

PRESS RELEASE

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Bank Millennium - growing client base, high effectiveness and good profit

In the first half of 2017 the net profit of Bank Millennium Group totalled 314 m PLN. Number of active retail clients grew to 1,56 m (up 65 thousand from the beginning of the year) and Q2 net profit reached 173,6 m PLN (+24 % quarter on quarter), which was driven by high core income i.e. increase in the interest margin, fees and commissions and scale of operations.

- Without one-off events, the half-year net profit is 35% higher than a year ago, which is a great achievement. Customer acquisition is on track with the assumptions of the Bank's mid-term strategy - number of active individual clients grew by 65 thousand and at the end of the first half of the year stood at 1,56 m. This excellent performance has been supported by high effectiveness. Considering main profitability ratios, Bank Millennium is in the top largest banks in Poland - with ROE at 8,9% and growing (9,6% only in Q2) and 46,3% cost-to-income ratio - said Joao Bras Jorge, Chairman of the Management Board of Bank Millennium.*

Key financial results after Q2 2017

In the first half of 2017 the Group's consolidated net profit totals 314 m PLN, which without one-off events* is 35% higher on a year-on-year basis. Its final value was impacted by one-off events*, in particular, payment of the full annual fee for the BFG's forced restructuring fund in the first quarter of 2017 and booking the Visa transaction in the first half of 2016 which drove up the profit against which the current result is compared.

In the first half of 2017, operating income of the Bank Millennium Group reached 1,2 bn PLN. If you omit one-off income and fees, the year-on-year growth is 13,4%. Total costs were 561,2 m PLN, which means 1,5% growth versus the first half of 2016.

The Group's capital position is still high. Consolidated equity went up 9,2% y/y and reached more than 7,3 bn PLN, while the consolidated total capital adequacy ratio of 18% was above the regulatory requirements.

Key business results

From the beginning of the year, number of active individual clients increased by 65 thousand. The base of active clients is 1,56 m persons, including 1,06 m „online” clients (17% growth y/y) and 615 thousand „mobile” clients (42% growth y/y). Good results of the customer acquisition are, inter alia, effects of the launch of „Like it? Share it.”, a member-gets-member programme, in which by the end of June more than 72 thousand clients had registered. According to 2016 TNS Zoom Finance survey, Bank Millennium has the highest Net Promoter Score among commercial banks in Poland (NPS= 34).

Funds of individual clients reached 48,6 bn PLN, up 9,6% y/y. The main growth driver was 28,4% y/y increase in funds on current and saving accounts. At the end of June 2017, sales of investment products totalled 8,2 bn PLN, up 21% against the same period of the last year.

In the first two quarters of the year, sales of cash loans stood at 1,13 bn PLN. Value of new mortgage loans totalled 1,06 bn PLN - only in Q2 628 m PLN sales were recorded, a jump increase of 148% y/y. As at 30th of June 2017 loans to individuals totalled 32,5 bn PLN.

Corporate credit product portfolio, including lease and factoring, reached 15,4 bn PLN, up 7,8% y/y. Factoring sales continued their positive trend to exceed in Q2 2017 the record level of 4 bn PLN (16% y/y growth of the portfolio). Lease portfolio grew 7,9% y/y reaching 5,5 bn PLN, while the value of assets leased in the first half of 2017 1,45 bn PLN (up 12% y/y).

Group's loan portfolio excluding FX mortgage loans grew yearly by 8,6%.

In response to the growing trade exchange with China, the Bank offered to entrepreneurs a comprehensive package of settlement services in yuan renminbi. It comprises payment accounts, currency exchange, foreign transfers and trade finance solutions. The Bank signed also an agreement with BGK thus offering its clients guarantees securing PLN investment loans. The guarantees will be granted under „Smart Development” Operational Programme.

Digital opportunities for individual and corporate clients

- Electronic channels still play a pivotal role in distribution of products and services to individuals - in the first half of the year, e-channels accounted for 99% of transfers, 87% of newly opened term deposits, 37% of cash loans and 40% of overdrafts.
- In an effort to develop services which support e-administration, the Bank, as one of the pioneers in Poland, offered a functionality of opening Trusted Profile with Millenet online service. Trusted profile supports use of online services of such offices as ePUAP, PUE ZUS, CEIDG etc. This opportunity was used by 33,5 thousand clients (third result on the market).



- The Bank continued its efforts to fine-tune the e-banking system - Millenet for Companies. The newly introduced functionalities include among others automatic JPK_WB report generation functionality (JPK means Jednolity Plik Kontrolny - Standard Audit File) in the format required by the Ministry of Finance and instant transfers to ZUS - Social Insurance Institution, tax and customs offices.

Profit and loss account

Profit and loss account (PLN million)	1H 2017	1H 2016	Change 2017/2016
Net Interest Income	841.1	756.0	11.3%
Net Commission Income	328.6	274.1	19.9%
Core Income	1 169.7	1 030.1	13.5%
Other Non-Interest Income	41.6	289.9	-85.6%
<i>of which extraordinary incomes and charges</i>	<i>(23.2)</i>	<i>231.5</i>	<i>-</i>
Total Operating Income	1 211.3	1 320.0	-8.2%
<i>Total Operating Income (without one-offs)</i>	<i>1 234.5</i>	<i>1 088.5</i>	<i>13.4%</i>
Personnel Costs	(295.0)	(277.9)	6.1%
Other Administrative Costs	(266.3)	(274.9)	-3.1%
Total Operating Costs	(561.2)	(552.8)	1.5%
Impairment provisions	(122.7)	(106.1)	15.7%
Special banking tax	(93.7)	(80.5)	16.3%
Pre-income tax Profit	433.7	580.6	-25.3%
Income tax	(119.6)	(149.7)	-20.1%
Net Profit	314.1	430.9	-27.1%
<i>Net Profit (without one-offs)</i>	<i>337.3</i>	<i>250.7</i>	<i>34.6%</i>

For the complete report visit <https://www.bankmillennium.pl/o-banku/relacje-inwestorskie/raporty-finansowe/raporty-polroczne>.