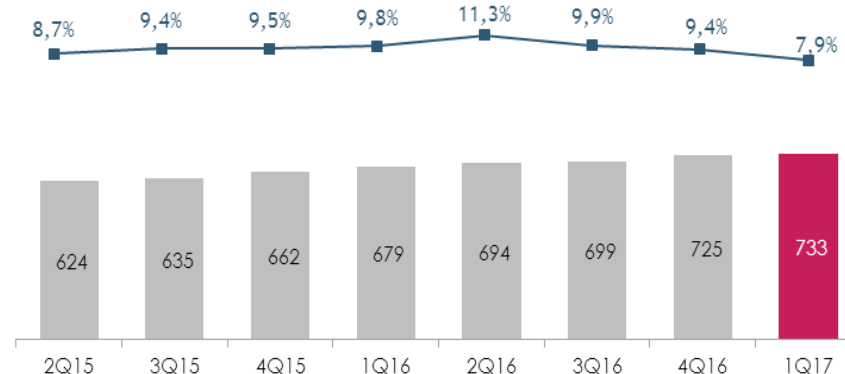
Loans to companies

(PLN billion, % y/y)



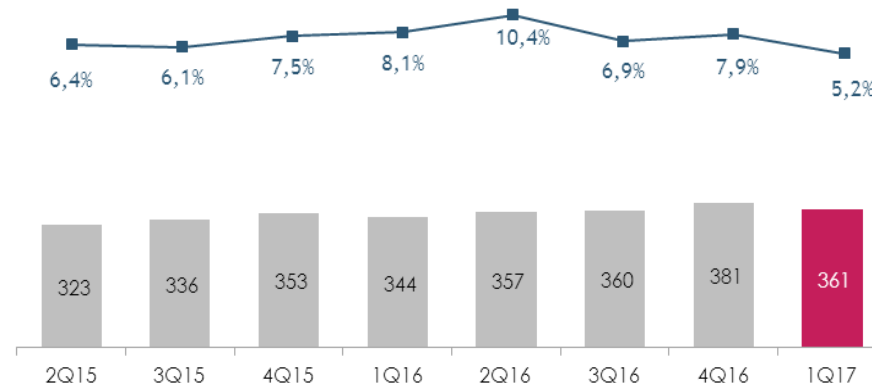
Households' deposits

(PLN billion, % y/y)



Companies' deposits

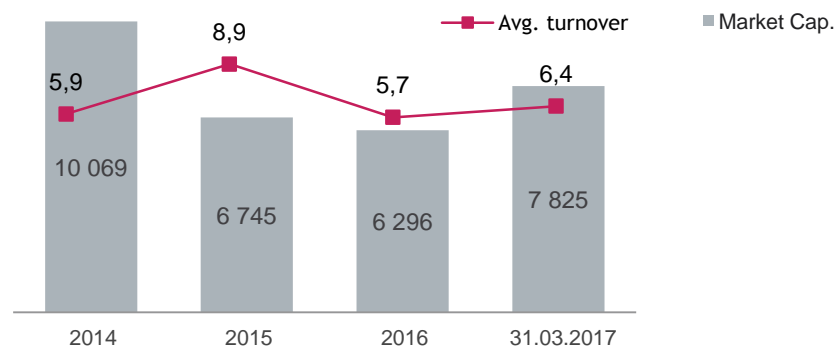
(PLN billion, % y/y)



BANK MILLENNIUM SHARE PERFORMANCE

Market cap/liquidity

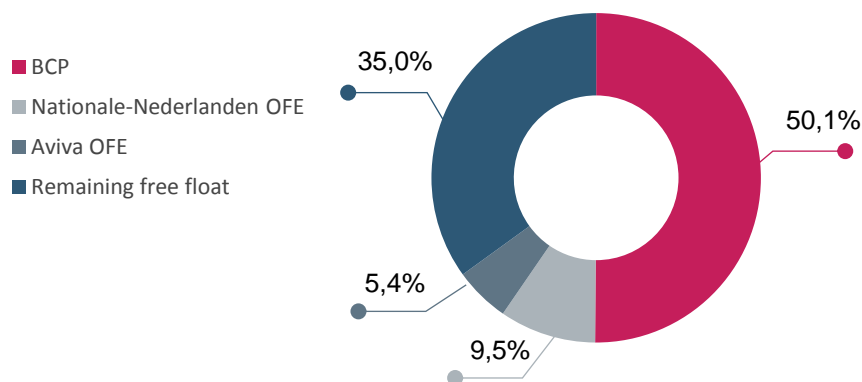
(PLN million)



Bank Millennium share performance vs. main indices (as on 31.03.2017)

Market ratios	31.03.2017	30.12.2016*	Change (%) YTD	31.03.2016	Change (%) Yearly
The Bank's share price (PLN)	6,45	5,19	24,3%	5,83	10,6%
WIG Banks	6 992	6 263	11,6%	6 499	7,6%
WIG20	2 176	1 948	11,7%	1 998	8,9%
WIG30	2 516	2 243	12,2%	2 219	13,4%
WIG - main index	57 911	51 754	11,9%	49 017	18,1%

Bank Millennium shareholders' structure (as on 31.03.2017)



General information on Bank Millennium shares

No of shares: 1 213 116 777 (listed 1 213 008 137)

Listed: on Warsaw Stock Exchange since August 1992

Index: WIG, WIG 30, mWIG40, WIG Banks, WIG RESPECT, MSCI PL, FTSE GEM

Tickers: ISIN PLBIG0000016, Bloomberg MIL PW, Reuters MILP.WA

(*) last day of quotation in 2016

BANK MILLENNIUM AMONG WINNERS OF GOLDEN BANKER

Triple podium



Złoty Bankier

- **1st place** in the "Personal Account" category
- **Laureate** of the "Safety - Best Practices" category
- **2nd place** in „Mortgage loans” category
- **3rd place** in the "Highest quality of service" category

„Złoty Bankier” ranking (The Gold Banker) is organized by "Puls Biznesu" daily and Bankier.pl, with TNS Poland and Obserwatorium.biz and based on full audit of the quality of service banking in branches, call center and ergonomics electronic channels.

MOST IMPORTANT AWARDS AND RECOGNITIONS

In Q1 2017 Bank Millennium received some awards and recognitions



Alfa 2016

For Fundusz Millennium FIO Dynamicznych Spółek given by the analizy.pl website to the best mutual funds.



Reliable Employer 2016

For best employers in terms of recruitment policy, employee solutions and HR management.



Service Quality Star

Bank Millennium was honoured with the prestigious Service Quality Star.



Mobile Trends Award

For Bank Millennium's mobile app in the competition for best mobile projects and solutions in 2016.



Institution of the Year

Bank Millennium came second in the „Quality of branch service” category.



Good practices

Eight best practices from the CSR area implemented by Bank Millennium were described in the “Responsible Business in Poland 2016” report.

SYNTHETIC P&L ACCOUNT

(PLN million)

Pro-forma	1Q'16	4Q'16	1Q'17	Change Y/Y	Change Q/Q
Net interest income*	364,8	407,3	411,2	12,7%	0,9%
Net commission income	134,4	156,7	166,1	23,6%	6,0%
Other non-interest income **	40,0	17,3	1,7	-95,8%	-90,3%
Operating Income	539,1	581,3	579,0	7,4%	-0,4%
General and administrative costs	-258,4	-268,2	-257,4	-0,4%	-4,0%
Depreciation	-13,5	-13,5	-13,1	-2,6%	-2,5%
Total operating costs	-271,8	-281,7	-270,5	-0,5%	-4,0%
Net provisions	-44,3	-71,7	-59,7	34,7%	-16,6%
Operating profit	223,0	227,9	248,7	11,5%	9,1%
Banking tax	-	-46,1	-47,2		2,4%
Pre-tax profit	190,7	180,4	201,5	5,6%	11,7%
Income tax	-53,5	-48,9	-61,0	13,9%	24,6%
Net profit	137,2	131,5	140,5	2,4%	6,9%
Accounting	1Q'16	4Q'16	1Q'17	Change Y/Y	Change Q/Q
Net interest income (reported under IFRS)	351,1	389,2	393,5	12,1%	1,1%

(*) 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 17.7 million in 1Q 2017 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

BALANCE SHEET

(PLN million)

ASSETS

Cash and balances with the Central Bank
Loans and advances to banks
Loans and advances to customers
Amounts due from reverse repo trans.
Debt securities
Derivatives (for hedging and trading)
Shares and other financial instruments
Tangible and intangible fixed assets
Other assets
TOTAL ASSETS

31/03/2016	31/12/2016	31/03/2017	Change y/y
2 504	1 779	1 828	-27,0%
1 656	1 268	969	-41,5%
46 085	47 020	46 992	2,0%
216	91	128	-40,7%
13 378	17 407	16 957	26,8%
438	268	458	4,6%
230	43	45	-80,4%
216	226	221	2,3%
593	691	707	19,2%
65 316	68 793	68 306	4,6%

LIABILITIES AND EQUITY

Deposits and loans from banks
Deposits from customers
Liabilities from repo transactions
Financial liabilities at fair value through P&L and hedging derivatives
Liabilities from securities issued
Provisions
Subordinated liabilities
Other liabilities
TOTAL LIABILITIES
TOTAL EQUITY
TOTAL LIABILITIES AND EQUITY

31/03/2016	31/12/2016	31/03/2017	Change y/y
1 488	1 271	1 405	-5,6%
52 010	55 876	56 376	8,4%
0	0	0	-
2 149	1 489	770	-64,2%
1 279	1 314	822	-35,8%
41	49	47	13,0%
644	664	636	-1,2%
1 055	1 189	1 107	5,0%
58 666	61 852	61 162	4,3%
6 650	6 941	7 144	7,4%
65 316	68 793	68 306	4,6%



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