



# BANK MILLENNIUM GROUP

Presentation of 2019 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](http://www.bankmillennium.pl)), in particular financial and current reports.

Financial data presented hereby is on consolidated Bank Millennium Group level.

Euro Bank financial data is presented in the following way: in profit and loss items for last 7 months of 2019, in balance sheet items at the end of September and December 2019 and in sales data as indicated on the graphs.

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.

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 2019 RESULTS

- > **Acquisition of Euro Bank**
- > Financial performance
- > Business development
- > Appendixes

## ACQUISITION OF EURO BANK

One of the fastest and smoothest mergers on Polish market ended on November 11th 2019

### Transaction Agreement

### Closing

### Legal merger

### Operational merger

**Day 0** (5 November 2018)



**Day 1** (31 May 2019)



**Day 2** (1 October 2019)



**Day 3** (11 November 2019)



- **One owner**

- Two legal entities
- Two brands
- Two systems

- **One owner**
- **One legal entity**

- Two brands
- Two systems

- **One legal entity**
- **One Brand**
- **One system**

Day 0



Beginning of the transaction with the signing of the Transaction Agreement

Day 1



Effective change of ownership, however two legal entities remain

IFRS3 Fair Value of assets/liabilities and IFRS9 charge of stage 1-2 portfolio (12 months ECL calculation)

Day 2



After necessary approvals from AGM of both banks and the Polish Financial Supervision Authority (KNF) were obtained, Bank Millennium completed next stage of integration - registration of the legal merger in the National Court Register (KRS) took place on 1st October

Day 3



Start of day-to-day operational functioning as one bank - one brand, common product offer, one branch network and customer service using a common IT / Digital platform

## ACQUISITION OF EURO BANK

Increase of Bank's market position after merger across majority of key indicators

### Bank Millennium **before**

June 2019

Area	Value	Market position (*)
# of active Retail clients, mln	1.9	#8
# of Digital clients, mln	1.5	#6
Total assets, bln PLN (***)	82.3	#7
Consumer loans, bln PLN	8.3	#8

### Bank Millennium **after**

December 2019



Area	Value	Market position (*)
# of active Retail clients, mln	2.6 (+32%)	#7 (+1) (**)
# of Digital clients, mln	1.8 (+21%)	#5 (+1) (**)
Total assets, bln PLN	98.1 (+19%)	#7 (=)
Consumer loans, bln PLN	15.1 (+82%)	#5 (+3)

(\*) position based on PRNews data

(\*\*) Bank's estimate based on Q3 data for the market and growth resulting from merger with Euro Bank

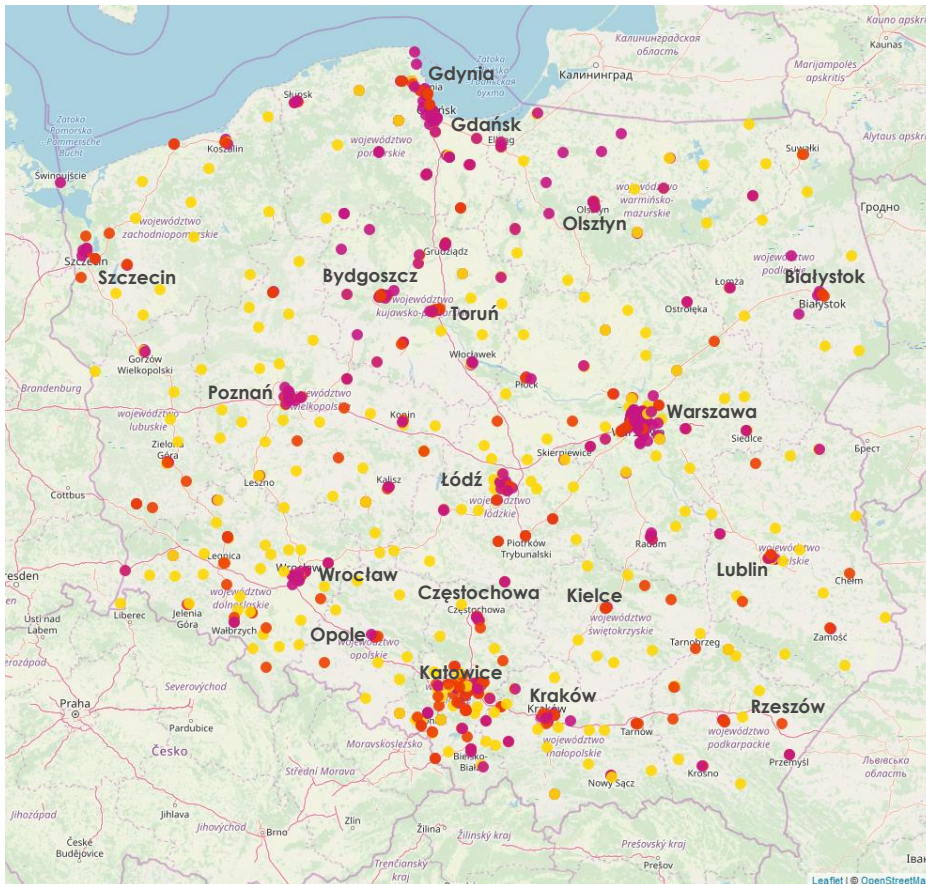
(\*\*\*) after deducting impacts resulting from the acquisition of Euro Bank and the impact of balance sheet items



# BANK MILLENNIUM BRANCHES

Combined network of 830 branches after acquisition

## Bank Millennium distribution network



After the merger with Euro Bank, Bank Millennium's presence in smaller towns has been significantly extended.

- 602 own branches
- 228 franchise branches



## BANK MILLENNIUM TODAY

After merger Bank Millennium is a stronger and more competitive bank



### Customer base

- ✓ Merged bank gained access to **approx. 1 million additional clients** making Bank Millennium bigger in scale of portfolio
- ✓ Profile of acquired portfolio is more focused on lending products, especially cash loans and POS loans



### Operating model

- ✓ Model of branch network became more flexible and lighter by **mixing traditional and franchise** approach
- ✓ **Increased scale of business** and strong market share for key products (e.g. cash loan and cards) allows to **improve materially cooperation conditions with key partners**



### Reach of Clients

- ✓ Extended branch network is allowing to cover **additional 200 towns** in Poland
- ✓ Broader branch network is a **better base for mortgage sales** both in own channels but also as the finalizing channel for brokers (agreements are signed in branches)



### Digital bank

- ✓ Merged customer portfolio is opening new possibilities to rapidly grow **sales in digital** due to limited offer of Euro Bank for its clients until now
- ✓ Ability to leverage **access to all products in digital channels for ex Euro Bank clients**
- ✓ **X-sell opportunities** Based on Bank Millennium efficient processes and wide range of product and distinctive services



### Value proposition

- ✓ **POS business** developed by Euro Bank is providing important take-aways to decide about value of this acquisition channel and **x-sell abilities**
- ✓ New markets covered after the merger may help to **scale up micro companies business** line which is under development now

## EXPENSES CONNECTED WITH THE MERGER

Extraordinary financial impact of Euro Bank acquisition  
(excluding on-going results from consolidation)

(PLN million)

### Group's Profit and Loss extraordinary impact of Euro Bank acquisition

	1Q19	2Q19	3Q19	4Q19	Total 2019
Integration costs*	2.0	17.8	44.3	52.2	116.3
- of which depreciation	-	-	-	0.8	0.8
Additional provisions on Euro Bank portfolio**	-	80.6	8.0	0	88.6
<b>Total gross negative impact</b>	<b>1.9</b>	<b>98.4</b>	<b>52.3</b>	<b>52.2</b>	<b>204.9</b>
Net negative impact	1.5	79.7	42.4	42.3	165.9

- **Integration costs:** Current estimates are lower than originally planned: PLN 80 million expenses are expected for 2020, bringing the total expenses\* below PLN 300 million (versus originally planned PLN 350 million)
- **Synergies** will start to be visible in 2020: above PLN 100 million

(\*) Costs: P&L OPEX directly related to Euro Bank acquisition, merger and integration. Expenses: additionally there were PLN 37 mln expenses recognized in Purchase Price Adjustment process and PLN 33 mln settled through CAPEX in 2019 (\*\*) 12-month expected credit loss (ECL) estimated on fair value of loan portfolio in accordance with IFRS 9 (on D1 in 2Q) plus extra provisions on normal loans being subsequently reclassified after D1.





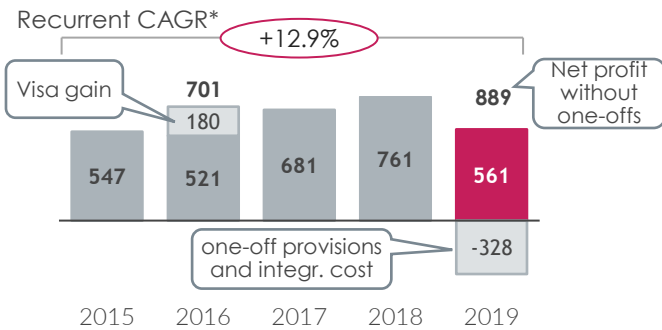
# PRESENTATION OF 2019 RESULTS

- > Acquisition of Euro Bank
- > **Financial performance**
- > Business development
- > Appendixes

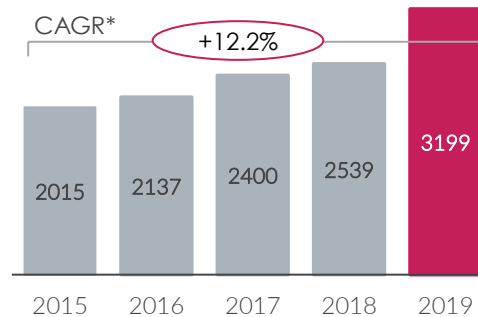
## SUMMARY OF 2015-2019 ACHIEVEMENTS (1)

Profitability under regulatory burden, integration costs and legal risks;  
Low NPL levels and solid capital position

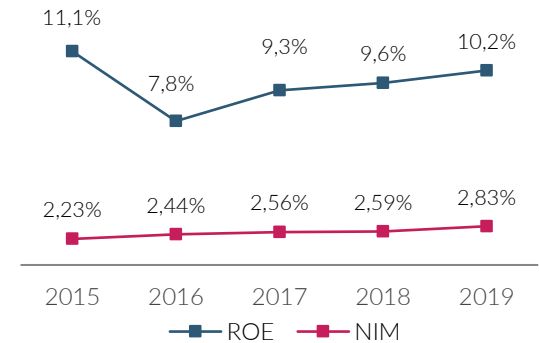
### Net Income (PLN million)



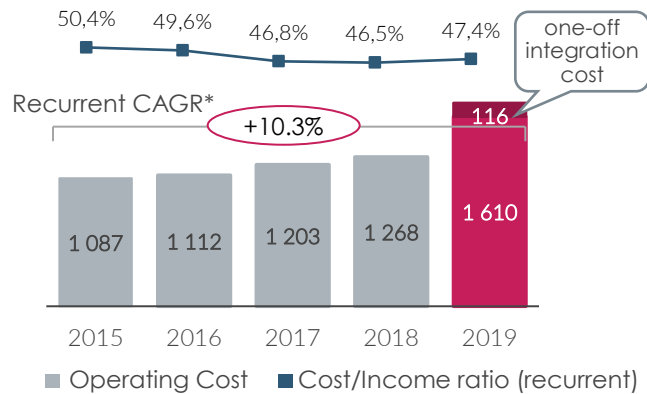
### Core Income (PLN million)



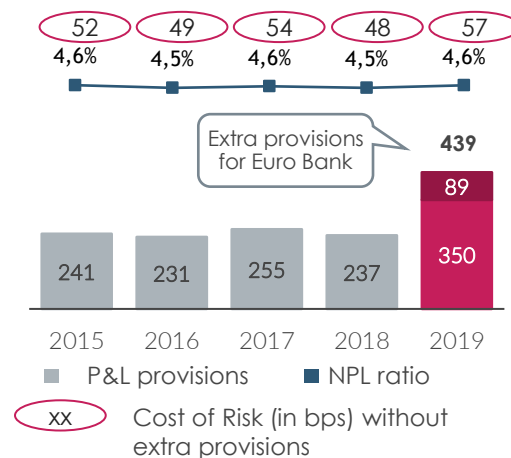
### ROE\*\* & NIM (PLN million)



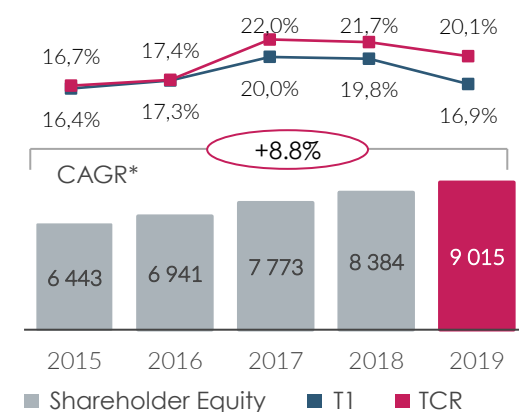
### Costs & Cost/Income ratio (PLN million)



### Provisions and NPL ratio (PLN million)



### Capital Adequacy (PLN million)

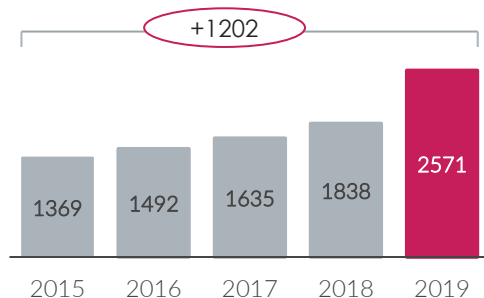


(\*) Compound annual growth rate (\*\*) adjusted for one-off items

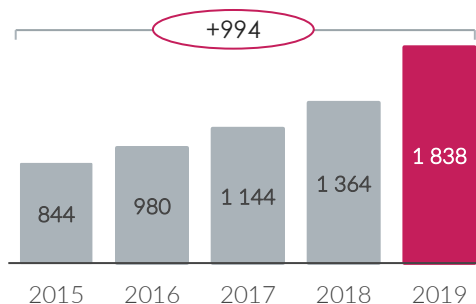
## SUMMARY OF 2015-2019 ACHIEVEMENTS (2)

Solid organic growth accelerated by the merger of Euro Bank in 2019

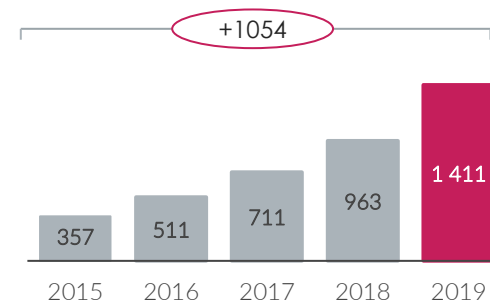
Active retail Customers (thousand)



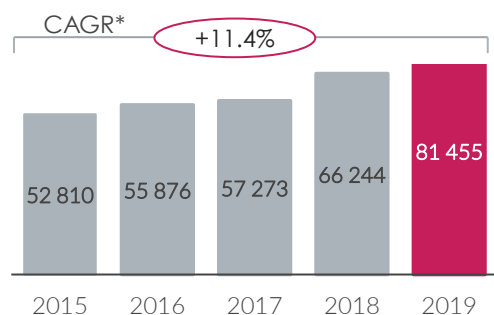
On-line active customers (thousand)



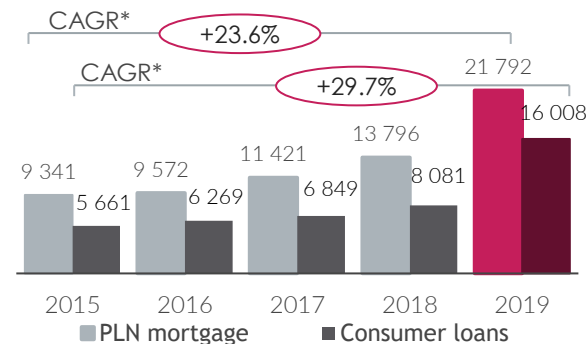
Mobile active customers (thousand)



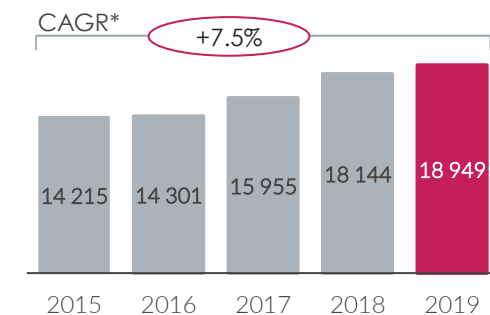
Customer Deposits (PLN million)



Retail PLN Loans (PLN million)



Companies Loans (PLN million)



(\*) Compound annual growth rate

## FINANCIAL HIGHLIGHTS OF 2019

Successful integration of Euro Bank marked the end of the year with solid growth; Integration costs and extra provisions impacted 2019 profit

### Profit affected by integration and extra provisions

- Net profit of 2019 at **561 million PLN** meaning 26% drop yearly or 17% growth when adjusted by one-offs (\*)
- ✓ **205 million PLN** (166 million after tax) of Euro Bank related integration costs and provisions for Day 1 acquisition
- ✓ **223 million PLN** provisions for FX mortgage legal risk
- 4Q net profit at **27 million PLN** or at **274 million PLN** when adjusted for one-off items (\*)
- Adjusted\* ROE at **10.2%** and Cost/income at **47.4%**

### High asset quality and liquidity kept

- Impaired loans ratio at **4.56%**
- Adjusted Cost of Risk\*\* at **57 b.p.**
- Loans to Deposits ratio at low level of **86%**

### Income and costs influenced by the merger

- Operating income grew by **27%** y/y
- Net interest income grew by **33%** y/y
- Operating costs up by **36%** y/y (**27%** without integration costs).
- Reserve for cash loans fees returns after ECJ ruling: **66 million PLN**

### Solid capital and lower regulatory buffers

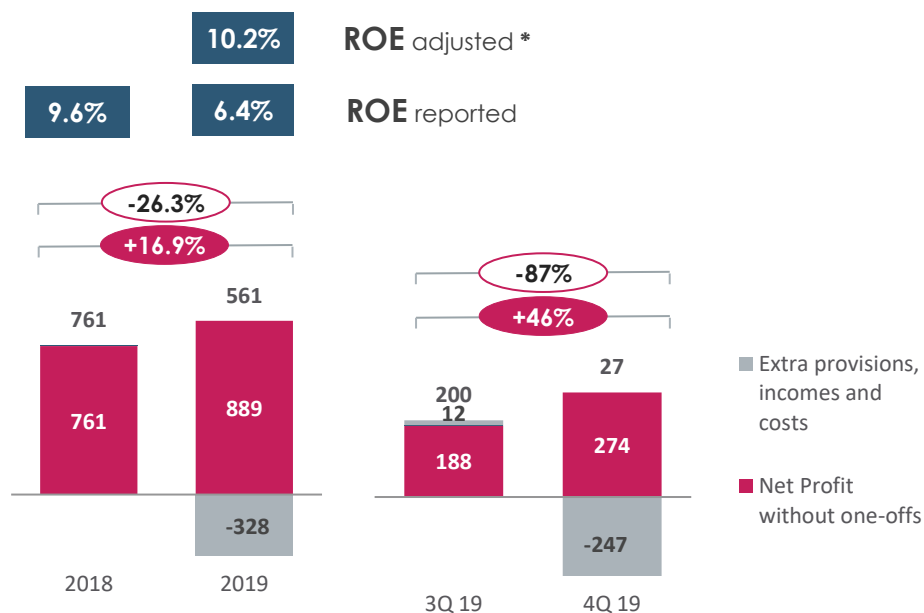
- Group's Total Capital Ratio (TCR) at **20.1%** and CET1 ratio at **16.9%** after incorporating entire 1H 2019 profit
- KNF reduced FX mortgage related buffer to **4.9%** and dividend related Stress Test buffer to **3%**
- **Management Board will recommend to AGM full retention of 2019 net profit**

(\*) One-offs: 1. integration costs (PLN 116m) and extra risk provisions (PLN 89m) for merged Euro Bank, 2. PLN 27m release of tax asset provision (1Q), 3. PLN 45m of positive revaluation of shares in PSP (3Q), 4. PLN 223 m provisions for FX mortgage legal risk (4Q), (\*\*) total net provisions to average net loans, without extra provisions on Euro Bank and FX portfolio legal risk

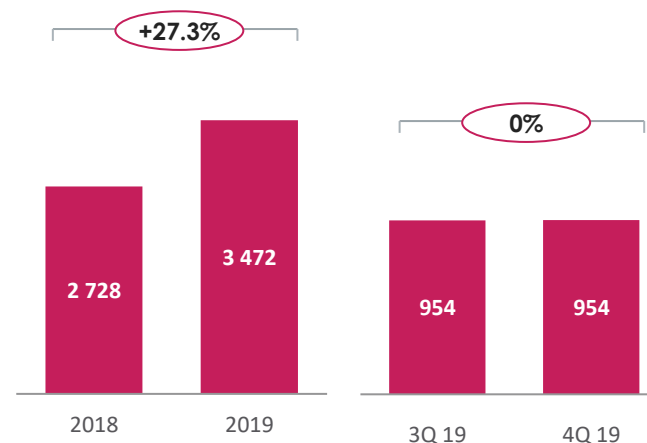
## PROFITABILITY

- Without Euro Bank integration and provision one-offs, ROE stood at 10.2% level;
- Operating income grew by 27% with 7 months of the merged bank

Net profit (PLN million)



Operating income (PLN million)



(\*) without one-offs: 1. integration costs (PLN 116m) and extra risk provisions (PLN 89m) for merged Euro Bank, 2. PLN 27 million release of tax asset provision (1Q), 3. PLN 45 million of positive revaluation of shares in PSP (3Q), 4. PLN 223 m provisions for FX mortgage legal risk (4Q),

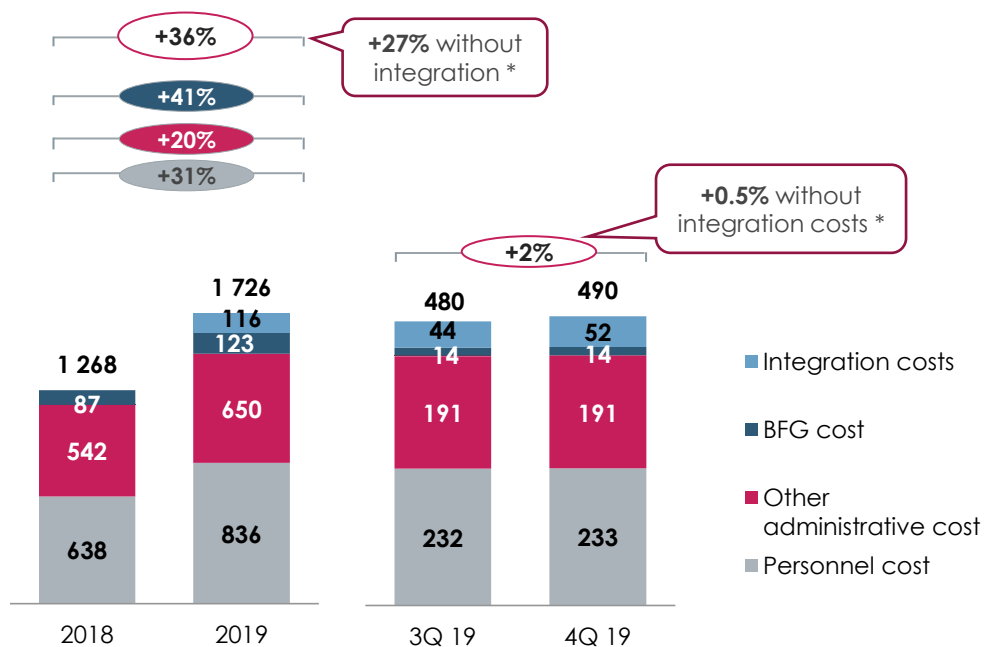


## COST EFFICIENCY

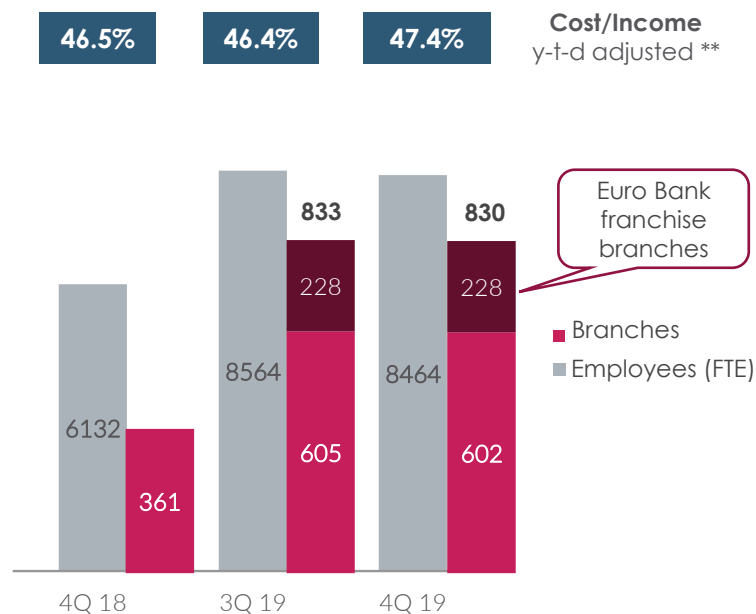
- Integrations cost in 2019/20 will be lower than originally planned;
- Synergies to be relevant from 2020 onwards

### Operating cost

(PLN million)



### Cost/Income, branches and staff



Initial plan to close 60 branches in 2020 and reduce 260 FTE in 1Q  
**Synergies** will start to be visible in 2020: above PLN 100 million

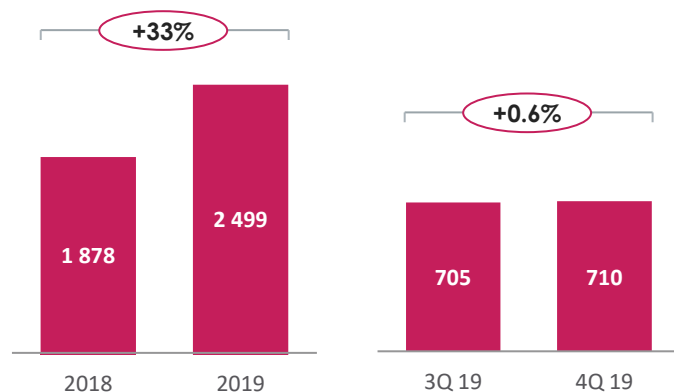
(\*) additional administrative costs directly related to Euro Bank acquisition, merger and integration process (PLN 116 million in 2019)

(\*\*) without one-off income and integration costs; with equal distribution of BFG resolution fee through the year (3Q); reported C/I as at the end of 2019 was 49.7%

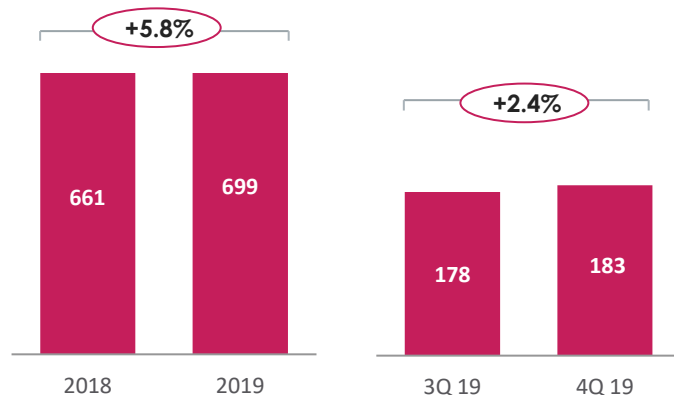
## INTEREST AND COMMISSION INCOME

Interest income higher by 33% yearly;  
NIM limited by cash loan fees return

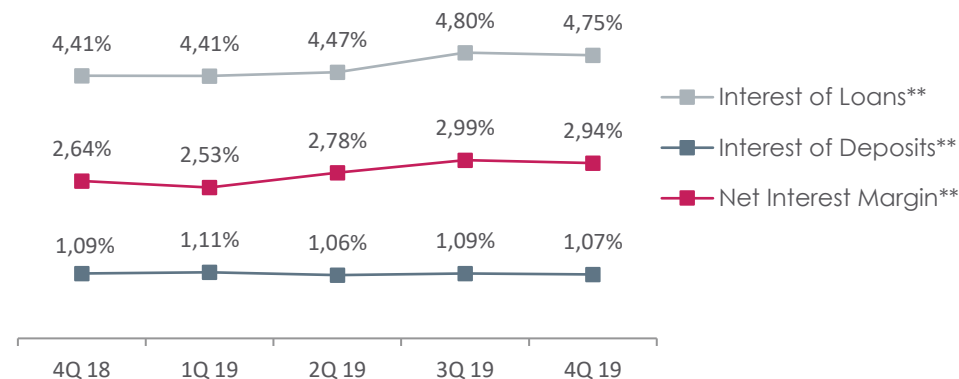
Net Interest Income \* (PLN million)



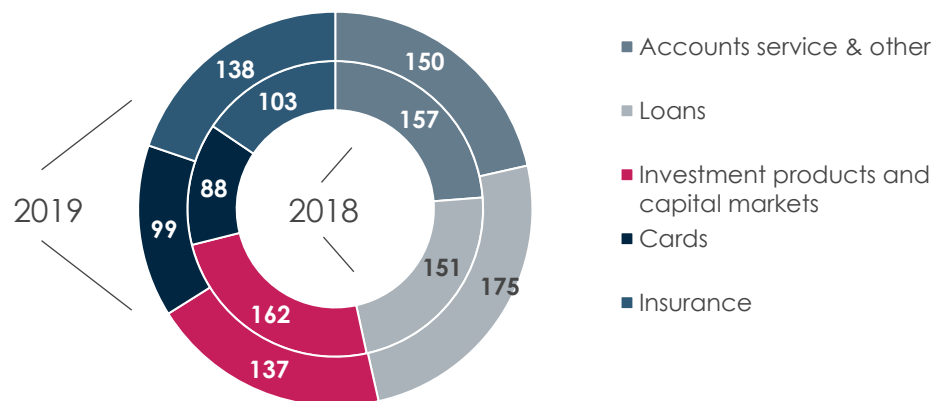
Net Commission Income (PLN million)



Interest on loans and deposit



Commission income structure (PLN million)



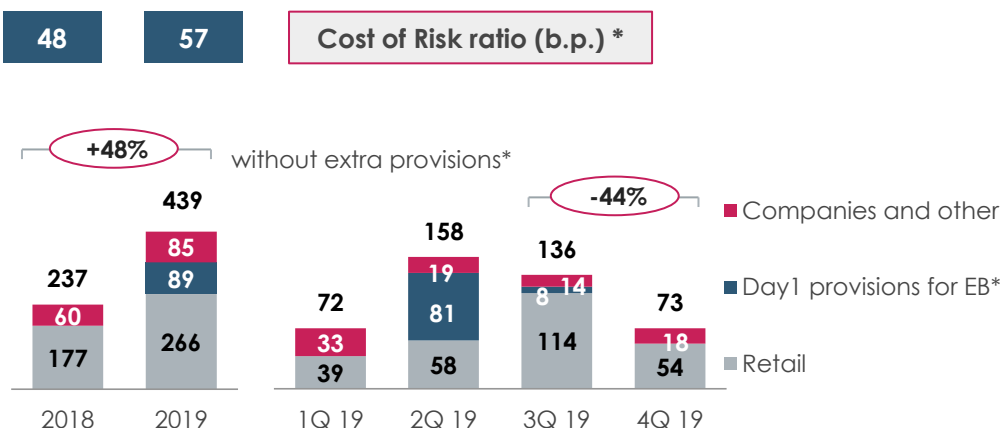
(\*) Pro-forma data: margin from all derivatives hedging FX loans is presented in NII, whereas in accounting terms part of this margin (PLN 62.5 million in 2019 and PLN 60.4 million in 2018) is presented in results on financial assets and liabilities held for trading (\*\*) including Euro Bank since 1st June 2019, NIM and loans yield include interest from swaps

## ASSET QUALITY, LIQUIDITY AND CAPITAL

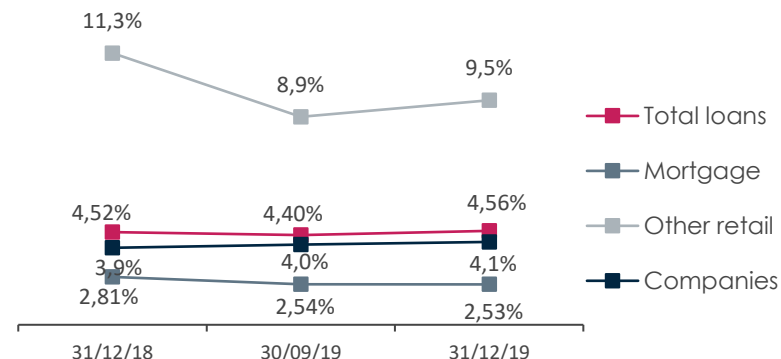
One-off provisions on Euro Bank acquired portfolio;  
High asset quality and liquidity maintained

### Cost of Risk

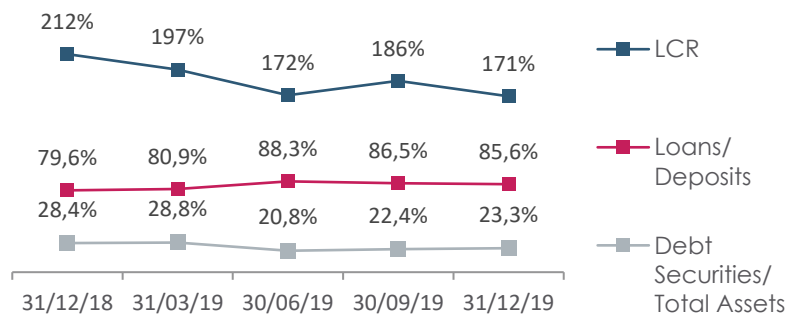
(PLN million)



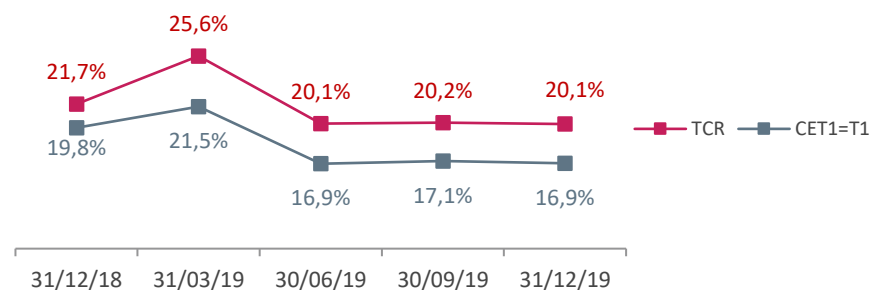
### Impaired Loans (IFRS9 stage 3/POCI)



### Liquidity indicators



### Group Capital Ratios \*\*



(\*) Total net provisions created (inc. fair value adjustment of loan portfolio and loans modification effect) to average net loans; without Day1 acquisition related extra provisions created for Euro Bank loan portfolio (\*\*\*) Bank's (solo) capital ratios are: TCR 20.0% and CET1 16.8%

## FX MORTGAGE LOANS LEGAL RISK

- PLN 223 million provision for legal risk connected with FX mortgage loans in 4Q;
- Pillar 2 Capital Buffer specifically assigned to FX mortgage loans risks;
- Constructive approach and risk mitigation actions in place for several years

### Statistics on FX mortgage litigations - Bank Millennium

- As at the end of 2019, the Bank had 2010 loan agreements under individual litigations concerning indexation clauses of FX mortgage.
- Until 31.12.2019 only 19 cases were finally resolved and the vast majority of them in accordance with the Bank's interest.
- Additionally, a class action involving 3 281 loan agreements was filed at the end of 2014 (it is still before the first hearing scheduled for March 2020).
- The pushy advertising campaign observed in the public domain to encourage claims against banks may lead to increase the number of court disputes.

### Risk mitigation activities

The Bank undertakes number of actions at different levels towards different stakeholders in order to mitigate legal and litigation risk of FX mortgage loans portfolio:

- Mitigation of future court claims - the Bank is open to negotiate case by case favourable conditions for early repayment (partial or total) or conversion of loans to PLN.
- Defense of cases in court - the Bank will continue to take all possible actions to protect its interests in courts while at the same time being open to find settlement with customers in the court under reasonable conditions.
- Constructive approach and cooperation with authorities e.g. UOKiK (Consumer Protection), Financial Ombudsman and KNF (Financial Supervision).

### Statistics for Polish banking sector \*

- Litigations concern approx. 1.7% of FX loans granted.
- Over 70% of disputes were finally resolved in favour of banks in the whole of 2019.
- Number of cases positively resolved for the banks in the first instance was about 60%.
- At the end of 2019 there were 16 252 court cases (13 390 on indexed loans and 2 862 denominated ones).

### Provisions and capital for legal risk in FX mortgage loans

- Taking into consideration the increased legal risk, the Bank decided to create a PLN 223 million provision for legal risk connected with FX mortgage loans.
- The Bank has developed work on setting a methodology for calculation of provisions incorporating an approach covering not only existing court cases but also potential future cases (portfolio approach) as recommended by the external auditor.
- The calculation of the provision is based on the one hand on the number of current and also on potential future court cases to be filed in a specific time horizon, in which the Bank is or will be a party, and on the other hand the probability and amount of the outflow of funds in the case of a specific court judgment.
- The Bank has specific additional capital requirements related to FX mortgage risks, which as of the end of 2019 was 4,95 p.p (which corresponds to PLN 1.85 bn). This capital buffer also includes a part connected with FX mortgage legal risk.

(\*) according to data gathered by ZBP from 11 Polish banks



## PRESENTATION OF RESULTS IN 2019

- > Acquisition of Euro Bank
- > Financial performance
- > **Business development**
- > Appendixes



## BUSINESS HIGHLIGHTS OF 2019

- Fulfillment of organic growth targets;
- Acceleration of growth thanks to the merger

### Retail business

- **2.6 million** active clients (40% y/y), thanks to Euro Bank merger (+494k) and organic growth (+240k)
- **28%** yearly growth of deposits (10% without EB)
- **44%** yearly growth of loans (12% without EB)
- **Over 4 billion PLN** sale of cash loans and mortgages with high yearly growths: **+28%** and **+26%** y/y
- Cash loans sale in 4Q affected by Euro Bank migration, new risk appetite and price (connected also with early repayment fee returns)
- Doubling the pace of microbusiness new accounts acquisition (**26%** were opened on-line)
- **89 ths** total number of microbusiness clients

### Companies business

- Current accounts volumes grew by **+19%** y/y
- Growth of loans to companies: **+7%** y/y
- **6.5%** annual growth in factoring sales
- Growing number and volume of transactions in all main products for companies

### Quality and innovations

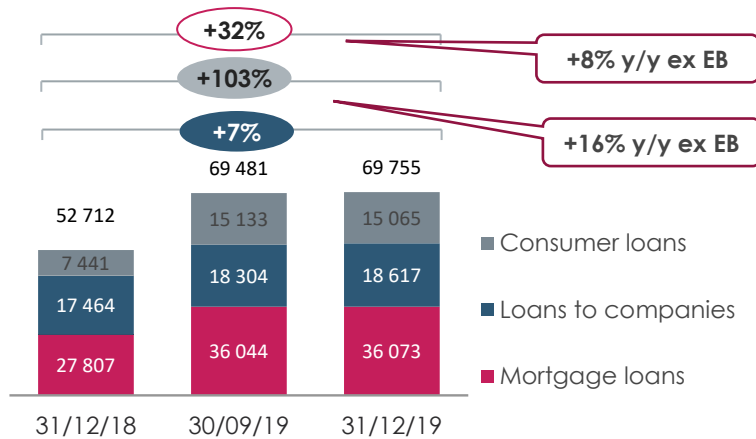
- The highest among banks in Poland **NPS ratio (52)**
- **The Best Web Site Design in Central and Eastern Europe** according to the Global Finance
- **1.5 mln** apps downloads by **goodie**

## LOANS AND DEPOSITS

Strong growth of volumes accelerated by Euro Bank acquisition

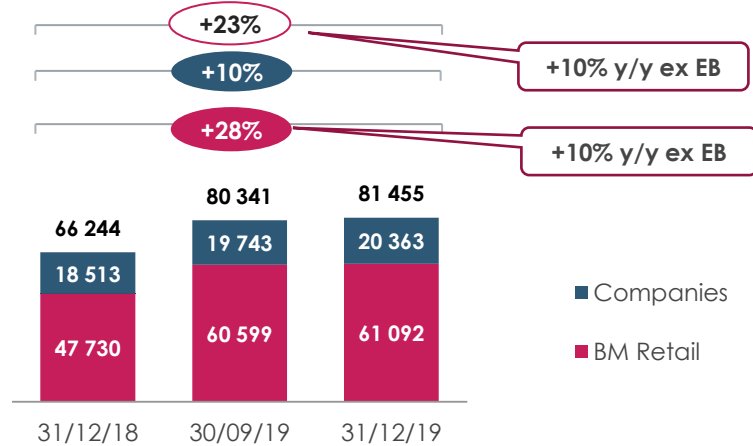
### Loan Portfolio of the Group (net)

(PLN million)

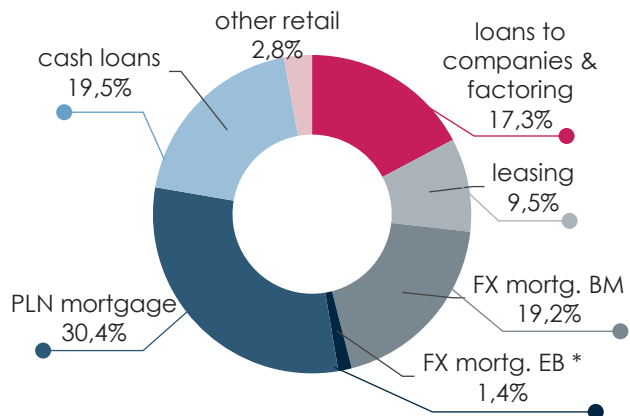


### Customer Deposits

(PLN million)

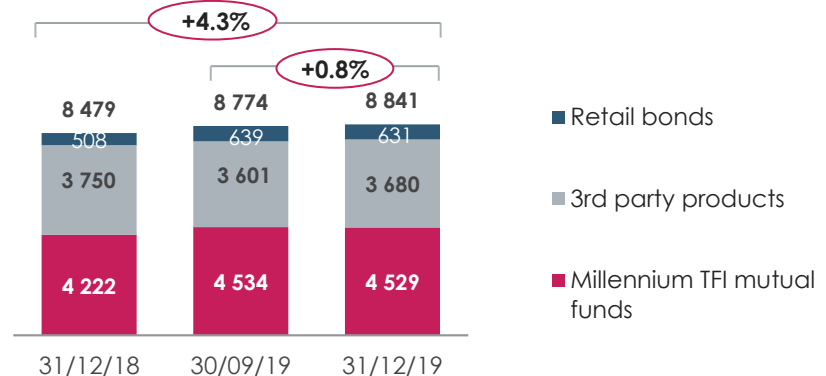


### Structure of Loan Portfolio (gross)



### Non-deposit investment products \*\*

(PLN million)

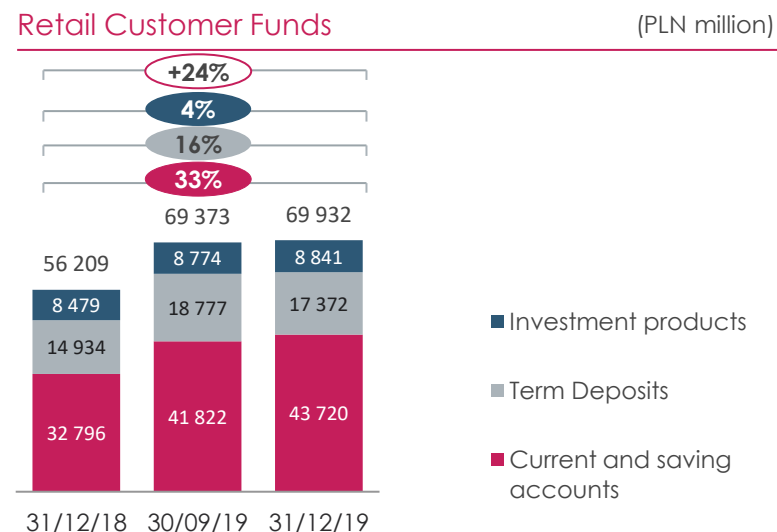
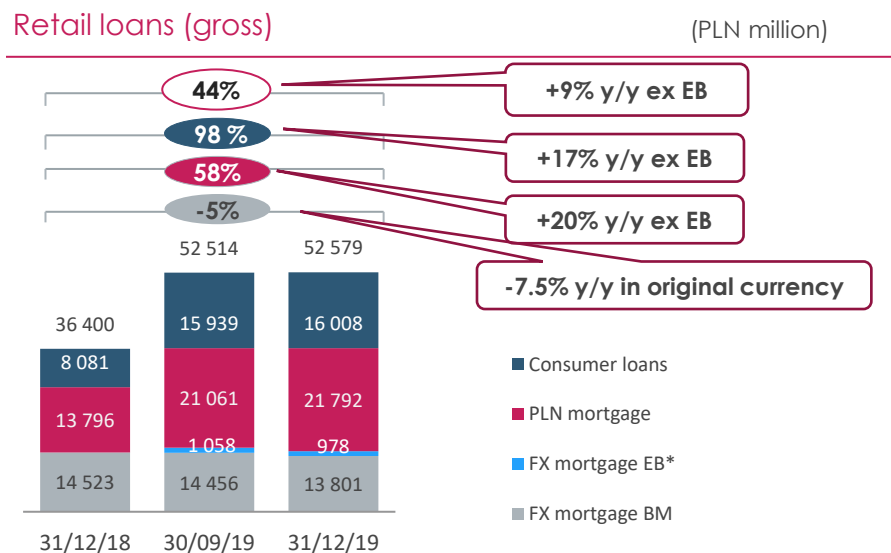


(\*) Covered by SocGen guarantee and indemnity

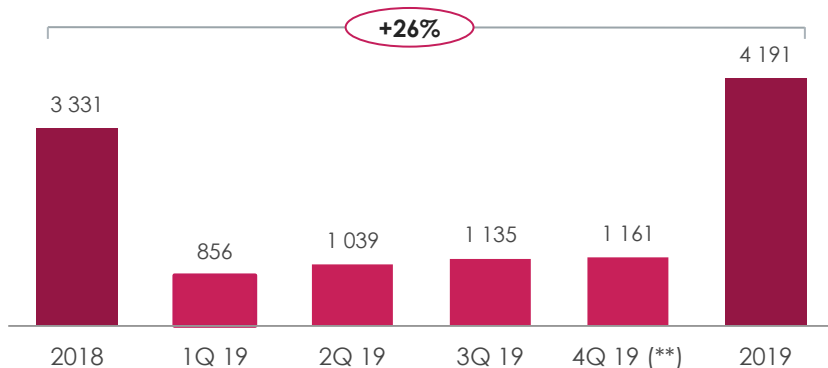
(\*\*) including mutual funds, saving-insurance products and retail bonds

## RETAIL BUSINESS – LOANS AND CUSTOMER FUNDS

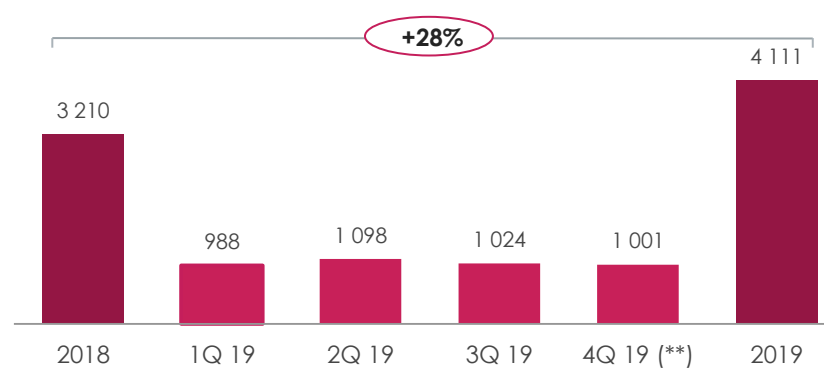
Very strong growth of retail loans and deposits;  
Above PLN 4 billion sale of cash and mortgage loans in 2019



### Mortgage loans new sales (PLN million)



### Cash loans new sales (PLN million)



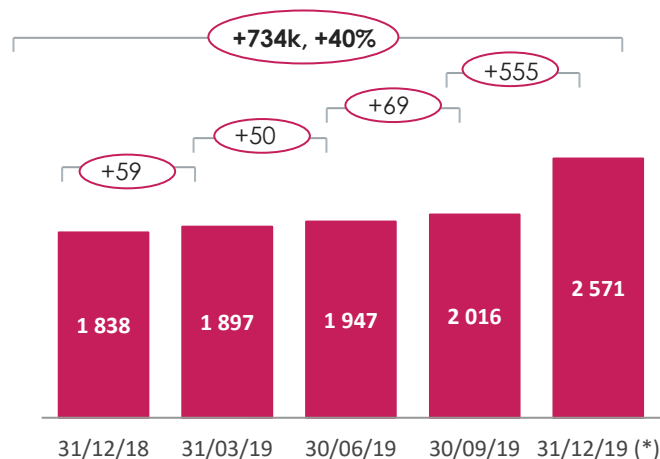
(\*) Loans from Euro Bank – covered by 100% indemnity and 80% guarantee agreement with SocGen

(\*\*) ex-Euro Bank data from 9th of November 2019

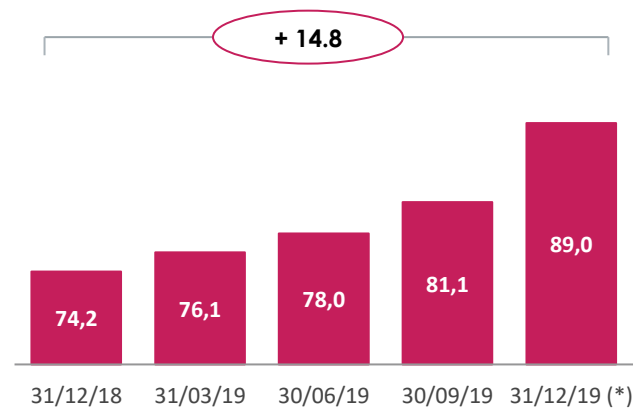
## RETAIL BANKING - NUMBER OF CUSTOMERS AND ACCOUNTS

Number of active retail clients reached 2.6 million after integration with Euro Bank

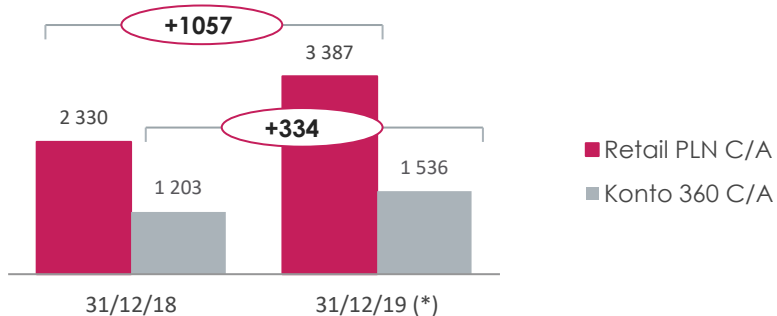
Active retail clients (in thousand)



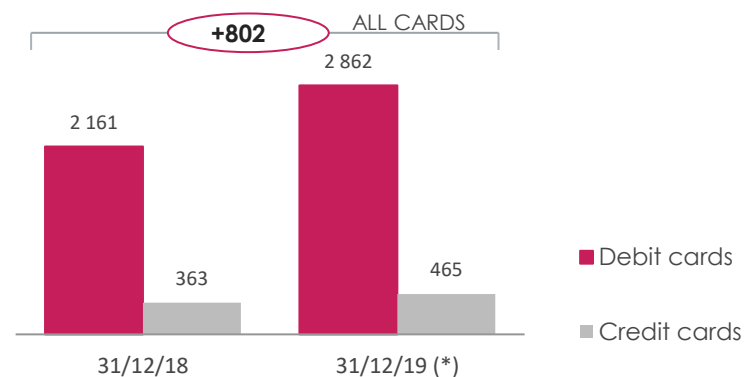
Active micro-business clients (in thousand)



Number of current accounts (in thousand)



Number of debit and credit cards (in thousand)

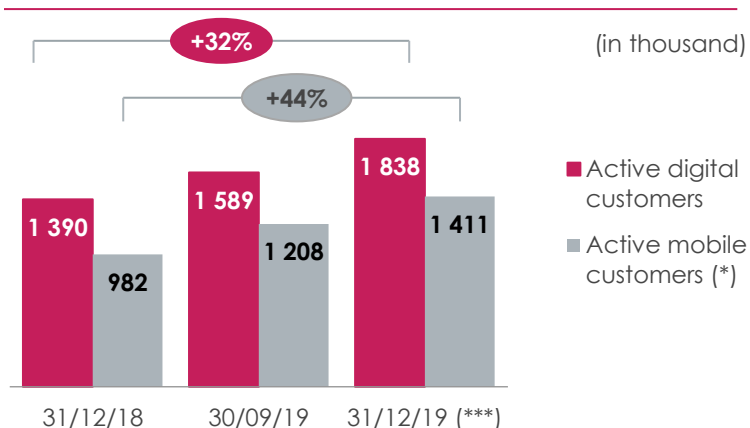


(\*) data with ex Euro Bank clients

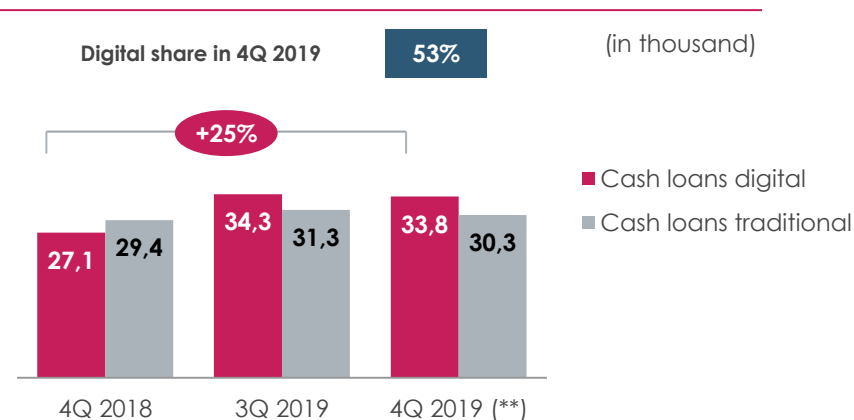
## RETAIL BANKING – DIGITAL CUSTOMERS AND SALES

- Growth in the number of digital users, accelerated by Euro Bank merger;
- High share of electronic channels in product sales

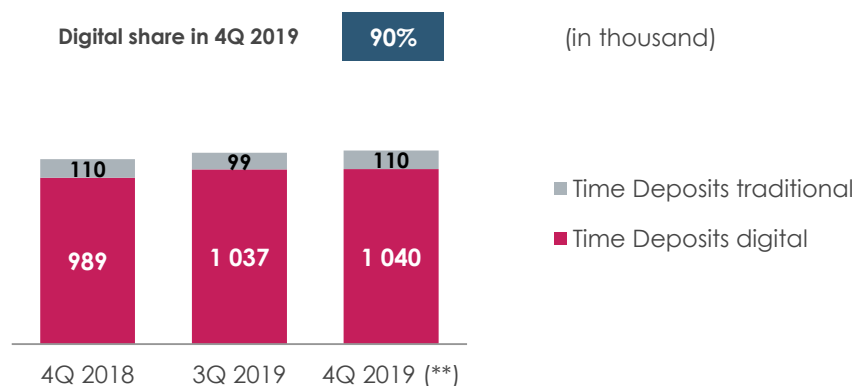
### Active digital and mobile clients



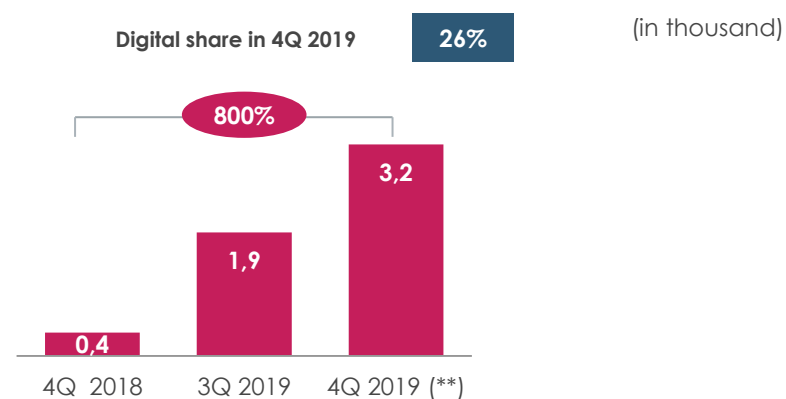
### Traditional and digital channels – Cash loans



### Traditional and digital channels - Time deposits



### Micro-business current accounts opened online



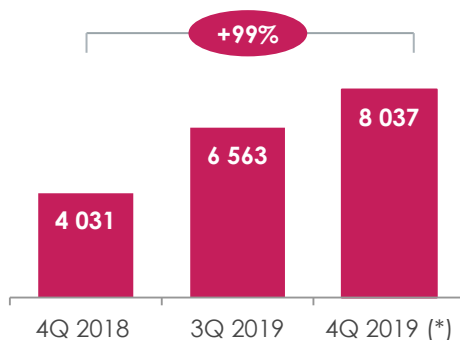


## RETAIL BANKING – ONLINE PRODUCTS AND SERVICES

- Starting cooperation between Polish Payment Standard (Polski Standard Płatności) and Mastercard in order to introduce BLIK contactless payments.

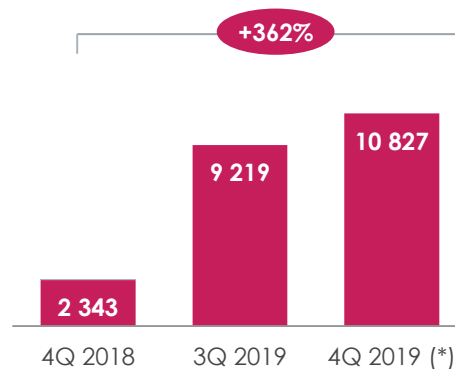
### BLIK transactions

(in thousand)



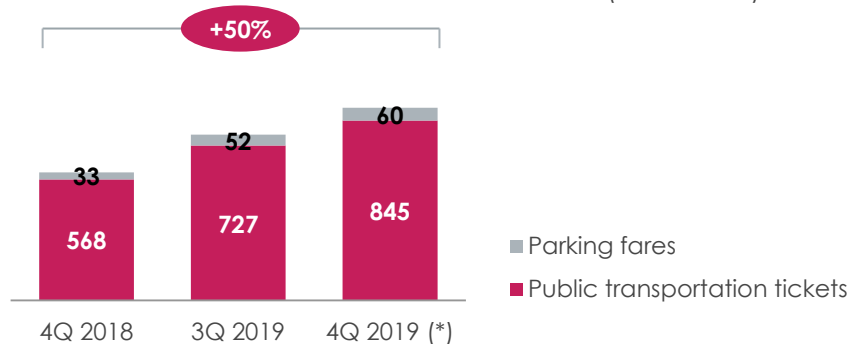
### Mobile contactless payments

(in thousand)



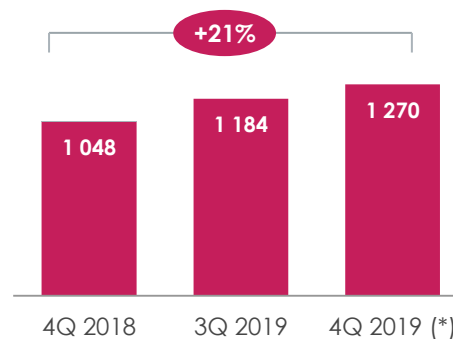
### Parking fares and public transportation tickets

(in thousand)



### Mobile top-ups

(in thousand)



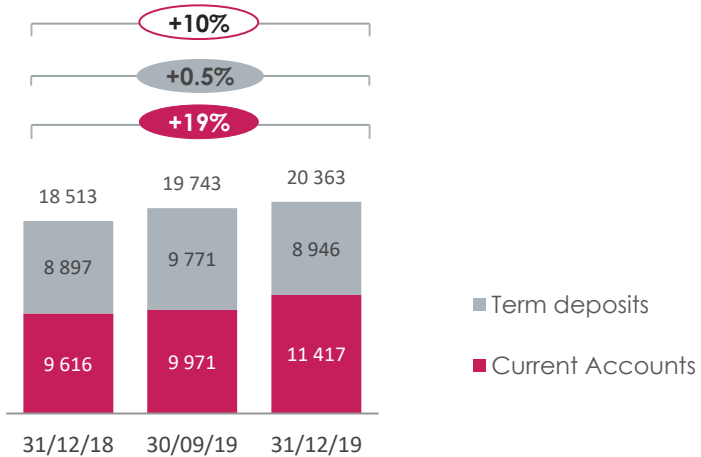
(\*) ex Euro Bank clients from 9th of November 2019

## COMPANIES BUSINESS – DEPOSITS AND LOANS

Current account balances high dynamics of 19% y/y

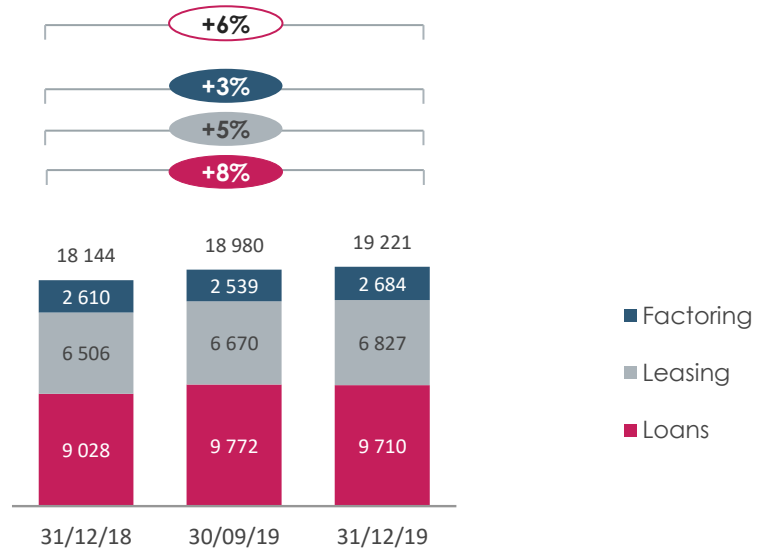
### Companies deposits

(PLN million)



### Loans to companies (gross)

(PLN million)



### Comments

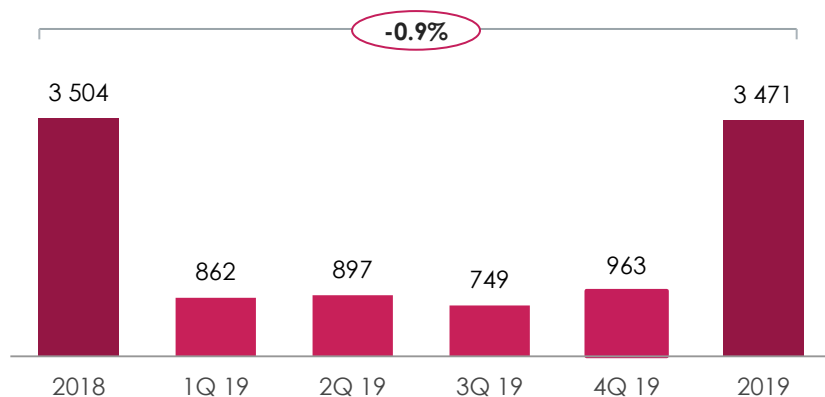
- Considerable pace of growth of companies current accounts of 19% y/y
- Loans to companies growing faster than leasing and factoring
- Growing number and volume of transactions in all main products for companies

## COMPANIES BUSINESS – LOANS AND TRANSACTIONS

Growth in factoring sale maintained but leasing decreased slightly y/y with strong rebound in 4Q; strong trade finance.

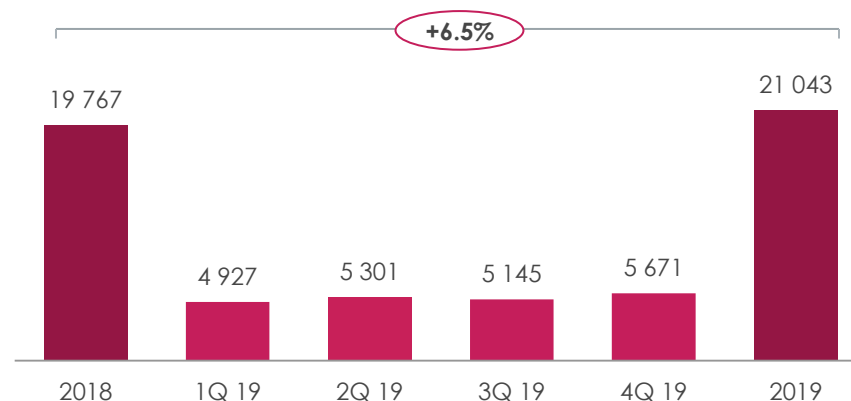
Leasing – new sales

(PLN million)



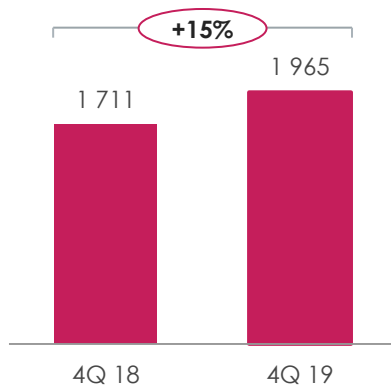
Factoring – turnover

(PLN million)



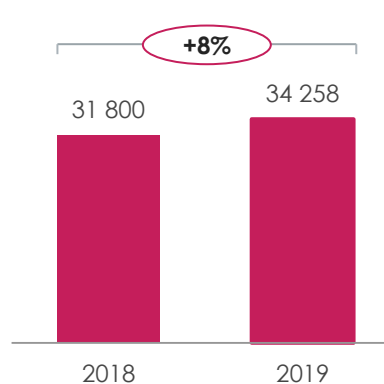
Volumes of limits for guaranties and LC

(PLN million)



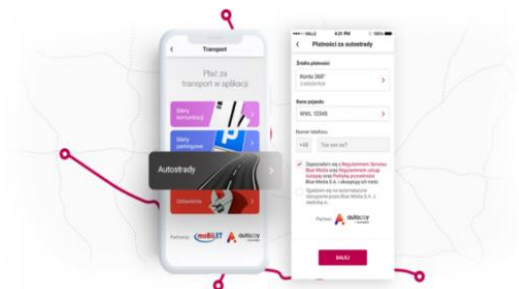
Volume of FX transactions

(PLN million)



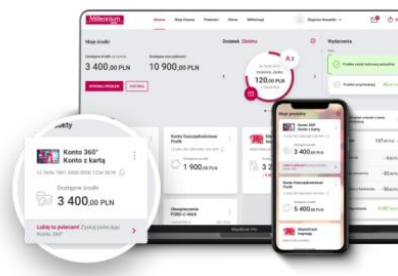
## NEW SOLUTIONS IN THE MILLENET AND MOBILE APP

Another year of innovations and development; new solutions based on the most modern technologies offer easier and more convenient use of e-banking.



### Autopay

Automatic payments for motorway rides in the Bank Millennium mobile app



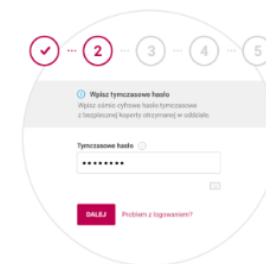
### New Digital Experience (NDE)

New home page in Millenet and mobile app with i.a. Timeline section and Widgets like Collection



### Family 500+/Good Start 300+ apps

Introducing online applications through Millenet for Family 500+ and Good Start 300+ benefit programs



### PSD 2

Introducing a new way of activating electronic channels and additional security measures when confirming operations in Millenet and mobile app



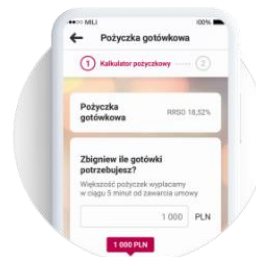
### Open banking

API production environment available; **360° Finance service** in pilot phase offering to Customers possibility to add to Millenet and Bank's mobile app their accounts from other banks



### Temporary card block

The service allows to block any card type for short period of time in mobile app and Millenet



### Online loan consolidation

Introducing internal consolidation of loans in the mobile app



### Integration with Euro Bank

Connecting both bank systems; 170 000 clients migrated to electronic channels, 94% client conversion in the online migration process

## GOODIE – SMARTSHOPPING PLATFORM OF BANK MILLENNIUM

Maintaining growth rate of app downloads; continued development and new functionalities

1.5 million downloads from app start

570,000 app downloads in 2019

825,000

Registered Loyalty Cards and Stamp Cards in **59 different** loyalty programs

85  
million  
PLN

Generated cashback turnover and close to **3.5 million PLN** accrued return for users

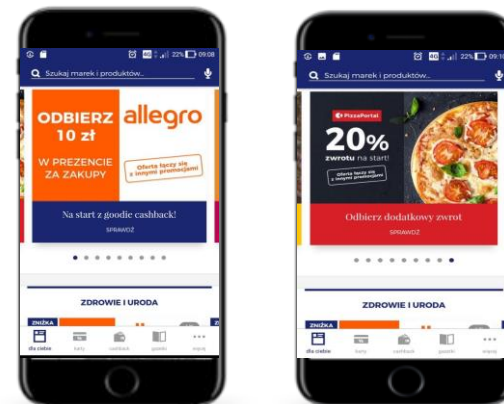
37

Virtual shopping malls maps

### New functionalities in 2019:

- Stamp programmes in shopping centres foodcourts
- Virtual shopping malls maps
- Intra-building positioning based on a network of beacons
- Sales promotions for malls based on receipt scanning
- Gift cards

goodie







## PRESENTATION OF RESULTS IN 2019

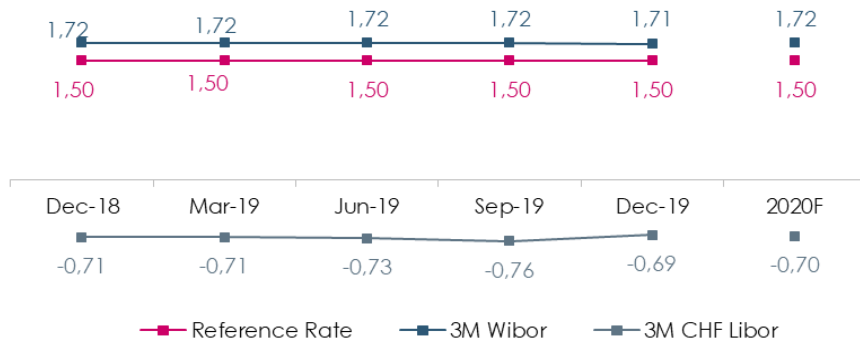
- > Acquisition of Euro Bank
- > Financial performance
- > Business development
- > **Appendixes**

## MACROECONOMIC OVERVIEW

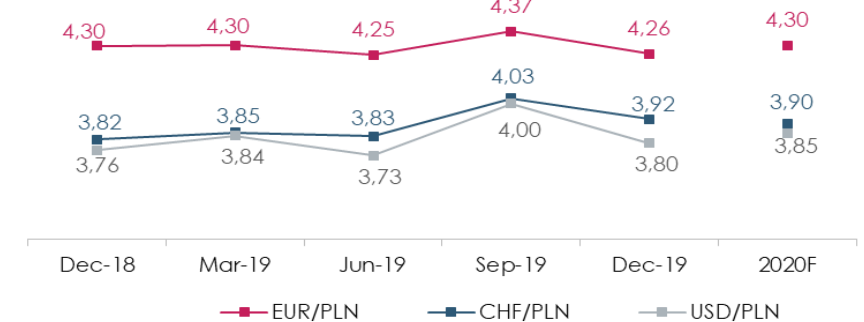
Economic growth in Poland slowed down on vanishing public investments, but still outperforms most of CEE countries. Inflation accelerated and will remain above NBP target in coming quarters.

Interest rates evolution

(%)



FX rates evolution

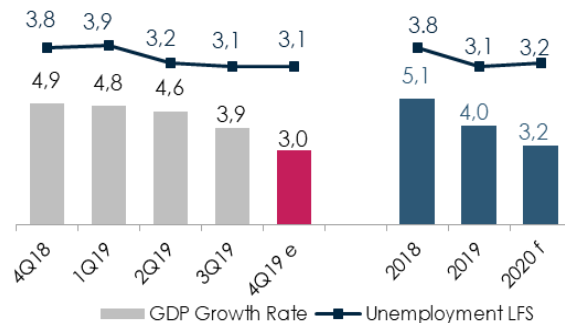


Q-o-Q (bp)	0	-1	7
Y-o-Y (bp)	0	-1	2

Q-o-Q	-2.6%	-2.6%	-5.1%
Y-o-Y	-1.0%	2.7%	1.0%

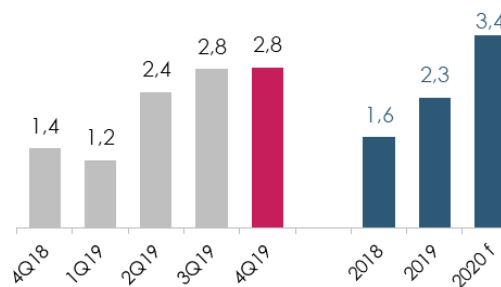
GDP growth & unemployment

(% y/y)



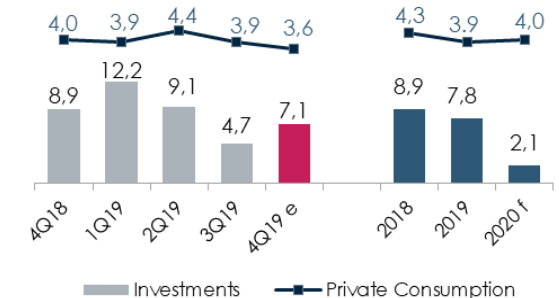
Inflation

(% y/y)



Investments & Consumption

(% y/y)

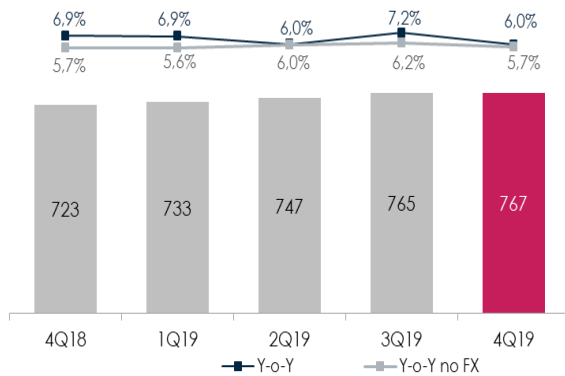


Source: NBP, GUS, e – estimates, f – Bank Millennium forecasts

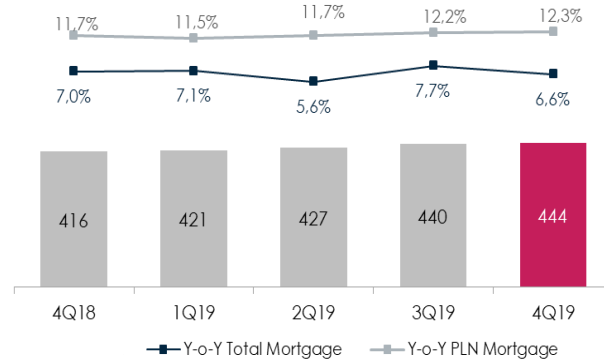
## MACROECONOMIC OVERVIEW

Growth of deposits decelerated, although it remained solid, especially in households' sector. Credit dynamics moderated, both in households' and corporate sector.

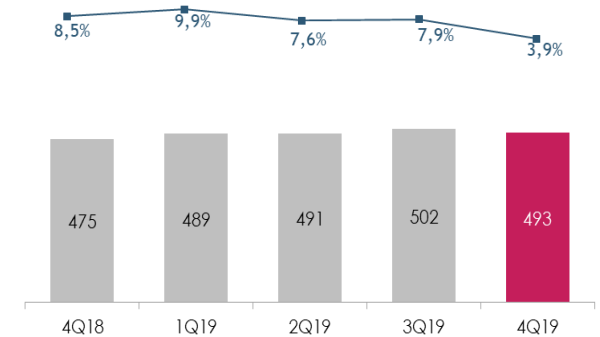
Loans to households (PLN bln, % y/y)



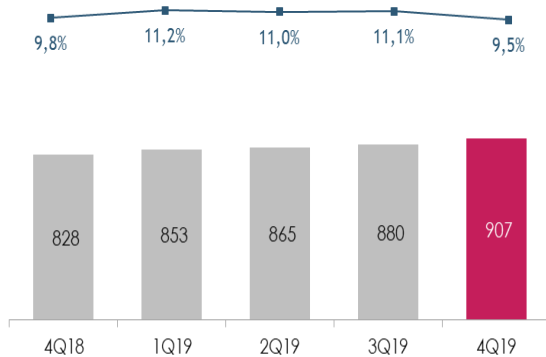
Mortgage loans (PLN bln, % y/y)



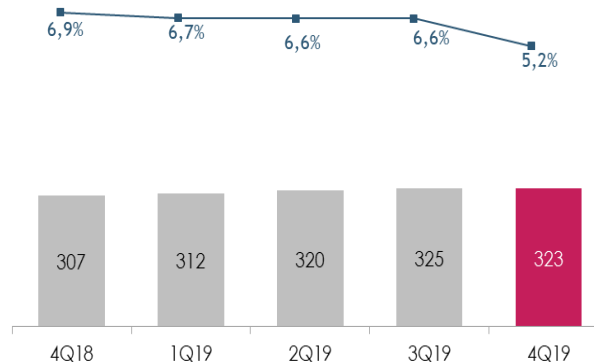
Loans to companies (PLN bln, % y/y)



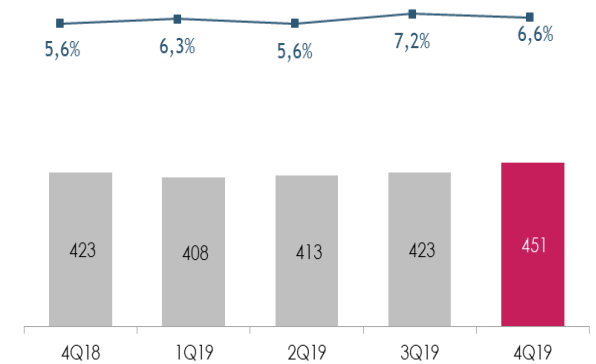
Deposits from households (PLN bln, % y/y)



Non-mortgage loans (PLN bln, % y/y)



Deposits from companies (PLN bln, % y/y)



## RATINGS AND MARKET RATIOS

- Bank shares in the new WIG ESG index
- Share price under pressure related to FX mortgage legal risk;

### Bank Millennium in new WIG-ESG index



According to GPW communique of 3 September 2019, which announced the portfolio of the new WIG-ESG index, **Bank Millennium was among the 4 top-scoring companies.**

Bank Millennium reached the highest result as regards assessment of applying environmental, social and corporate governance factors (ESG of 1,0) as well as assessment of compliance with principles of Code of Best Practice (KDP of 1,0).

### Ratings of Bank Millennium

On 2nd April 2019 **Moody's agency upgraded** Bank Millennium ratings (for the third time during last 18 months).

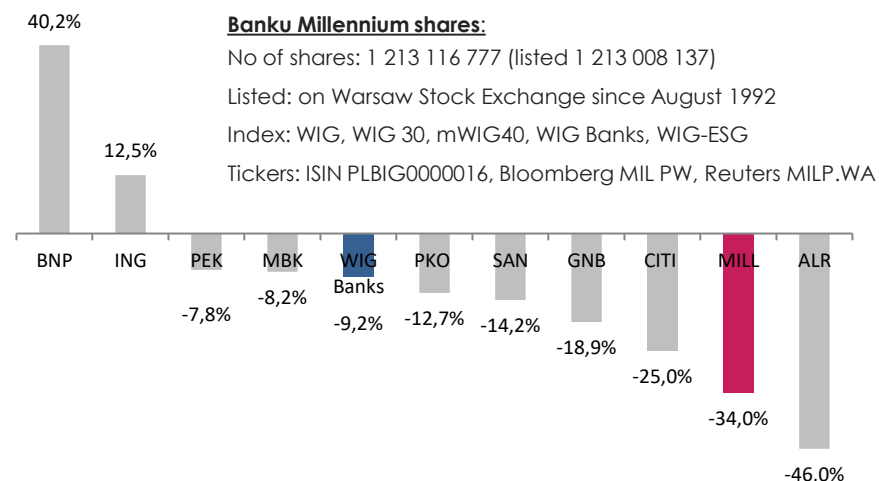
On 15th October 2019 **Fitch agency has affirmed** ratings of Bank Millennium. The outlook of the ratings remains stable.

### Current Banks's ratings:

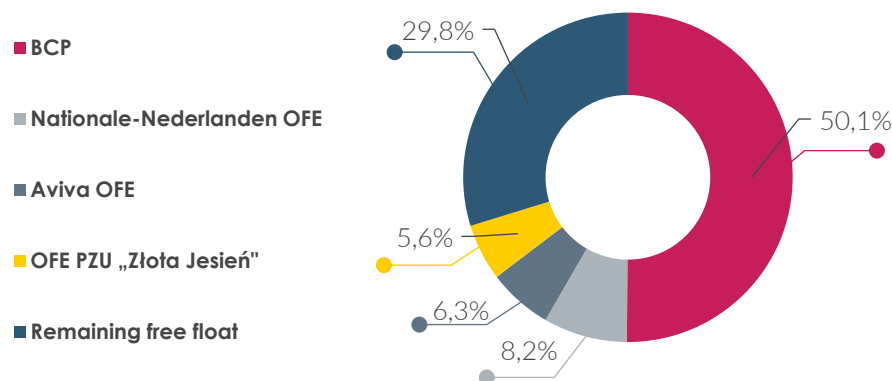
**Moody's** Baa1 / P2/ baa3 / stable outlook

**Fitch** BBB- / F3/ bbb- / stable outlook

### Bank Millennium share performance vs. other banks (annual change as on 30.12.2019r.)



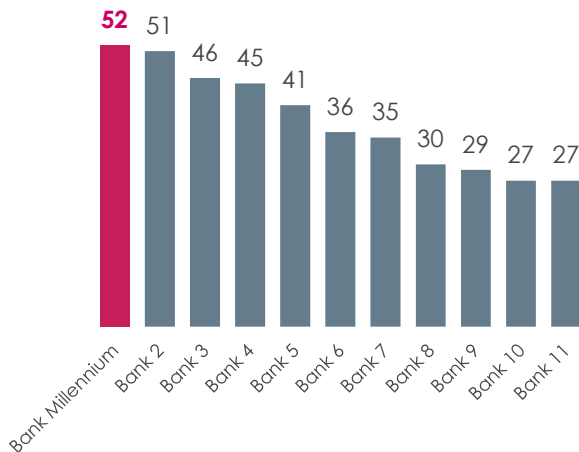
### Bank Millennium shareholders' structure (31.12.2019)



## MARKET LEADER IN QUALITY

High quality confirmed again by independent rankings; the highest NPS score among Polish banks.

Bank Millennium the most often recommended bank



According to **ARC Rynek i Opinia** survey (\*):

- **1st place in categories „Satisfaction”,** and 3rd place in „Ocena punktów Styku”
- **The highest** among banks in Poland **NPS ratio (52)**

Best Web Site Design in Central and Eastern Europe



Bank Millennium's website was hailed **the best in Best Consumer Digital Banks** competition organised by international magazine Global Finance.

The design and functionalities of the website were appreciated.

Bank Millennium – Client Relations Star



In the „**Banking Stars 2019**” competition organised by Dziennik Gazeta Prawna and PwC, the Bank was three times among the Top 3:

- **1st place in the „Client Relations” category** receiving the „Client Relations Star” title (the ranking was based on customer opinions),
- **2nd place in the „Innovativeness” and „Growth” categories.**

(\*) ARC Rynek i Opinia „Customer satisfaction monitor of retail banks”

## SYNTHETIC P&L ACCOUNT

Pro-forma (PLN million)	2018 pro-forma	2019 pro-forma	Change Y/Y	3Q 2019 pro-forma	4Q 2019 pro-forma	Change Q/Q
Net interest income*	1 877,9	2 499,4	33,1%	705,2	709,5	0,6%
Net commission income	661,1	699,2	5,8%	178,3	182,6	2,4%
Other non-interest income **	188,7	273,0	44,7%	70,4	62,0	-12,0%
<b>Operating Income</b>	<b>2 727,6</b>	<b>3 471,5</b>	<b>27,3%</b>	<b>953,9</b>	<b>954,1</b>	<b>0,0%</b>
General and administrative costs	-1 213,8	-1 545,2	27,3%	-426,4	-435,7	2,2%
Depreciation	-54,2	-180,9	233,5%	-53,6	-54,2	1,1%
<b>Total operating costs</b>	<b>-1 268,0</b>	<b>-1 726,1</b>	<b>36,1%</b>	<b>-480,1</b>	<b>-490,0</b>	<b>2,1%</b>
Net cost of risk ***	-236,6	-439,0	85,6%	-136,4	-72,4	-46,9%
FX legal risk provision	0,0	-223,1	-	0,0	-223,1	
<b>Operating profit</b>	<b>1 223,1</b>	<b>1 083,3</b>	<b>-11,4%</b>	<b>337,5</b>	<b>168,6</b>	<b>-50,0%</b>
Banking tax	-198,5	-248,0	24,9%	-68,8	-69,1	0,4%
<b>Pre-tax profit</b>	<b>1 024,6</b>	<b>835,3</b>	<b>-18,5%</b>	<b>268,7</b>	<b>99,5</b>	<b>-63,0%</b>
Income tax	-264,0	-274,6	4,0%	-68,5	-72,5	5,8%
<b>Net profit</b>	<b>760,7</b>	<b>560,7</b>	<b>-26,3%</b>	<b>200,1</b>	<b>27,0</b>	<b>-86,5%</b>
<b>Accounting</b>	<b>2018</b>	<b>2019</b>	<b>Change Y/Y</b>	<b>3Q'19</b>	<b>4Q'19</b>	<b>Change Q/Q</b>
NII (reported under IFRS)	1 817,5	2 436,9	34,1%	687,6	692,8	0,8%

(\*) 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 60.4 million in 2018 and PLN 62.5 million in 2019) 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 (\*\*\*) cost of risk includes impairment provisions (on all stages), FV adjustment on loans and result on modification.



## 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
<b>TOTAL ASSETS</b>

31/12/2018	30/09/2019	31/12/2019	Change y/y
2 450	3 198	2 203	-10,1%
731	1 024	784	7,3%
52 712	69 481	69 755	32,3%
250	51	205	-17,9%
22 886	21 960	22 866	-0,1%
227	134	156	-31,4%
51	96	96	89,1%
307	968	1 009	228,5%
845	1 002	981	16,2%
<b>80 459</b>	<b>97 914</b>	<b>98 056</b>	<b>21,9%</b>

### 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
<b>TOTAL LIABILITIES</b>
<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITIES AND EQUITY</b>

31/12/2018	30/09/2019	31/12/2019	Change y/y
1 789	1 756	1 579	-11,7%
66 244	80 341	81 455	23,0%
50	52	91	80,3%
608	828	780	28,2%
810	1 447	1 183	46,1%
112	111	305	171,0%
702	1 645	1 546	120,3%
1 759	2 812	2 176	23,7%
<b>72 075</b>	<b>88 993</b>	<b>89 114</b>	<b>23,6%</b>
<b>8 384</b>	<b>8 921</b>	<b>8 942</b>	<b>6,6%</b>
<b>80 459</b>	<b>97 914</b>	<b>98 056</b>	<b>21,9%</b>



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