



BANK MILLENNIUM GROUP

Presentation of 1Q 2018 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 on consolidated Bank Millennium Group level and is based on quarterly financial report (not audited for 1Q 2018).

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 assets and liabilities held for trading. As this hedge accounting relationship changes through time and does not necessarily include the entire portfolio of FX, Currency and 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 arise under applicable laws and regulations.

This presentation should not be treated as a recommendation to purchase securities, an offer, invitation or a solicitation of an offer to purchase, invest or conclude any transaction on securities, in particular with respect to securities of Bank Millennium.



PRESENTATION OF 1Q 2018 RESULTS

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

KEY PROFIT & LOSS ITEMS

PLN mln	1Q 18	1Q 17	Change Y/Y	4Q 17	Change Q/Q
Net interest income	436.7	411.2	6.2%	449.2	-2.8%
Net commission income	172.5	166.1	3.8%	169.4	1.8%
Total operating income	656.4	622.9	5.4%	656.2	0.03%
Total costs	-330.2	-314.5	5.0%	-304.5	8.4%
Costs without BFG fees	-275.5	-257.4	7.1%	-291.3	-5.4%
Loan loss provisions	-55.1	-59.7	-7.7%	-63.0	-12.4%
Banking tax on assets	-52.2	-47.2	10.5%	-48.3	8.1%
Net Profit	155.3	140.5	10.5%	179.6	-13.6%
Net profit adjusted (*)	183.6	172.8	6.2%	168.0	9.2%
NIM	2.51%	2.47%	+0.04 pp	2.61%	-0.1 pp
Cost/Income adjusted (*)	46.0%	45.3%	+0.7 pp	47.2%	-1.2 pp
Cost of Risk	44 bps	51 bps	-7 bps	54 bps	-10 bps
ROE adjusted (*)	9.7%	10.0%	-0.3 pp	8.7%	+1.0 pp

(*) adjusted for BFG resolution yearly fee by equally accruing it over the year - 1/4 treated as recurrent

KEY BALANCE SHEET ITEMS AND OTHER RELEVANT INDICATORS

PLN mln	March 2018	March 2017	Change Y/Y	Dec. 2017	Change Q/Q
Active customers (ths)	1 675	1 523	+152	1 636	+40
inc. on-line and mobile	1 201	1 023	+178	1 144	+57
Customer Funds	69 080	64 221	7.6%	66 593	3.7%
Customer Funds of individuals	52 752	48 855	8.0%	49 663	6.2%
Deposits	59 474	56 376	5.5%	57 273	3.8%
Loans	48 000	46 992	2.1%	47 411	1.2%
FX Mortgage Loans	14 244	17 075	-16.6%	14 576	-2.3%
Loans without FX mortgage	33 756	29 917	12.8%	32 835	2.8%
L/D	80.7%	83.4%	-2.7 p.p.	82.8%	-2.1 p.p.
Impaired loan ratio (*)	4.9%	4.5%	+0.4 p.p. (*)	4.6%	+0.3 p.p. (*)
Coverage ratio (**)	76%	65%	+11 p.p. (**)	67%	+9 p.p. (**)
CET1 = T1	22.3%	17.9%	+4.4 p.p.	20.0%	+2.3 p.p.
TCR	24.4%	18.0%	+6.4 p.p.	22.0%	+2.4 p.p.

(*) From 2018 corresponds to stage 3 loans share in gross total loans

(**) From 2018 calculated as total provisions divided by stage 3 gross loans

MAIN FINANCIAL HIGHLIGHTS OF 1 QUARTER 2018

Further improvement of profitability and extremely high capital ratios after retaining entire 2017 profit

Profitability increase

Net profit of 1Q 2018 reached **155 million PLN**, which means **11%** yearly growth (in both periods impact of entire year BFG resolution fund fee)

ROE at **9.7%** and cost/income at **46.0%** *)

Interest income still driving yearly core income growth

Net interest income grew by **6.2%** y/y; drop in quarterly terms due to shorter quarter, lower remuneration of obligatory NBP reserves and IFRS9 impact

Continued growth of Net Commission Income by **+1.8%** q/q and **+3.8%** y/y

High asset quality kept (new definition of ratios under IFRS9)

Impaired loans (stage 3) ratio at **4.9%** level with coverage by total provisions at **76%**

Cost of Risk at **44 b.p.** (annualised)

Loans to Deposits ratio at low level of **81%**

Extremely high capital ratios after AGM decision of retaining 2017 profit

Group's Total Capital Ratio (TCR) at **24.4%**, and CET1 ratio (= T1) at **22.3%** after adding entire 2017 year profit

TCR is **6 p.p.**, and Tier1 ratio **7 p.p.** above new minimum thresholds **)

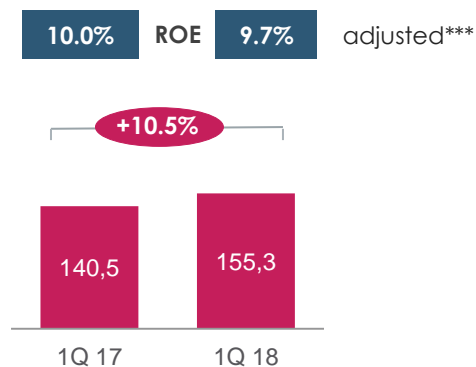
(*) assuming equal accrual through the year of BFG resolution fee booked upfront in 1Q in the amount of 37.7 million PLN

(**) Minimum capital ratio thresholds for the Group are 18,5% (TCR) and 15,2% (T1)

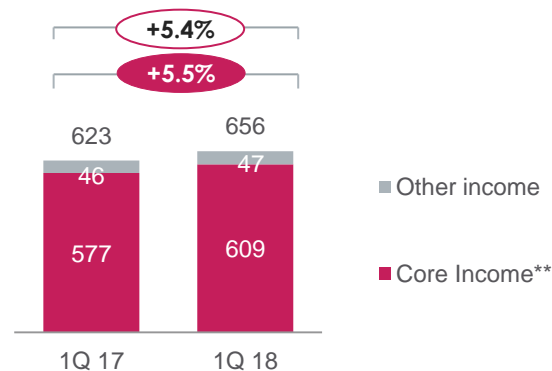
PROFITABILITY AND COST EFFICIENCY

Profitability increase, with BFG resolution fee impact seen in 1Q.
ROE at 9.7% and Cost to Income at 46%

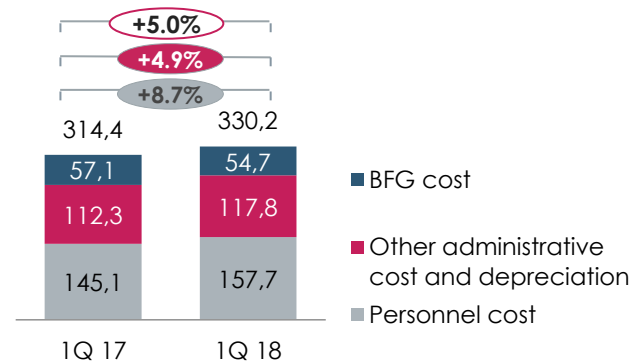
Net profit (PLN million)



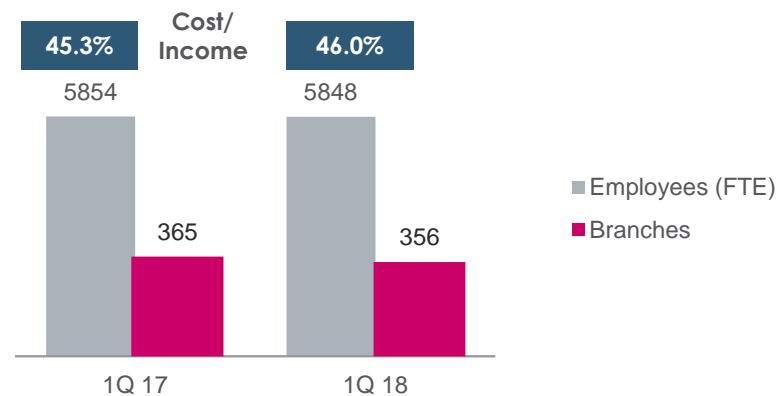
Operating income * (PLN million)



Operating cost (PLN million)



Cost/Income ***; branches and staff



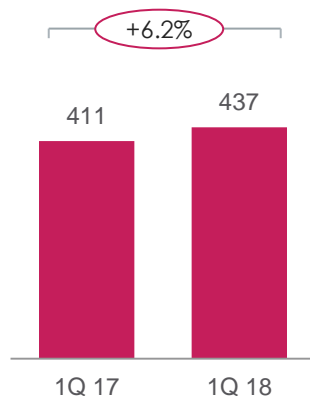
(*) Including net other operating income and cost (**) Net Interest Income + Net Commissions Income
(***) assuming equal accrual of BFG resolution fee over the year - 1/4 treated as recurrent in 1Q

INTEREST AND COMMISSION INCOME

Interest income and margin temporarily affected in 1Q, but to be further supported by loan growth
Continued solid growth of Net Commission Income

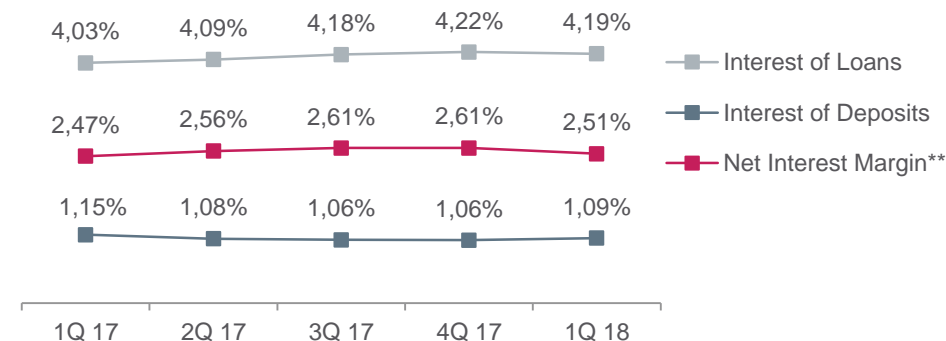
Net Interest Income *

(PLN million)



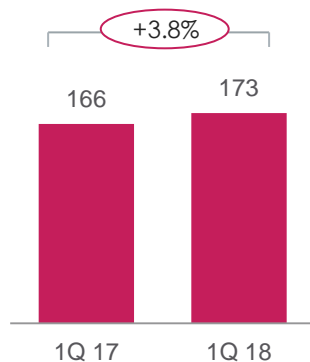
Interest on loans and deposit

(PLN million)



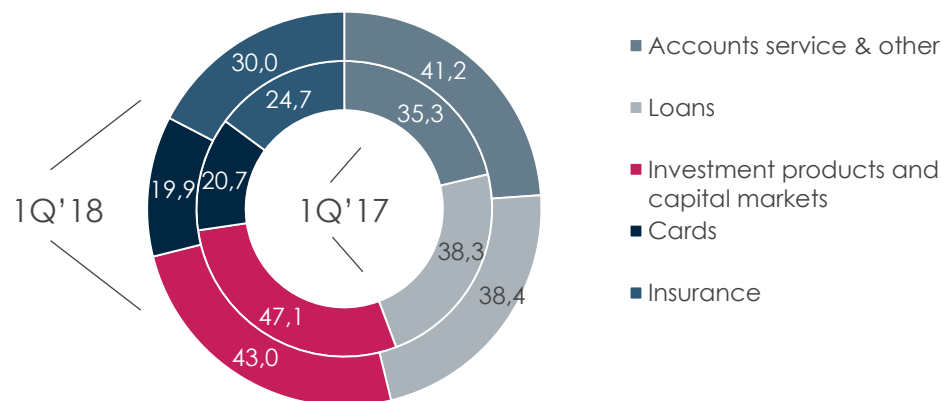
Net Commission Income

(PLN million)



Commission income structure

(PLN million)



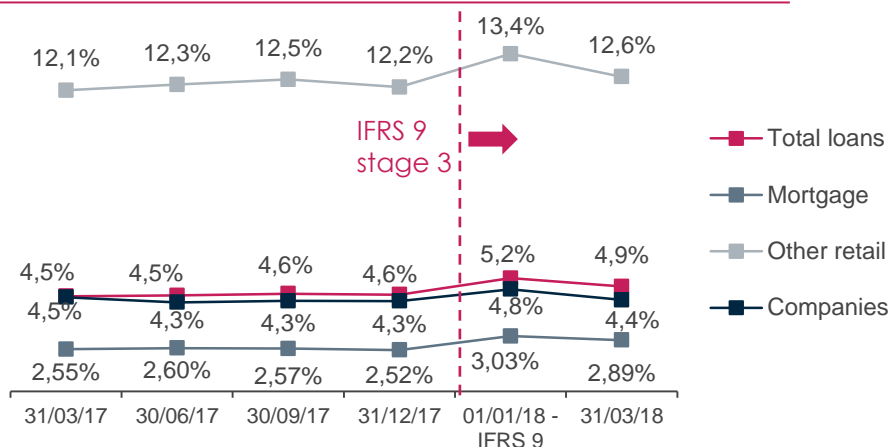
(*) Pro-forma data: margin from all derivatives hedging FX loans is presented in NII, whereas in accounting terms part of this margin (PLN 8.4 million in 1Q'18 and PLN 17.7 million in 1Q'17) is presented in results on financial assets and liabilities held for trading

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

ASSET QUALITY AND LIQUIDITY

High asset quality kept (new definition of ratios under IFRS9)
Low Cost of risk and very comfortable liquidity position

Impaired Loans

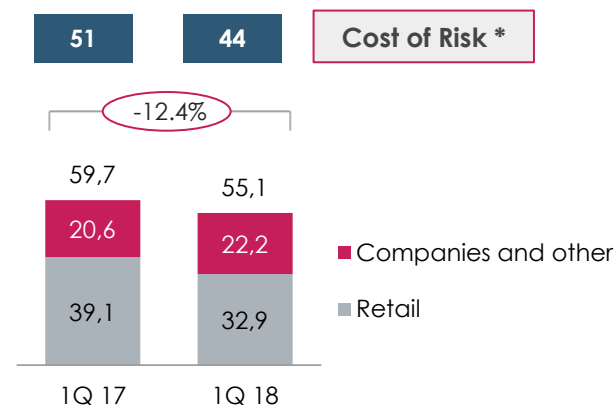


Comments

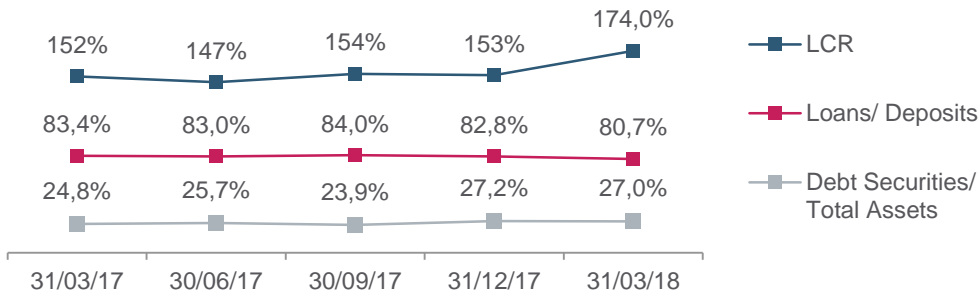
- New impaired loans (stage 3) ratio at 4.86% level – 0.3 p.p. lower during the quarter
- Stage 3 loans coverage by all provisions at strong 76%
- Strong reduction of FX mortgage loan portfolio: -16% y/y

P&L impairment provisions

(PLN million)



Liquidity indicators

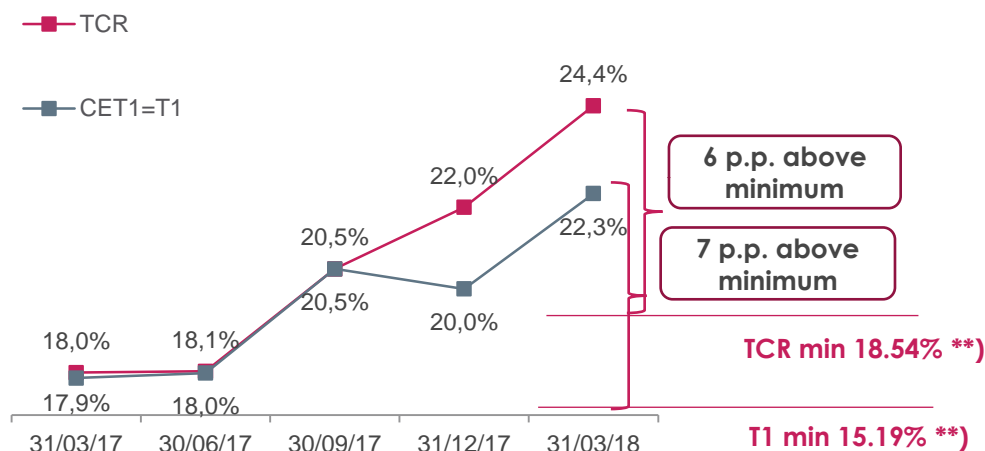


(*) Total provisions created (net) including loans modification effect to average net loans (in basis points),

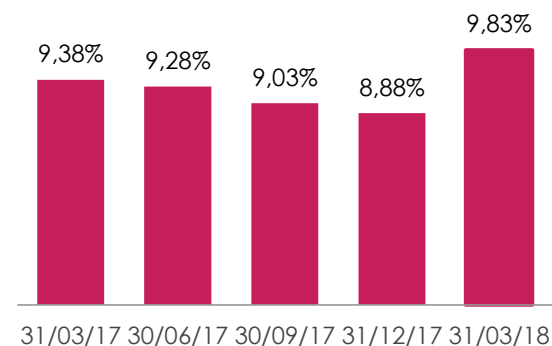
CAPITAL ADEQUACY

Extremely high capital ratios after Annual General Meeting decision of retaining 2017 profit

Group Capital Ratios *



Leverage Ratio



- Annual General Meeting of Shareholders, held on March 26th, accepted Management Board proposal of **full retention of 2017 net profit in Bank's equity** – in line with recommendation of the Regulator (KNF). This fact was the main driver of TCR and T1/CET1 increase by 2.3 p.p. compared to 31 December 2017.
- Bank Millennium keeps its dividend policy (subject to regulatory recommendations) and aims at creating conditions to return to dividend distribution.

(*) Bank (unconsolidated) capital ratios are lower by ca 0.1 p.p. as in March 2018 (**) New capital thresholds valid in 2018 based on CRR minimum ratios plus Combined buffer (Systemic, conservation and OSII) plus Pillar 2 FX buffer; Minimum ratios required for Bank are slightly higher: TCR = 18.66% and T1 = 15.28%



PRESENTATION OF RESULTS IN 1Q 2018

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

MAIN BUSINESS HIGHLIGHTS OF 1 QUARTER 2018

Promising business results at the beginning of the new strategic perspective for 2018-2020

Retail Banking

Net growth by 40 ths in 1Q of active customers to **1 675 ths.** (+152 ths y/y)
All customers' savings reached **52.7 bn** PLN thanks to strong deposits growth (**+7%** q/q)
Record sale of cash loans at **769 million** PLN in 1Q (+38% y/y)
New mortgage loans sale at high **748 million** PLN in 1Q (+75% y/y)
1.2 million active users of on-line and mobile – continuation of solid growth

Companies Banking

Record quarterly factoring turnover of **4.6 bn** PLN (+22% y/y)
Leasing sale growth of **802 million** PLN in 1 quarter (growth +16% y/y)
Total loans to companies grew by **9%** yearly
Volume of FX transactions grew by **21%** and volume of guaranties and LC granted grew by **19%** yearly

Innovations/Quality

Achievement of the first position in Net Promoter Score ranking (**52 pkt ***)
The most innovative Bank 2017 in Leaders of the World of Banking and Insurance Competition
Website without barriers Award for adjusting the website to the needs of people with disabilities, awarded by the "Widzialni" Foundation

(*) by ARC Rynek i Opinia research for 4Q 2017

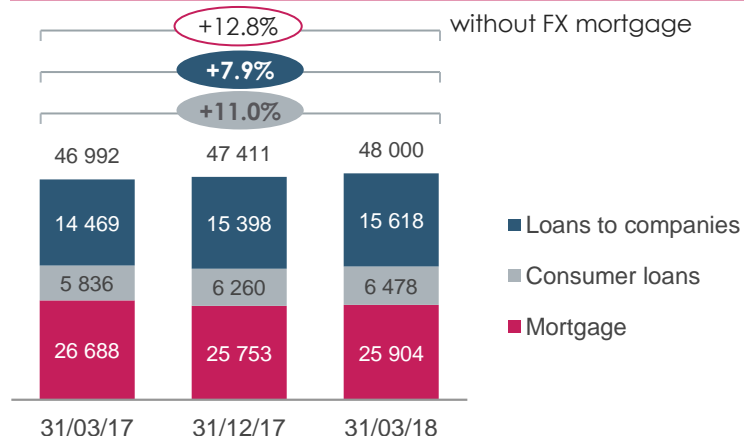
LOANS AND DEPOSITS

Solid growth of all loans excluding FX mortgages

Acceleration of retail deposits in 1Q and continuation of non-deposit savings growth

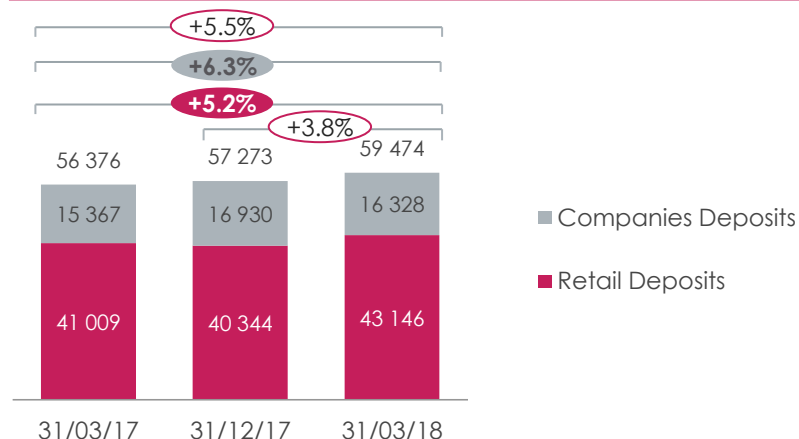
Loan Portfolio of the Group (net)

(PLN million)

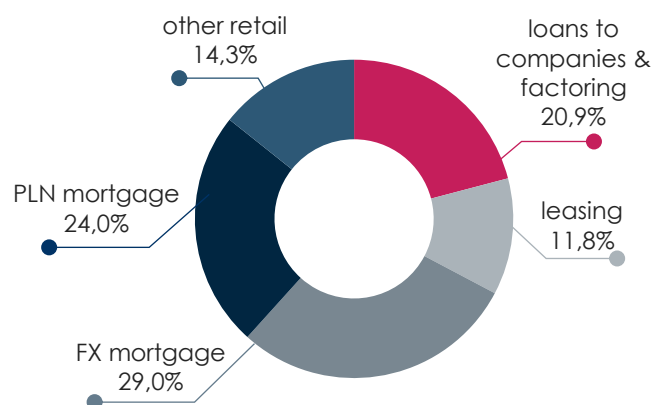


Customer Deposits

(PLN million)

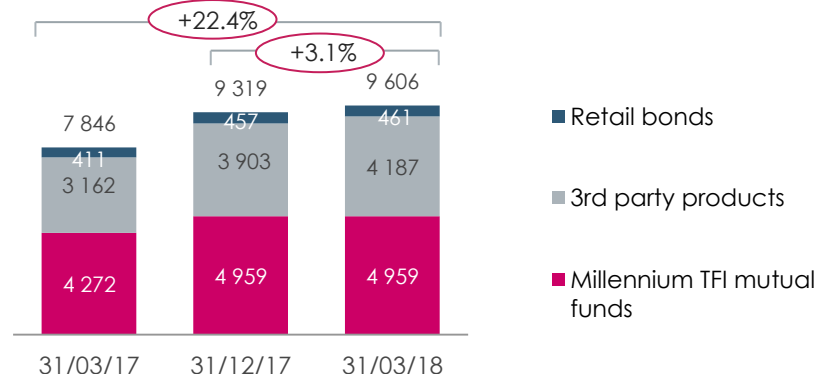


Structure of Loan Portfolio (gross)



Non-deposit investment products

(PLN million)

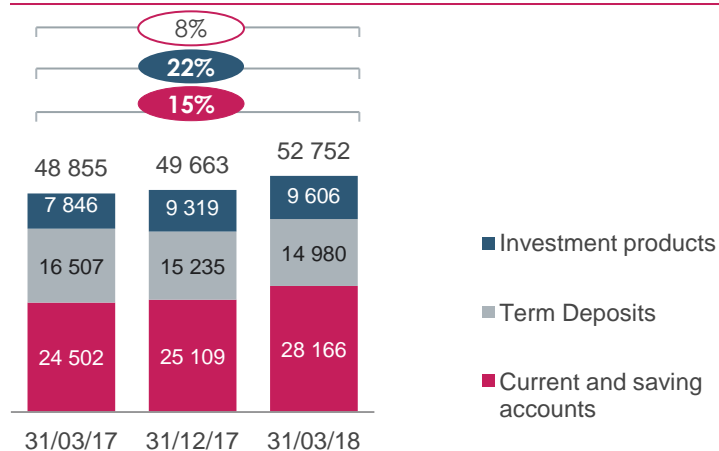


RETAIL BUSINESS – DEPOSITS AND ACCOUNTS

Almost 1.7 million active customers; strong growth of accounts, customer funds and payment cards
Customers' Funds exceeded PLN 50 billion

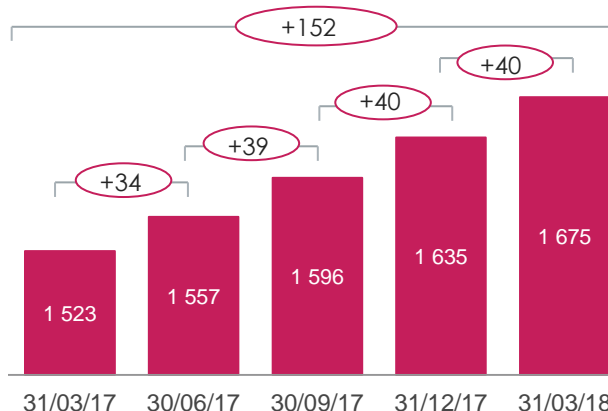
Retail Customer Funds

(PLN million)



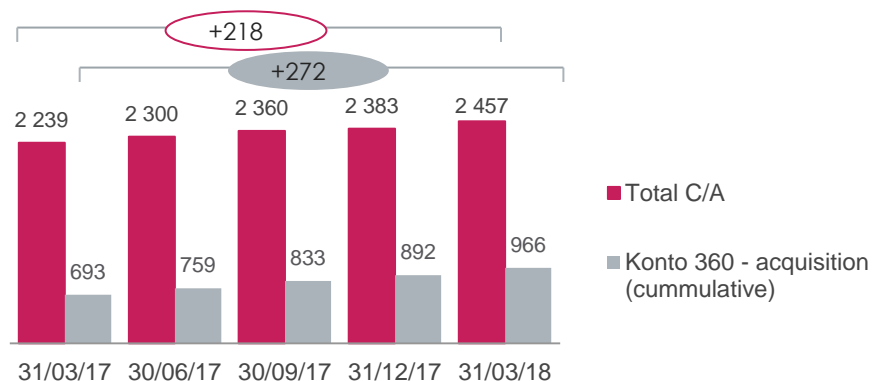
Active retail clients

(in thousand)



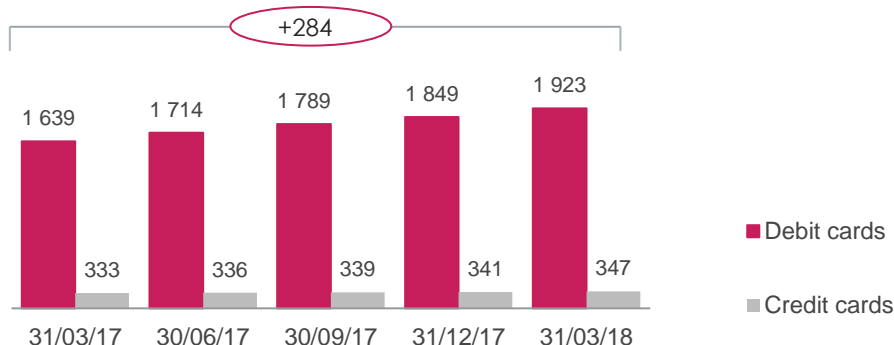
Number of current accounts

(in thousand)



Number of debit and credit cards

(in thousand)



USE OF ELECTRONIC CHANNELS

High share of electronic channels in product sales volume and transactions

1,2 M (+17% y/y)

Retail clients active in mobile and online banking

759k (38% y/y)

Retail clients actively using mobile app and mobile Millenet

37%

of all cash loans
were started
online or via
mobile

38%

of all overdrafts
were started
online or via
mobile

99%

of all transfers
were completed
in electronic
channels

89%

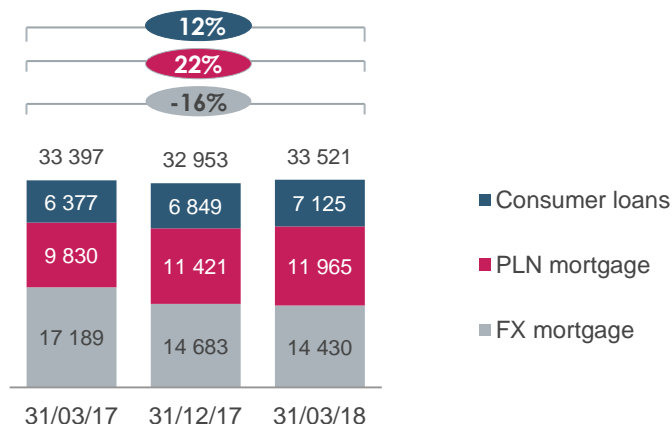
of all new term
deposits were
opened in
electronic
channels

RETAIL BUSINESS – LOANS

Record quarterly sale of cash loans
Also new mortgage loans sale keeps very high level

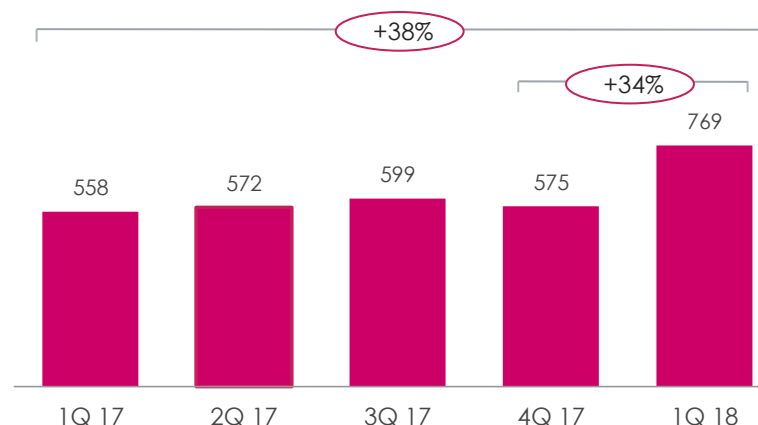
Retail loans (gross)

(PLN million)



Cash loans new sales

(PLN million)

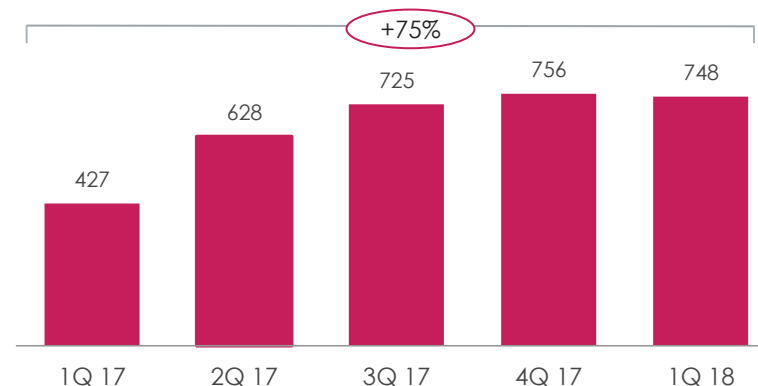


Comments

- PLN mortgage loans grew by 22% y/y while FX mortgages decreased by 16% y/y (partially supported by higher early repayments)
- New mortgage sale keeps high level of PLN 750 m and cash loans sale jumped to a similar level (+34% q/q) setting the new quarterly record

Mortgage loans new sales

(PLN million)

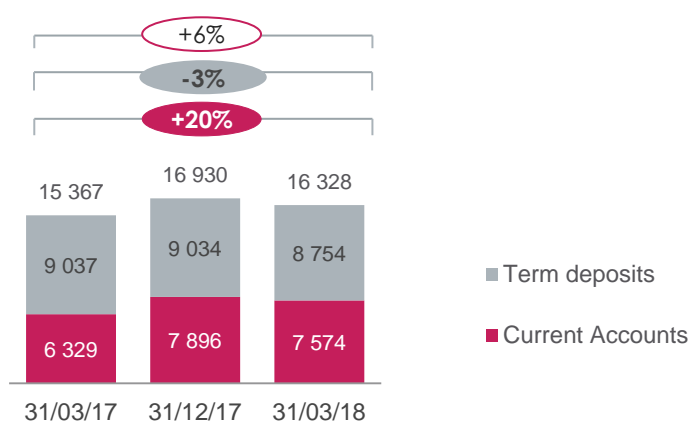


COMPANIES BUSINESS – DEPOSITS AND LOANS

Solid pace of growth of companies business volumes
Acceleration of current accounts balances aligned with more transactions

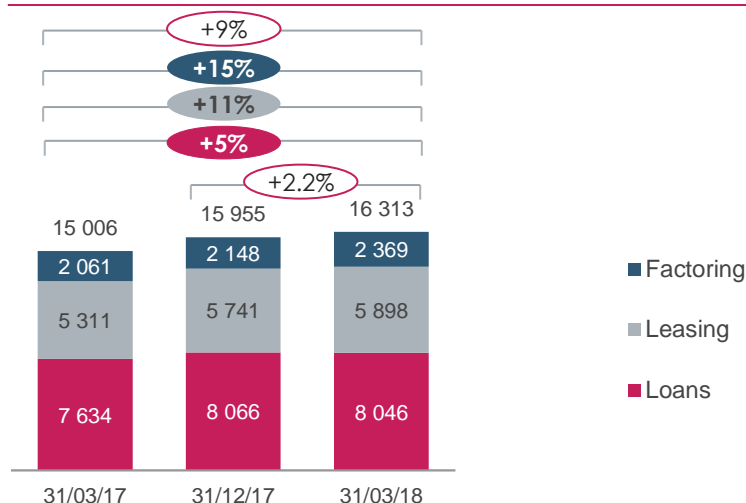
Companies deposits

(PLN million)



Loans to companies (gross)

(PLN million)

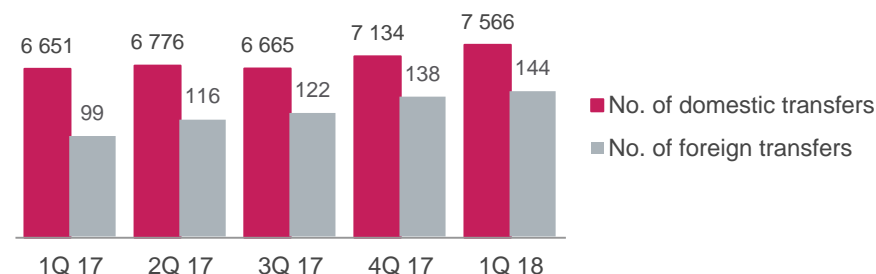


Comments

- Loans to companies keep high pace of growth: +9% y/y and 2.2% q/q
- Faster current account balances growth (+20% y/y) accompanied by growth of transactions: foreign transfers number +45% y/y, domestic transfers number +14% y/y, cash processing +15% y/y and payment cards transactions +33% y/y

No. of transfers of companies

(in thousand)

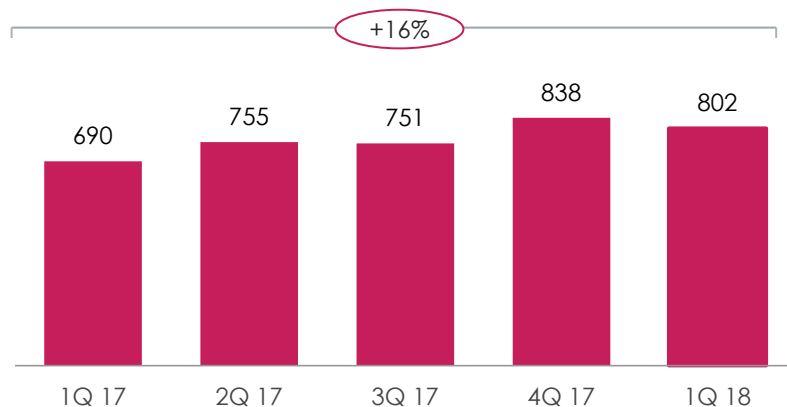


COMPANIES BUSINESS – NEW LOANS

- Record quarterly factoring sale
- High yearly growth of trade finance and FX transactions

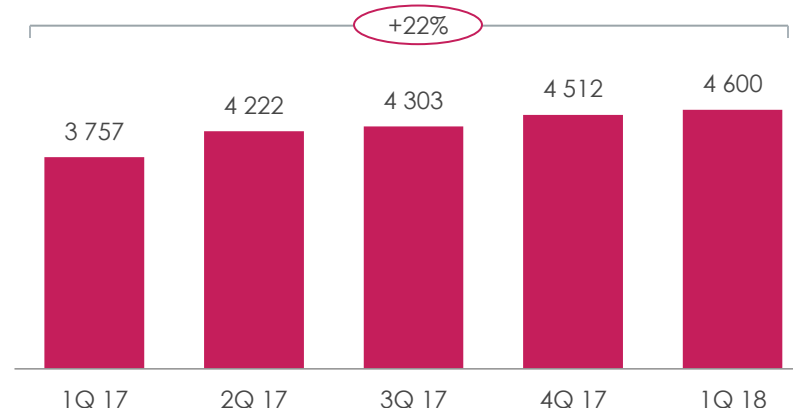
Leasing – new sales

(PLN million)



Factoring – turnover

(PLN million)

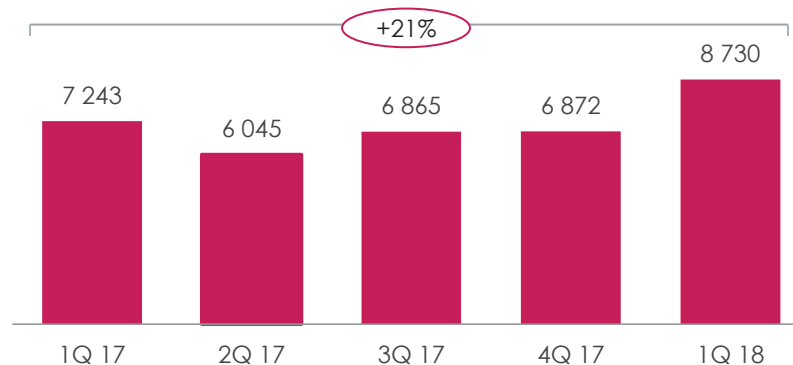


Comments

- Strong growth of leasing and factoring sale maintained in 1Q'18: +16% y/y and +22% y/y respectively
- Volume of guarantees and Letters of Credit increased by 19% yearly
- Significant increase in the volume of FX transactions (+21% vs. 1Q'17)

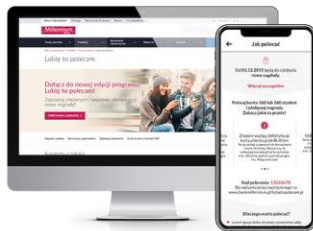
Volume of FX transactions

(PLN million)

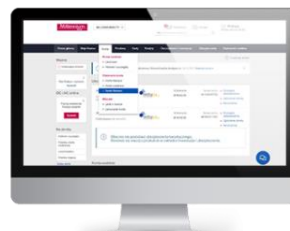


NEW SOLUTIONS IN MILLENET AND MOBILE APPLICATION

Innovation, convenience and simplicity are key for customers to build long term relations through electronic channels



Second edition of Like it?
Share it! Programme in
Millenet & mobile app



Online business account
opening process in mobile
app



Birthday term deposit with
the use of augmented reality
in mobile app



Ordering credit card in
the mobile app



Tokenization of not yet
active debit and credit
cards in mobile app



BLIK cash deposit
available in cash
deposit machines



Functional redesign
of Profit Savings
Account



PRESENTATION OF RESULTS IN 1Q 2018

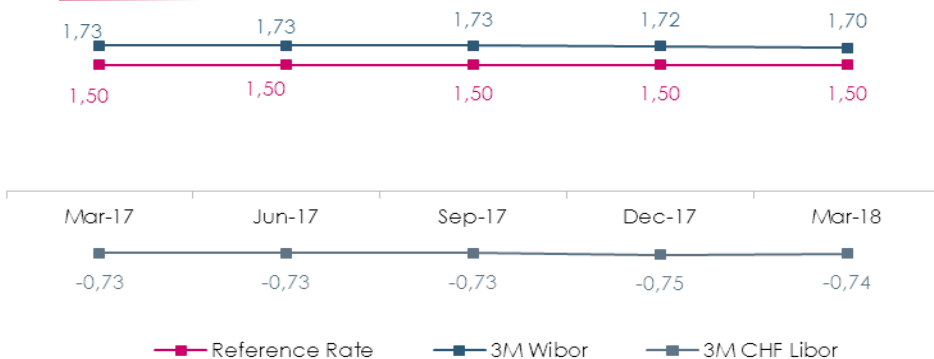
- > Financial performance
- > Business development
- > **Appendixes**

MACROECONOMIC OVERVIEW

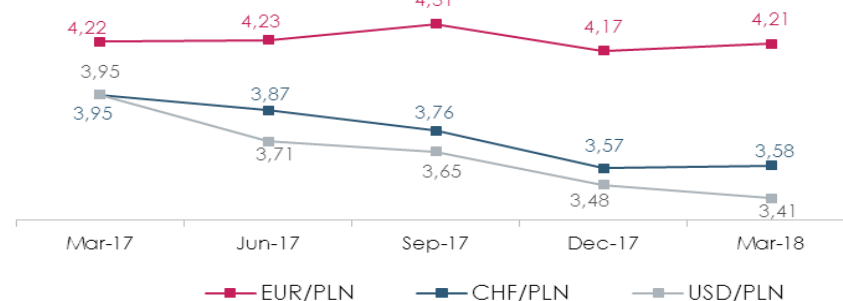
1Q 2018 marked still solid economic growth in Poland, accompanied by falling inflation, stable interest rates and Polish zloty

Interest rates evolution

(%)



FX rates evolution



Q-o-Q (bp)

0

-2

1

Y-o-Y (bp)

0

-3

-1

Q-o-Q

-0.9%

-0.4%

-1.9%

Y-o-Y

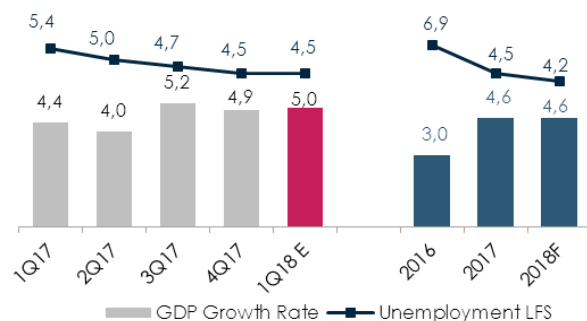
-0.3%

-9.2%

-13.5%

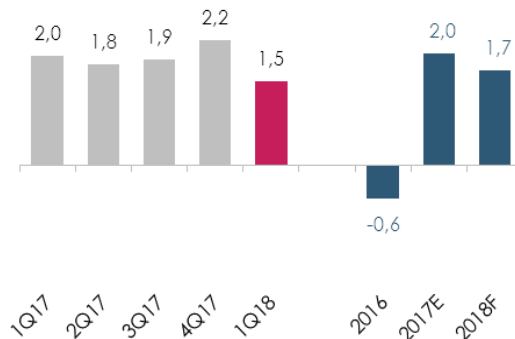
GDP growth & unemployment

(%)



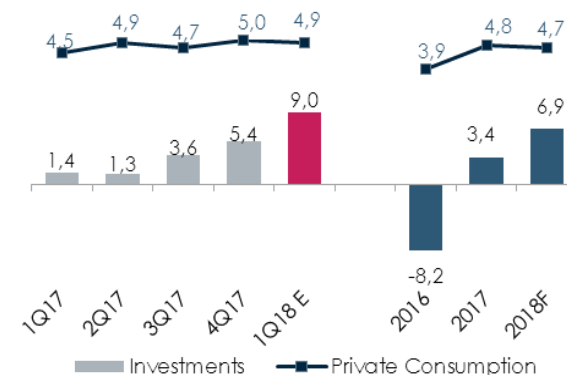
Inflation

(%)



Investments & Consumption

(% y/y)

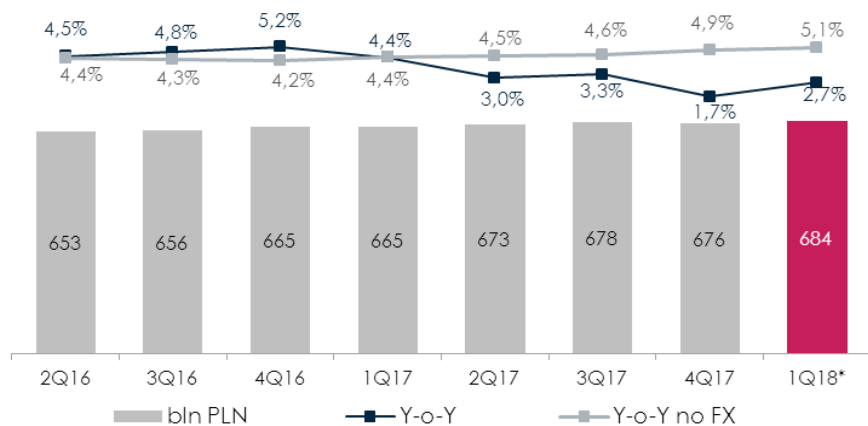


MACROECONOMIC OVERVIEW

Monetary aggregates showed some recovery of deposits growth, especially in corporate sector, as well as acceleration of loans to households

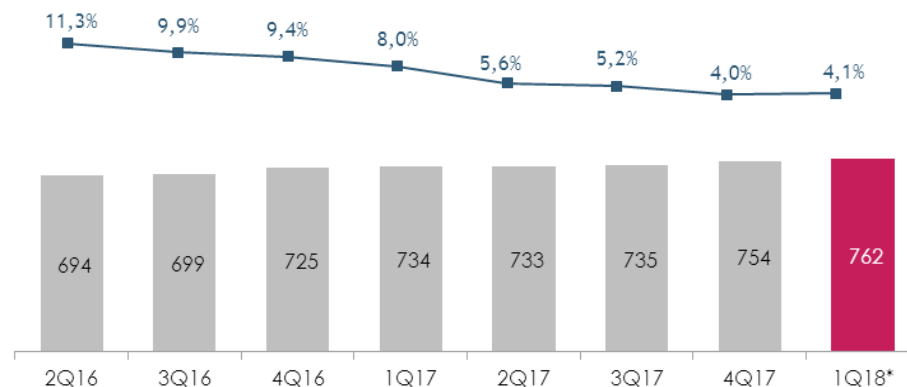
Loans to households

(PLN billion, % y/y)



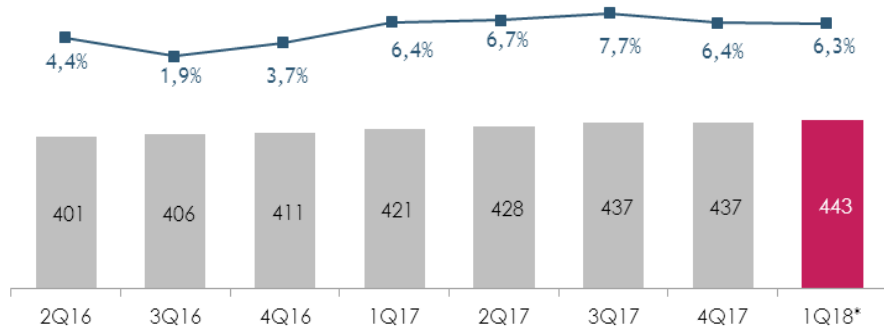
Households' deposits

(PLN billion, % y/y)



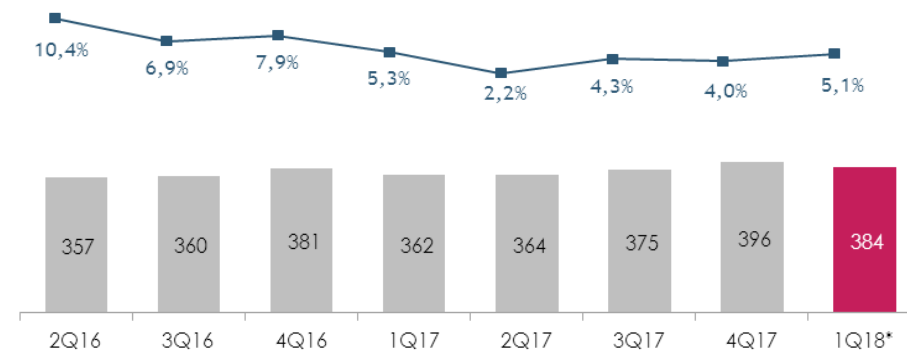
Loans to companies

(PLN billion, % y/y)



Companies' deposits

(PLN billion, % y/y)

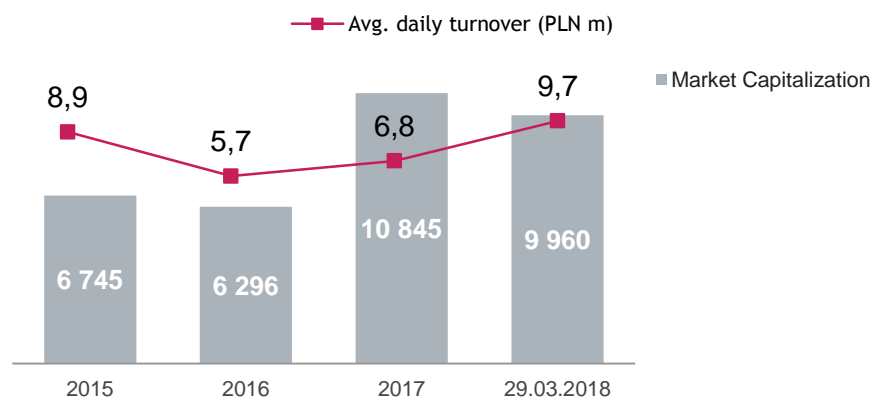


BANK MILLENNIUM SHARE PERFORMANCE

Bank Millennium kept better yearly market performance than the sector; consequent growth of shares liquidity

Market cap/liquidity

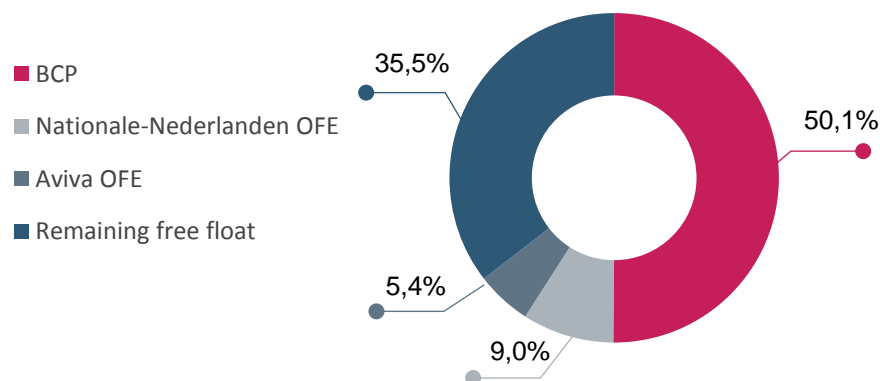
(PLN million)



Bank Millennium share performance vs. main indices

Market ratios	31.03.2018	31.03.2017	Change (%) Yearly
The Bank's share price (PLN)	8,21	6,45	27,3%
WIG Banks	7 841	6 992	12,2%
WIG20	2 210	2 176	1,6%
WIG30	2 557	2 516	1,6%
WIG - main index	58 377	57 911	0,8%

Bank Millennium shareholders' structure (31.03.2018)



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

MOST IMPORTANT AWARDS AND RECOGNITIONS

In 2018 Bank Millennium received several awards for innovation and quality of products & services and for social responsibility



**The most innovative Bank
2017**
in Leaders of the World of Banking
and Insurance Competition



Joao Bras Jorge – CEO
**The second place in the ranking
Banker of the Year 2018 of Forbes
magazine**



Website without barriers
Award for adjusting the website to the
needs of people with disabilities.
Awarded by the "Widzialni" Foundation



Reliable Employer 2017
for a wide social package, the
"Parents for YES" project, the
IMPAKT employee awards
program and CSR activities



Service Quality Star
A prestigious award for customer-
friendly procedures



Ranking Institution of the Year (*)
"Best service quality in the facility"
and "Quality of service in remote
channels"

(*) The position of the leader was decided by the experts from portal MojeBankowanie.pl

SYNTHETIC P&L ACCOUNT

(PLN million)

Pro-forma	1Q'17	1Q'18	Change Y/Y
Net interest income*	411,2	436,7	6,2%
Net commission income	166,1	172,5	3,8%
Other non-interest income **	45,6	47,2	3,6%
Operating Income	622,9	656,4	5,4%
General and administrative costs	-301,3	-316,8	5,1%
Depreciation	-13,1	-13,4	2,2%
Total operating costs	-314,5	-330,2	5,0%
Net provisions	-59,7	-55,1	-7,7%
Operating profit	248,7	271,1	9,0%
Banking tax	-47,2	-52,2	10,5%
Pre-tax profit	201,5	218,9	8,7%
Income tax	-61,0	-63,6	4,4%
Net profit	140,5	155,3	10,5%
Accounting	1Q'17	1Q'18	Change Y/Y
Net interest income (reported under IFRS)	393,5	428,3	8,8%

(*) 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'17 and PLN 8.4 million in 1Q'18) is presented in result on valuation and operations in financial instruments.

(**) 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

31/03/2017	31/12/2017	31/03/2018	Change y/y
1 828	2 080	2 881	57,6%
969	254	448	-53,7%
46 992	47 411	48 000	2,1%
128	0	141	9,9%
16 957	19 355	19 741	16,4%
458	1 079	650	41,8%
45	50	76	69,0%
221	266	260	17,6%
707	646	813	15,0%
68 306	71 141	73 009	6,9%

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

31/03/2017	31/12/2017	31/03/2018	Change y/y
1 405	2 353	1 982	41,0%
56 376	57 273	59 474	5,5%
0	0	0	0
770	367	450	-41,6%
822	1 156	1 165	41,7%
47	68	104	122,7%
636	702	709	11,4%
1 107	1 449	1 394	25,9%
61 162	63 369	65 277	6,7%
7 144	7 773	7 732	8,2%
68 306	71 141	73 009	6,9%



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