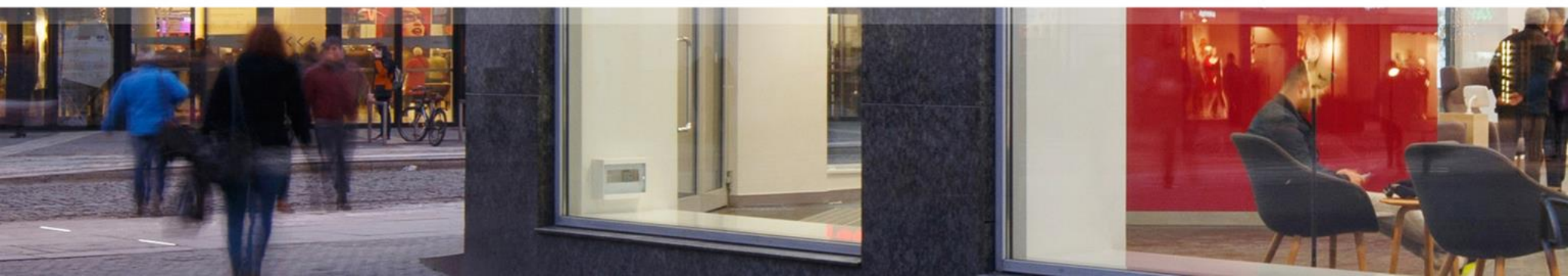




Presentation to the Ordinary General Meeting of Bank Millennium S.A.

Bank Millennium 2018 results and acquisition of Euro Bank

25 March 2019



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 and with documents delivered to this Ordinary General Meeting.

Financial data presented hereby is on consolidated Bank Millennium Group level. The data is based on published financial reports with two pro-forma adjustments:

- 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.
- According to current understanding of IFRS9 standard, small part of credit portfolio is fair valued through P&L. As fair value adjustment of this portfolio has similar economic effect to impairment adjustment, it was excluded from Total Operating Income and added to cost of risk line.

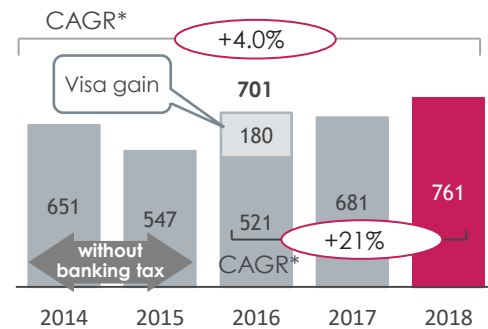
Statements regarding future refer only to the date on which they were created and are based on a knowledge, information and opinions available on this day. The Bank does not undertake obligation to publish any updates, modifications or revisions of the information, data or statements contained in this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

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.

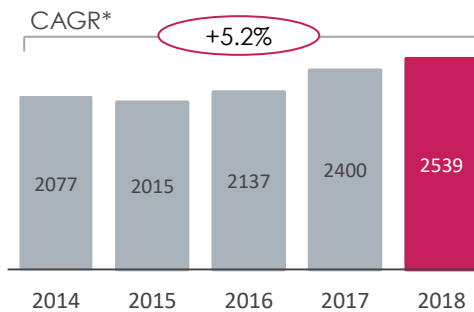
SUMMARY OF 2014-2018 ACHIEVEMENTS (1)

Consistent growth of core income helping to compensate for low interest environment and heavy tax and regulatory burden. Improvement of cost efficiency and capital adequacy, while stable cost of risk and low NPL level.

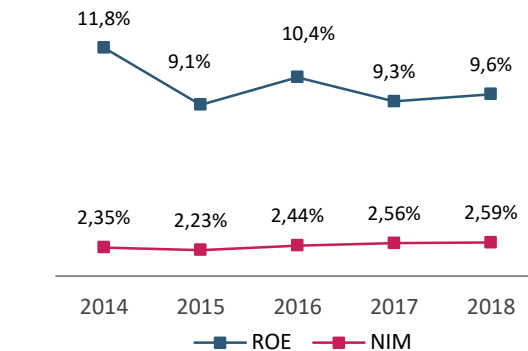
Net Income (PLN million)



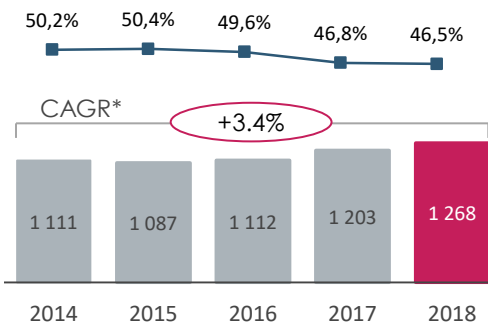
Core Income (PLN million)



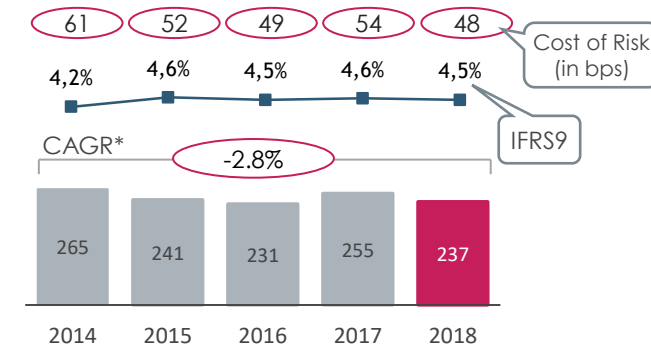
ROE & NIM (PLN million)



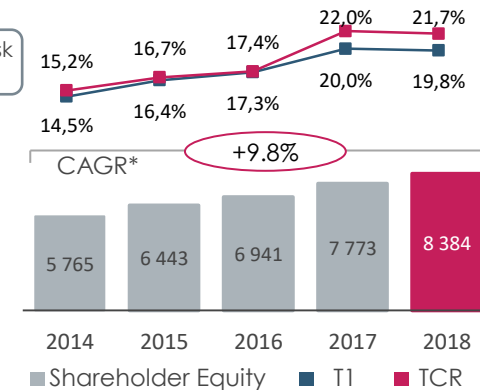
Costs & Cost/Income ratio (PLN million)



Provisions and NPL ratio (PLN million)



Capital Adequacy (PLN million)



■ Operating Cost ■ Cost/Income ratio (recurrent)

■ P&L provisions ■ NPL ratio

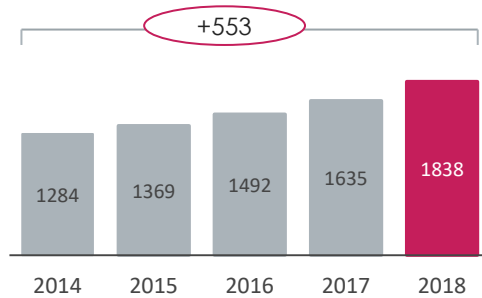
■ Shareholder Equity ■ T1 ■ TCR

(*) Compound annual growth rate

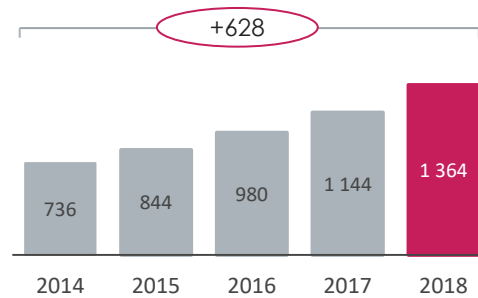
SUMMARY OF 2014-2018 ACHIEVEMENTS (2)

High active customers growth ahead of level targeted for 2020 Strategy, supported by leadership position in quality (highest NPS score) and digital innovations. Main products growth in line with strategy.

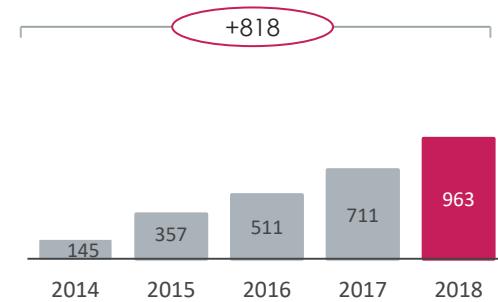
Active retail Customers (thousand)



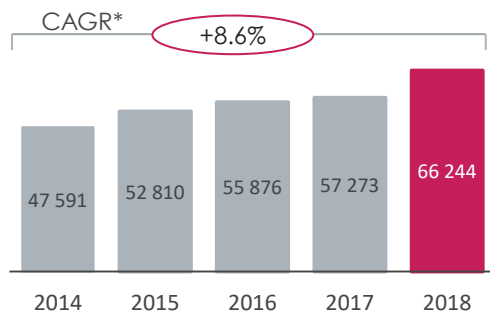
On-line active customers (thousand)



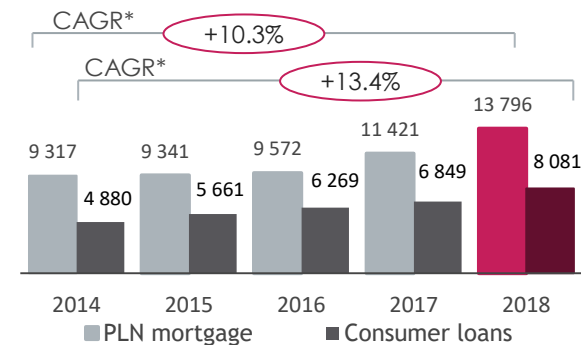
Mobile active customers (thousand)



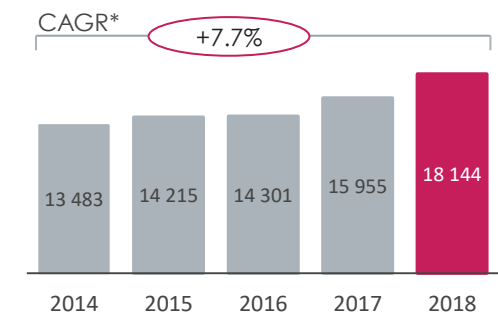
Customer Deposits (PLN million)



Retail PLN Loans (PLN million)



Companies Loans (PLN million)



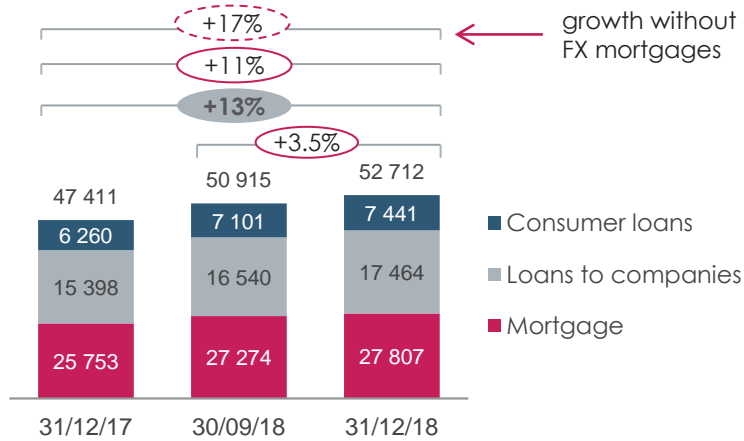
(*) Compound annual growth rate

LOANS AND DEPOSITS

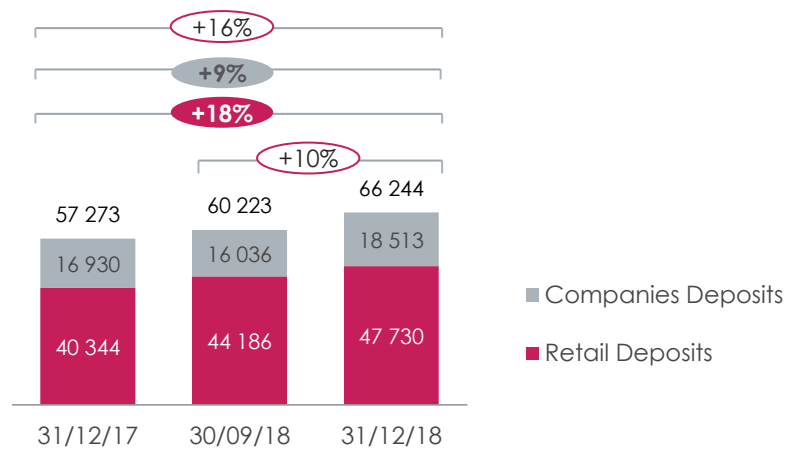
Strong growth of business volumes:

- loans +17% (excluding FX mortgages)
- deposits +16%

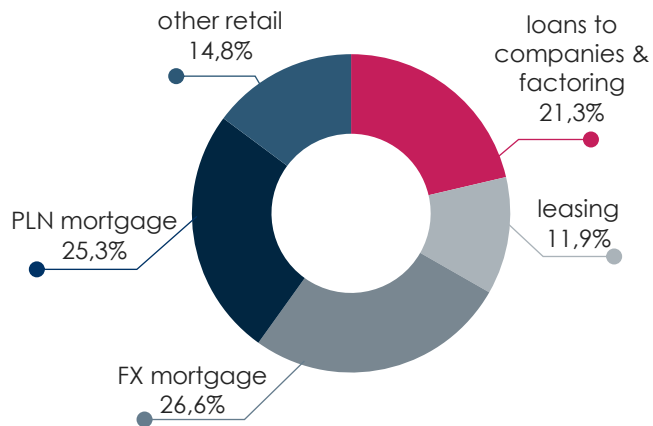
Loan Portfolio of the Group (net) (PLN million)



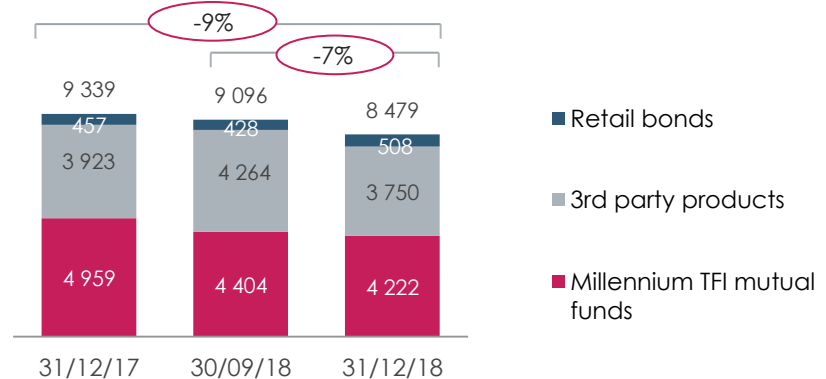
Customer Deposits (PLN million)



Structure of Loan Portfolio (gross)



Non-deposit investment products* (PLN million)

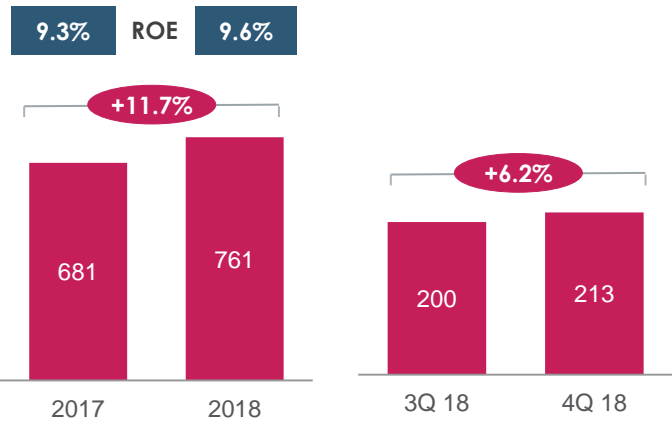


(*) including mutual funds, saving-insurance products and retail bonds

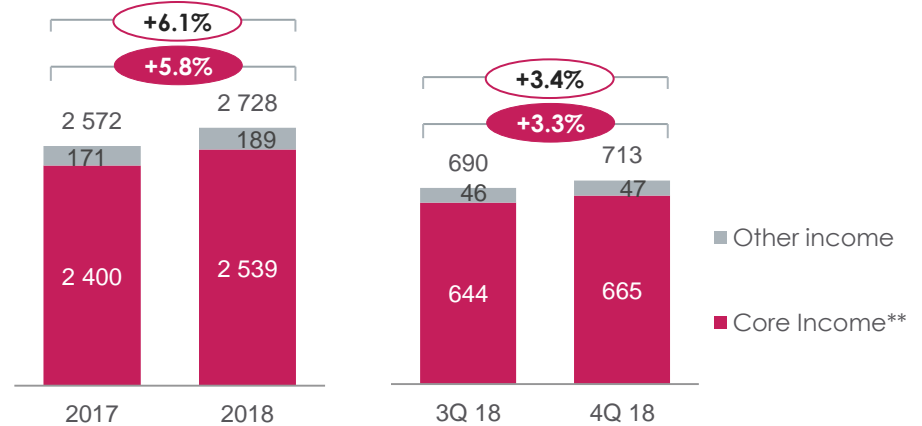
PROFITABILITY AND COST EFFICIENCY

Record net profit; improvement of ROE and C/I.

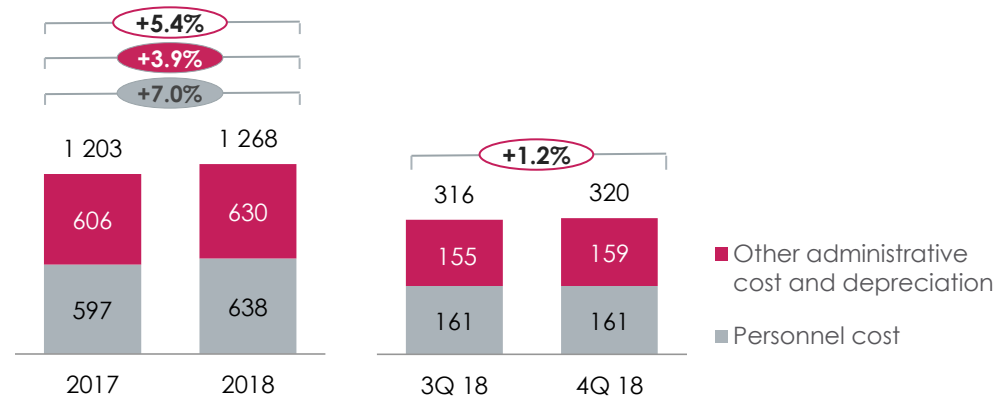
Net profit (PLN million)



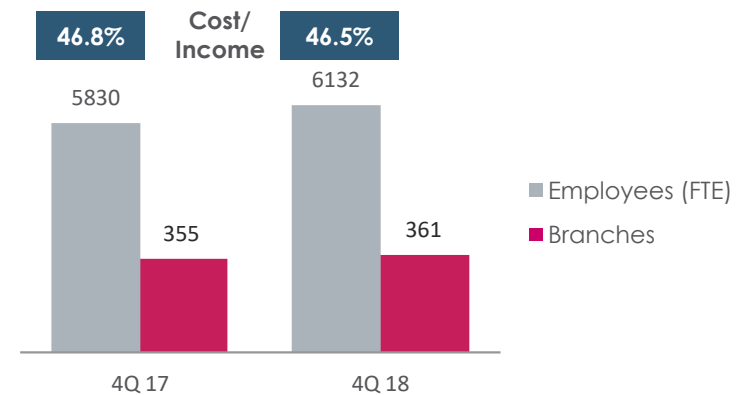
Operating income* (PLN million)



Operating cost (PLN million)



Cost/Income; branches and staff



(*) pro-forma, including net other operating income and cost, without result on loan portfolio presented at fair value

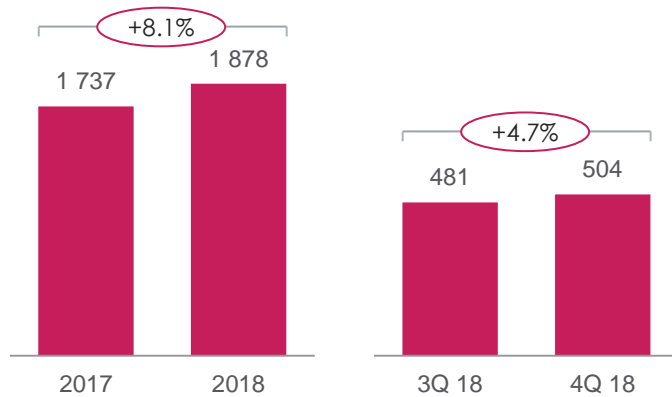
(**) Net Interest + Net Commissions Income

INTEREST AND COMMISSION INCOME

Solid growth of Net interest Income.
Commissions affected by capital markets performance and events.

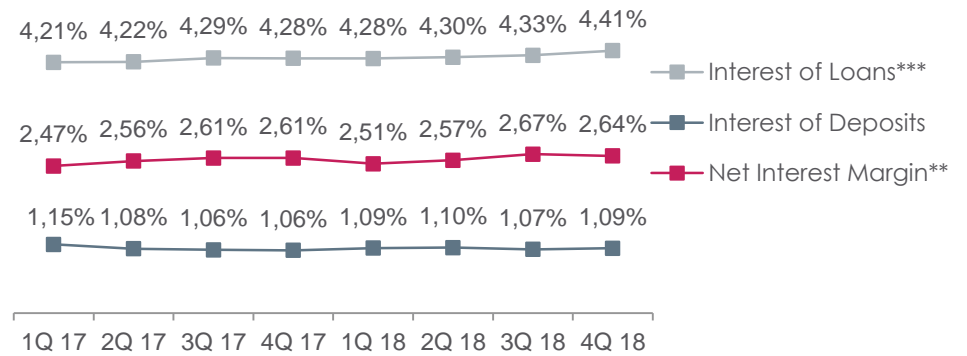
Net Interest Income *

(PLN million)



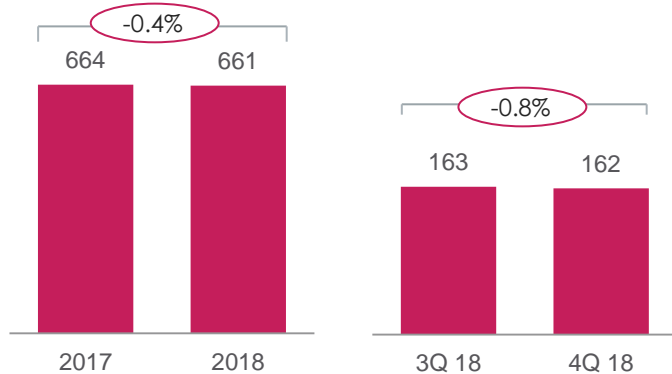
Interest on loans and deposits

(PLN million)



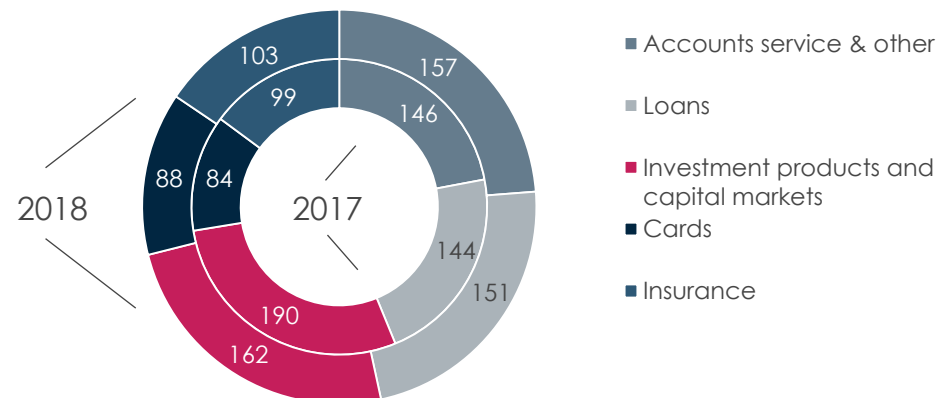
Net Commission Income

(PLN million)



Commission income structure

(PLN million)

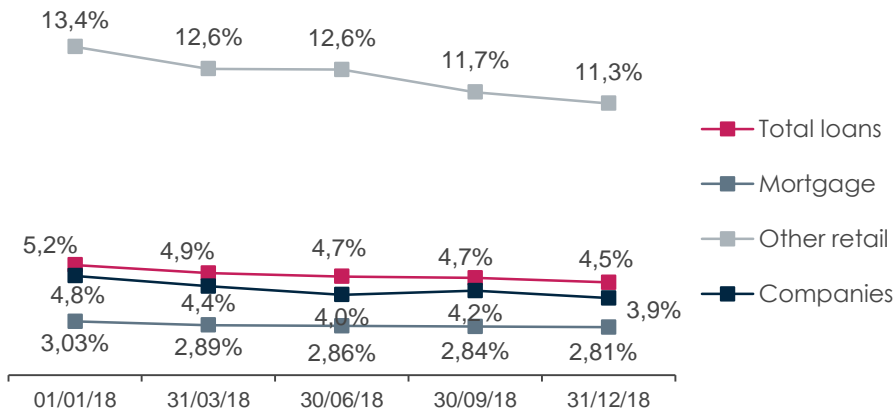


(*) Pro-forma data: margin from all derivatives hedging FX loans is presented in NII, whereas in accounting terms part of this margin (PLN 60.4 million in 2018 and PLN 40.4 million in 2017) is presented in results on financial assets and liabilities held for trading (**) Net Interest Margin: NII (pro-forma) to average interest earning assets (***) including interest from swaps

ASSET QUALITY, LIQUIDITY AND CAPITAL

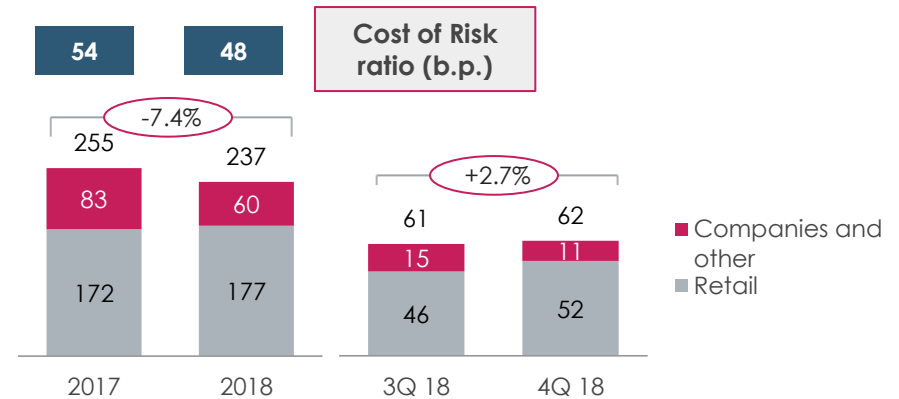
Low cost of risk and impaired ratio maintained.
 Strong capital and liquidity ratios. Proposal to GSM to retain 2018 net profit

Impaired Loans (IFRS 9 stage 3)

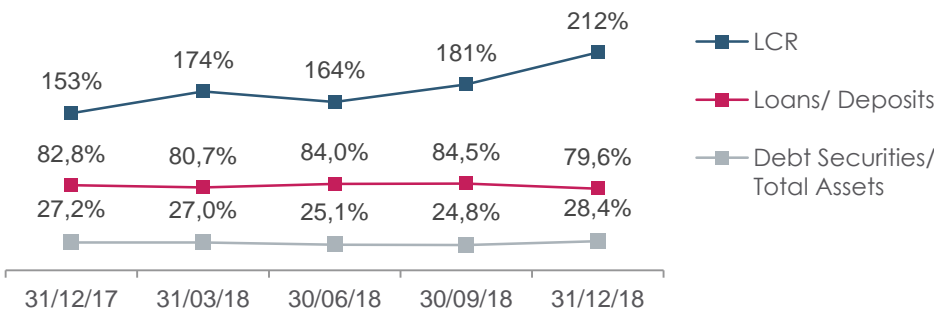


Cost of Risk *

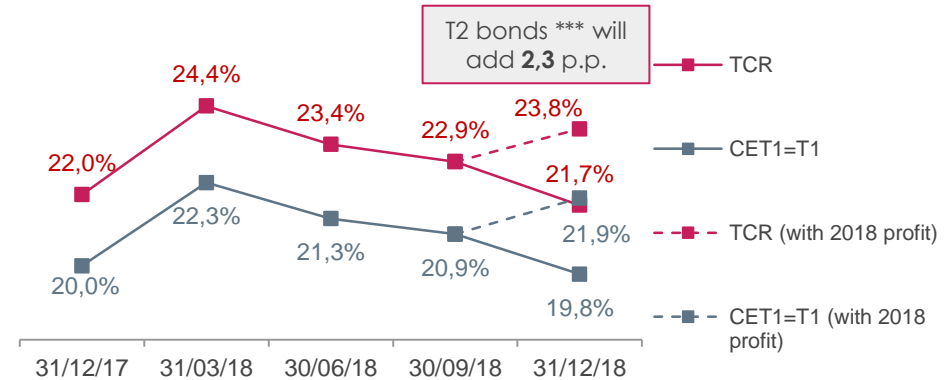
(PLN million)



Liquidity indicators



Group Capital Ratios **



(*) Total net provisions created (including fair value adjustment of credit portfolio and loans modification effect), ratio to average net loans
 (**) Bank (unconsolidated) capital ratios are lower by c.a. 0.2 p.p. than for the Group
 (***) PLN 830 million issued on 30.01.2019

ACQUISITION OF EURO BANKU

On 5 November 2018 Bank Millennium signed an agreement with Société Générale on acquisition of Euro Bank. The transaction involved the purchase of 99.8% shares of Euro Bank. On 28 December 2018 the Bank got consent from antimonopoly authority (UOKiK) for the transaction

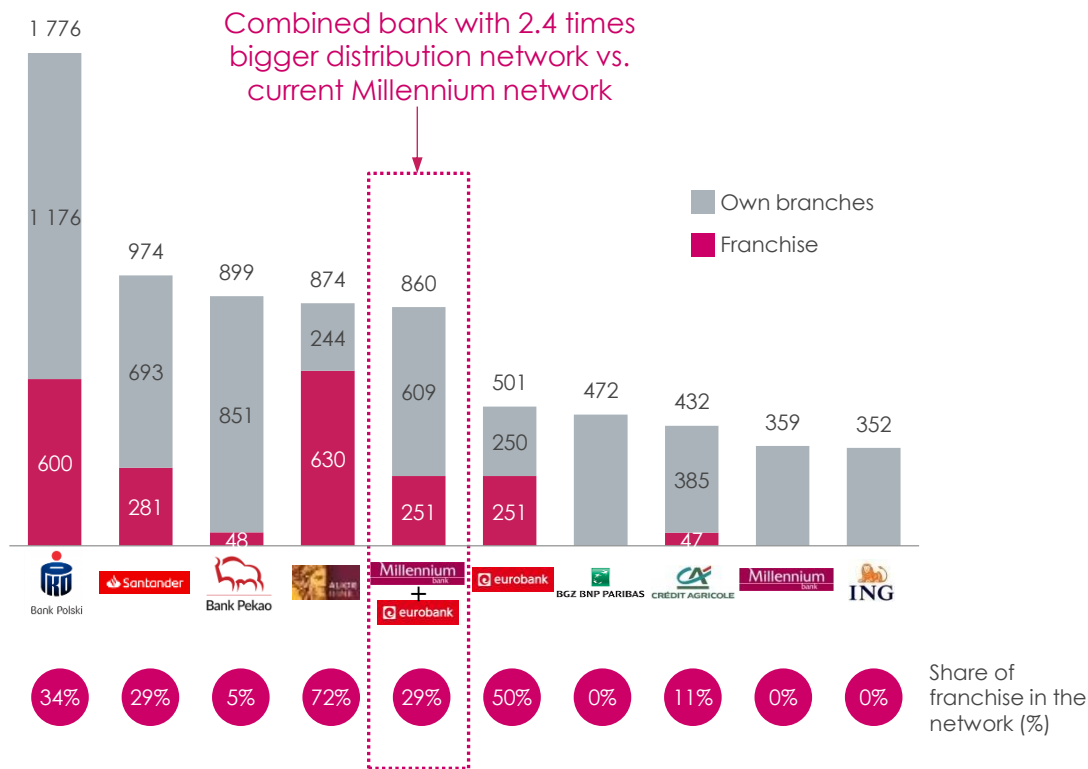
STRATEGIC RATIONALE

- 1 Acquisition will allow Bank Millennium to become a **Top-6 player in attractive non-mortgage retail segment**
- 2 **1.4 mln** new clients will help Bank Millennium to reach **Top-6 by number of retail clients in Poland**
- 3 Complementary branch network with focus on smaller cities
- 4 Risks related to CHF mortgage portfolio of Euro Bank covered by guarantee and indemnity that will be provided by Société Générale S.A.
- 5 Significant efficiencies achieved by benefits of scale and sharing of best practices with fully phased synergies pre-tax of **175 mln PLN** yearly
- 6 **26%** EPS accretion and **17%** ROI once synergies are fully realised

EXPANSION OF DISTRIBUTION NETWORK, INTRODUCTION OF FRANCHISE MODEL

Bank Millennium and Euro Bank are highly complementary in terms of branch network geographies. After finalising the acquisition Bank Millennium's presence in smaller towns will improve.

No of own & franchise branches at Polish market (1H 2018)

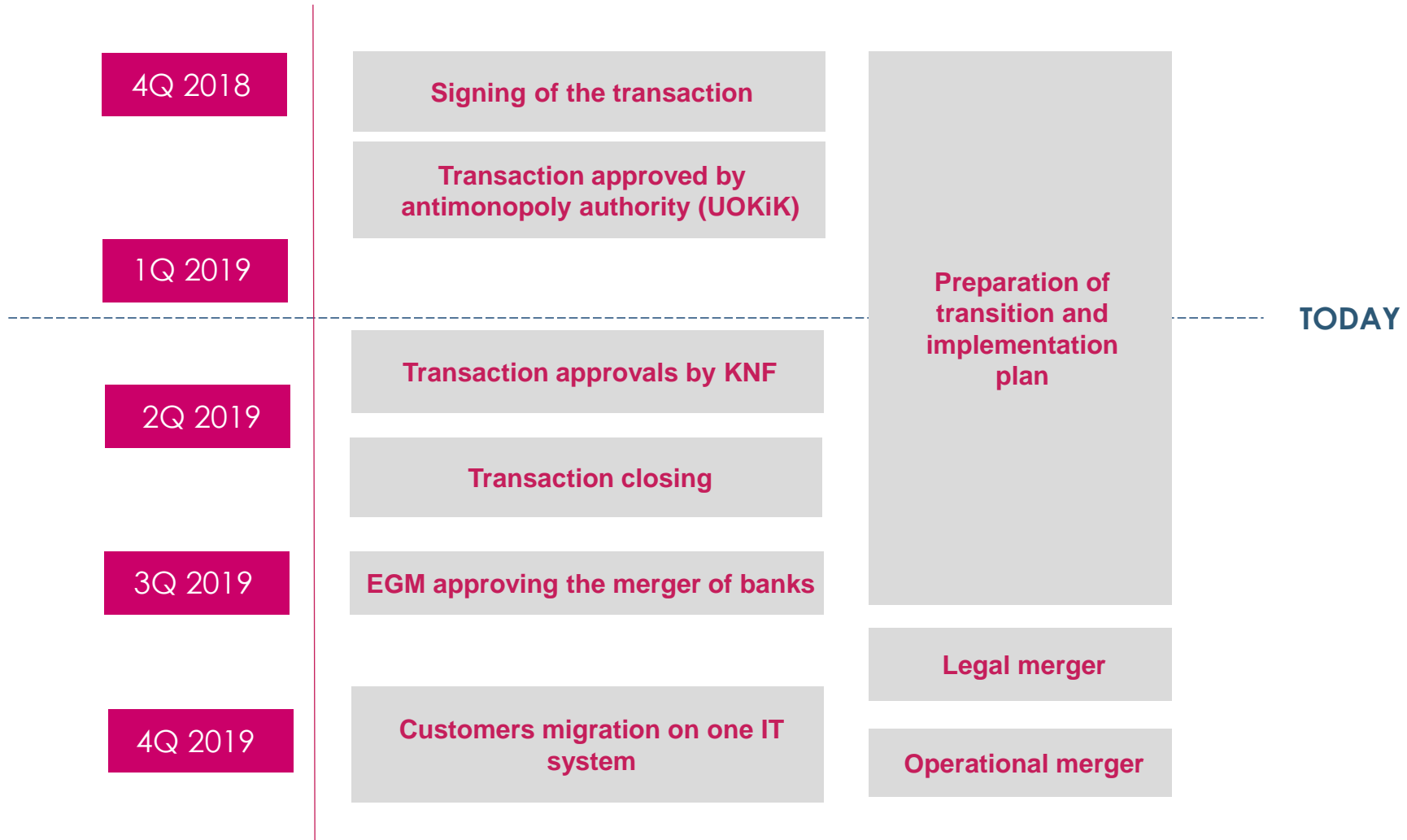


200 new locations, in which branches sporting the Millennium logo will appear; these towns being inhabited by a total of 4.5 m people

approx. **55%** branches of the merged bank located in small towns (up to 100 ths. inhabitants)

EXPECTED TIMELINE

The transaction, which makes effective use of surplus capital and benefits from the liquidity situation, is expected to be closed in the 1st half of 2019, after the necessary permissions have been obtained.



PROPOSAL TO RETAIN 2018 PROFIT

Resolution no. 5

Bank Millennium has a dividend policy of distributing between 35% to 50% of net profit, subject to regulatory recommendations.

Taking into account the position of KNF on dividend policy of banks (and other entities) in 2019, presented in the letter of 15 January 2019 and supplemented with parameters specific to the Bank, provided in the KNF letter of 18 January 2019, and considering the planned acquisition of Euro Bank S.A., the Bank's Management Board presents to the General Meeting the proposal to retain the entire net profit generated in 2018 in the Bank's equity capitals, including covering the effect of implementing the IFRS 9 (*)

Equity, Capital ratios, Net profit	Bank Millennium Group	Bank Millennium
Equity – on 31 Dec. 2018 (PLN thousand)	8 384 386	8 135 969
Total Capital Ratio – on 31 Dec. 2018	21,7%	21,5%
Common Equity T1 ratio – on 31 Dec. 2018	19,8%	19,6%
2018 net profit (PLN thousand)	760 651	722 300
Covering the effect of implementing the IFRS 9 „Financial instruments”	257 351 (*)	235 414 (*)
Allocation to Reserve capital (PLN thousand)	503 300	486 886

(*) On 1 January 2018 the Bank implemented a new standard – IFRS 9 governing the principles of classification and measurement of financial instruments. In accordance with the provisions of IFRS 9, the effect resulting from the implementation of the new accounting principles was recorded in the opening balance in the item Bank's equity capitals. As a result of the above the Bank's retained earnings as of the day of IFRS 9 implementation, i.e. 1 January 2018, were decreased by the amount of 235 413 586,56 PLN, which resulted mainly from the adoption of the new principles of estimating the impairment of the loan portfolio and off-balance sheet liabilities.