



Bank Millennium Group

2008 Results and New Strategy Millennium 2010

Presentation for Bank Millennium's
General Meeting of Shareholders

27 March 2009

Disclaimer

The matters discussed in this presentation include **forward-looking statements** and these statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

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All data presented hereby (except profit distribution proposal) is based on the **consolidated** Bank Millennium Group level and is consistent with the Annual Consolidated Financial Statements and the Management Board Report on the activity of the Bank Millennium Capital Group in 2008 year, with the exception of pro-forma data described below.

From 1st January 2006, the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps. The margin from these operations is reflected in Net Interest Income since aforementioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides **pro-forma data**. The pro-forma statement presents all interests from derivatives included in Net Interest Income, which in the Bank's view allows better understanding of the economic evolution of this item.

Macroeconomic Overview

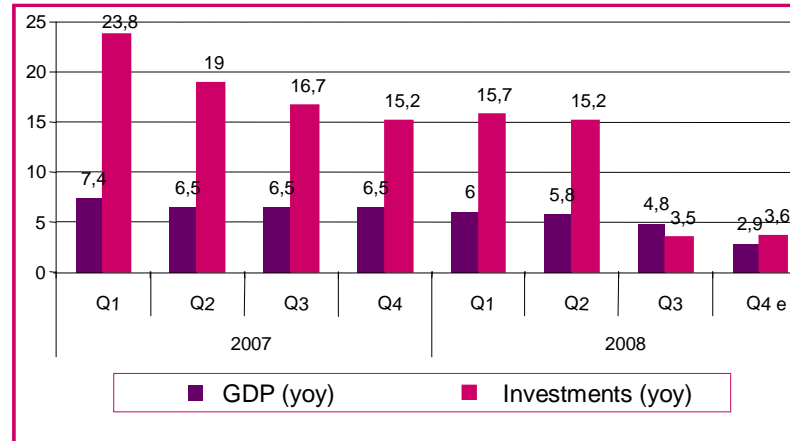
Bank Millennium 2008 Results

New strategy - Millennium 2010

Profit distribution proposal

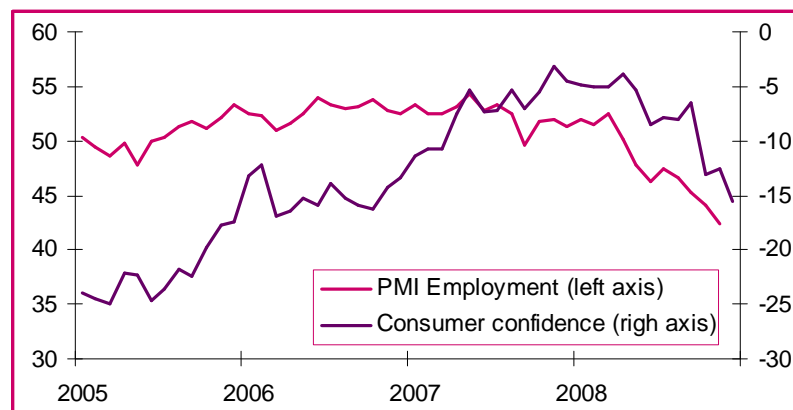
Macroeconomic Overview

Economic outlook deteriorated in late 2008



Source: CSO, Millennium estimates

Consumer confidence worsened in recent months

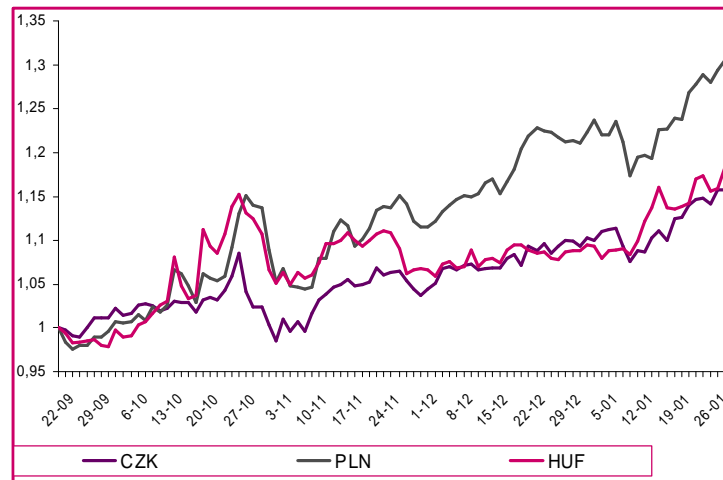


Source: CSO. Reuters

- § Poland experienced strong economic growth since 2006 fuelled by investments and private consumption.
- § The situation worsened in Q3 2008: GDP grew at a robust pace of 4.8% y/y, but investment dynamics slowed to 3.5% y/y, that reflected the worsening of the sentiment among enterprises, pointed to not so bright outlook for the future.
- § In 4Q 2008 GDP growth decelerated further to 2.9% yoy. Private consumption was the only pillar of economic growth.
- § Manufacturing sector seems to be the most severely affected by the economic slowdown. The business climate indicators for the sector were at the end of 2008 at a record low level.
- § Situation in labour market deteriorated as Polish companies started to reduce employment. Unemployment rate increased to 9.5% and the pace of wage growth decelerated to 5.4% y/y in December 2008.
- § Worsening employment outlook and consumer confidence is likely to limit propensity to consume and increase propensity to save hindering important pillar of Polish economic growth.

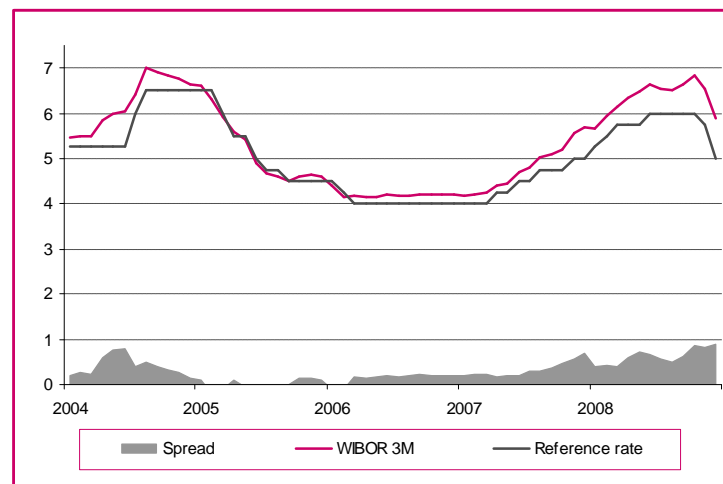
Macroeconomic Overview

CEE currencies vs EUR since Lehman's bankruptcy



Scale rebased

WIBOR 3M vs reference rate



Source: NBP, EcoWin

- § Emerging markets currencies, including Polish Zloty, were severely affected by the financial crisis.
- § Since September 2008, Polish Zloty was the worst performing and most volatile currency in the region.
- § Weekly High-Low change of EUR/PLN has increased to 0.47 zloty in November from below 0.15 zloty before Lehman collapse.
- § Improved inflation outlook and concerns about economic growth resulted in monetary easing cycle that started in November 2008.
- § Despite aggressive monetary easing, market rates decreased at a more moderate pace because of still high risk and liquidity premiums.
- § Similar trend was observed in the case of deposits and loans rates to non-financial sector. High cost of external financing is keeping deposits rates relatively high as compared with reference rates.

Macroeconomic Overview

Bank Millennium 2008 Results

New strategy - Millennium 2010

Profit distribution proposal

Main highlights of 2008 consolidated results

		2008	2007	Change y/y
Volumes in PLN million				
Total deposits*:	➔	31 826	21 801	+ 46 %
Total loans:	➔	33 748	22 027	+ 53 %
Loans to deposits:	➔	102.6%	95.1%	+ 7.5 p.p.
Net income:	➔	413.4	461.6	- 10.4 %
Cost to income ratio:	➔	64.5%	61.9%	+ 2.6 p.p.
ROE:	➔	15.7%	19.9%	- 4.2 p.p.
Solvency ratio:	➔	10.2%**	13.7%	- 3.5 p.p.

* including retail bonds

** includes 100% of 2008 net profit

Strong market share growth especially in deposits from individuals

Market share evolution

	<i>Dec. 2006</i>	<i>Dec. 2007</i>	<i>Dec. 2008</i>	<i>Ranking (Sep.08)</i>
Deposits from Individuals	4.0%	5.3%	7.1%	5
Corporate Deposits	3.7%	3.9%	3.8%	7
Total Deposits	3.9%	4.6%	5.6%	6
Millennium Mutual Funds	3.6%	3.7%	2.2%	12
Loans to Individuals	5.4%	6.6%	7.4%	4
of which Mortgage loans	9.8%	11.2%	11.5%	2
of which Cards loans	4.9%	5.5%	5.6%	6 *
Corporate Loans	3.4%	3.2%	3.2%	8
of which Leasing (movables sales)	6.2%	6.3%	6.0%	4
Total Loans	4.3%	4.8%	5.4%	5

* Ranking in number of credit cards

Strengthening presence in important regions of Poland

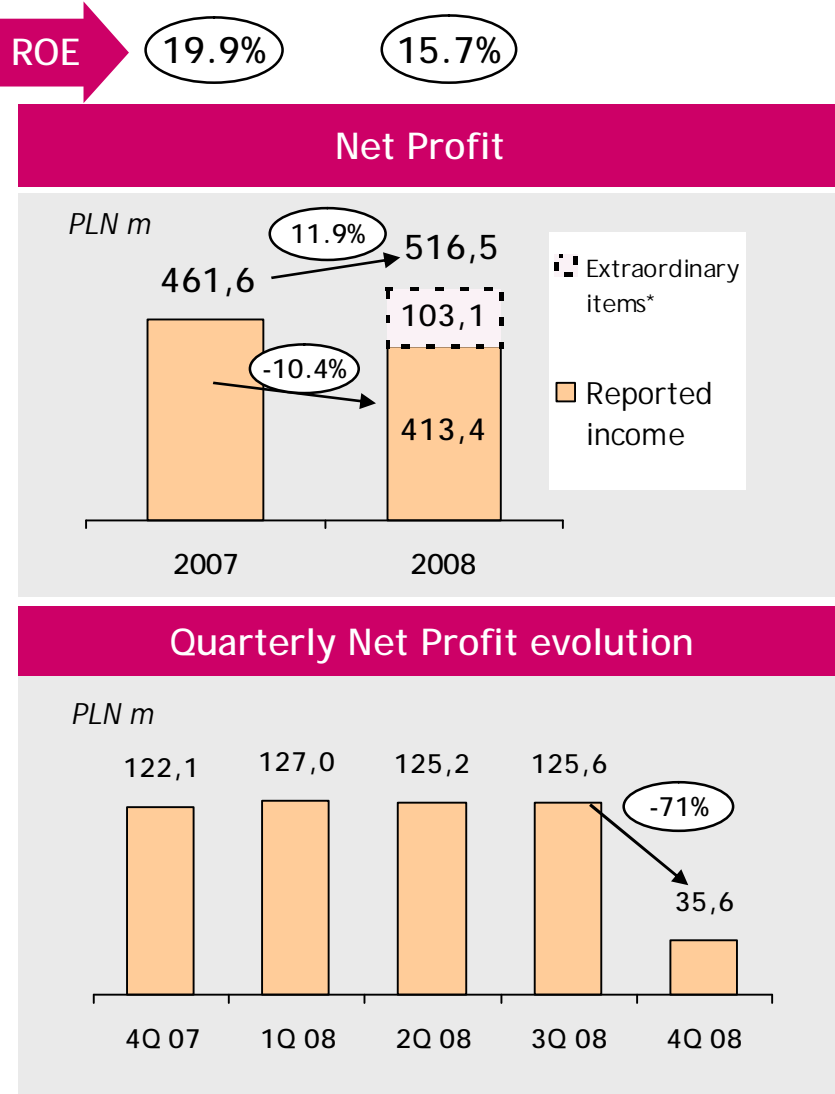
Branches by voivodships



§ 490 branches after opening 80 new in 2008.

§ 4th largest retail banking network in Poland with significantly strengthened presence in many important regions and particularly in big cities (e.g . Wrocław, Katowice, Warsaw, Kraków, Poznań, Szczecin)

Net profit affected by FX options valuation in 4Q



§ Net profit of 2008 was 10% lower compared to 2007

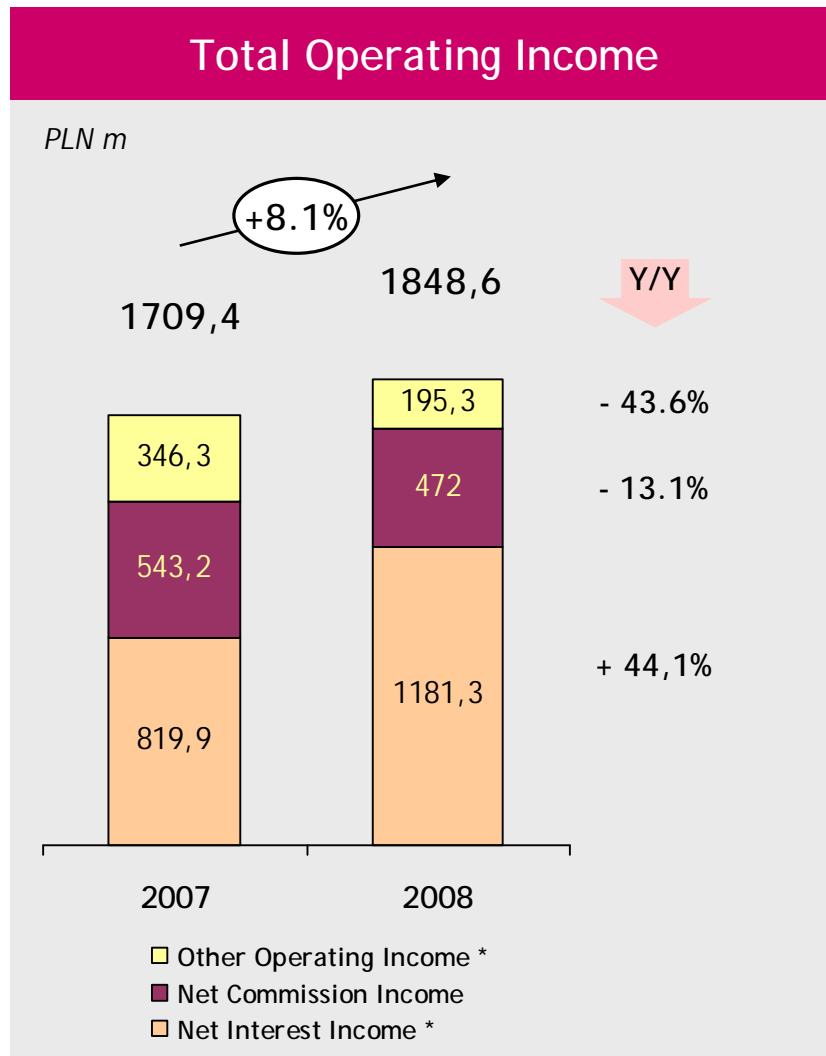
§ 4Q 08 net income reached PLN 35.6 million, strongly affected by a negative impact of valuation of FX derivatives with clients in the pre-tax amount of PLN -152.1 million.

§ When isolating FX derivatives negative effect and extra dividend from VISA, net profit of the Group for 2008 (PLN 516.5 million) was 12% higher than net profit of 2007

§ ROE for 2008 was 15.7%.

* After-tax. Pre-tax amounts are: -152.1 PLN m negative valuation on options with clients and 24.8 PLN m dividend from VISA

Total Operating Income grew 8% yearly



§ Strong 44% annual growth of Net Interest Income. Growing business volumes, especially deposits, together with higher NIM in 2007 versus previous year, were the main drivers of NII growth.

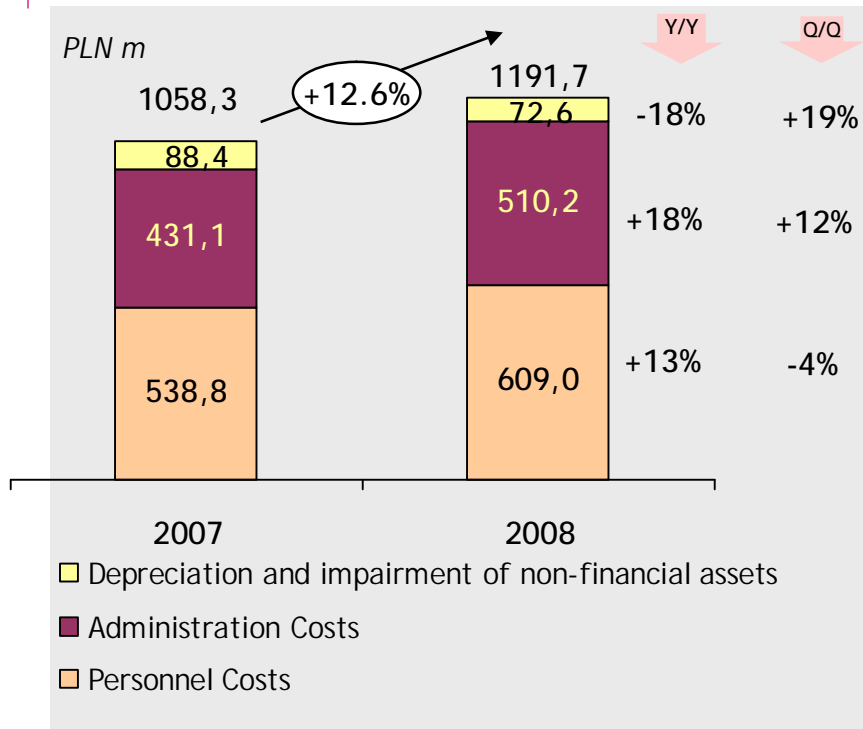
§ Net Commissions were relatively stable during last three quarters. On annual basis they decreased by 13% vs. 2007.

§ Other operating income including FX, result on financial operations and dividends was adversely affected by valuation adjustment of FX derivatives with clients with pre-tax impact of PLN -152.1 million.

* 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 200 m in 2008 and PLN 48.2 m in 2007) is presented in Result on Financial Operations.

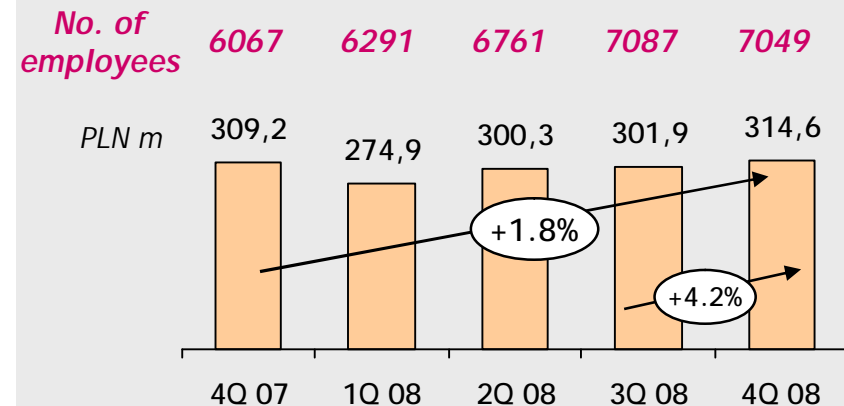
Costs grew 12.6% yearly

Operating Costs



§ Staff costs grew 12.6% yearly but dropped 4% in 4Q which reflects smaller bonuses correlated with sales results. Bonuses also dropped in yearly terms (by 9%)

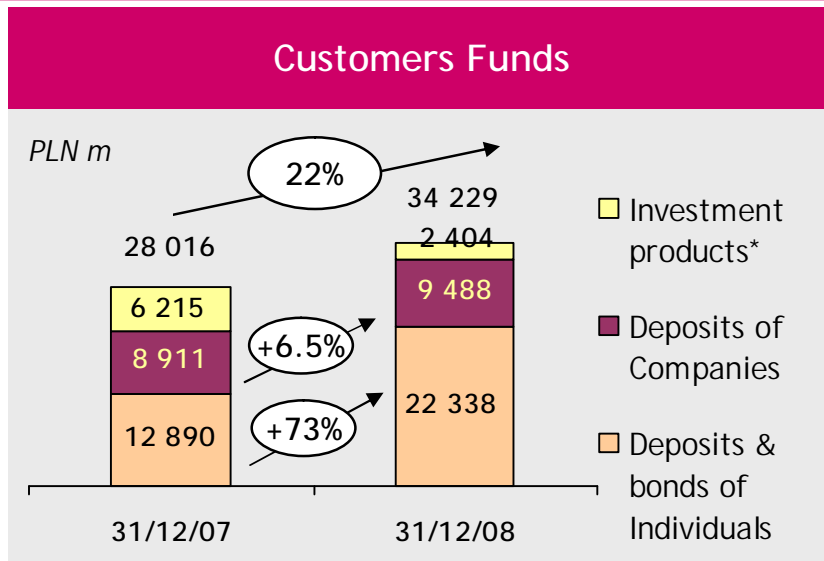
Operating Costs by quarters



§ Number of employees in the Bank Millennium Group systematically grew by c.a 200-400 people quarterly, while in the 4Q 2008, as a result of adaptation to the economic slowdown, Bank Millennium Group decreased number of employees by 38 persons.

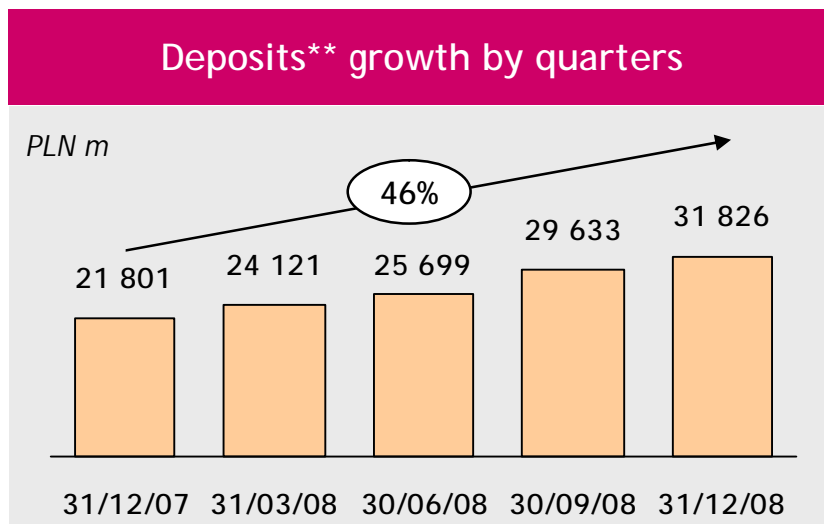
§ Higher administrative costs (by 18% y/y and 12% q/q) resulted from branch expansion program and higher marketing costs.

Excellent growth in deposits (+46% yearly)



§ Very good result in deposits collection: volume growth of PLN 10 billion (46%) yearly with faster growth of households deposits (73% y/y) than corporate (+6.5% y/y)

§ Market share in households' deposits crossed 7% in 4Q 08 despite extremely competitive market environment



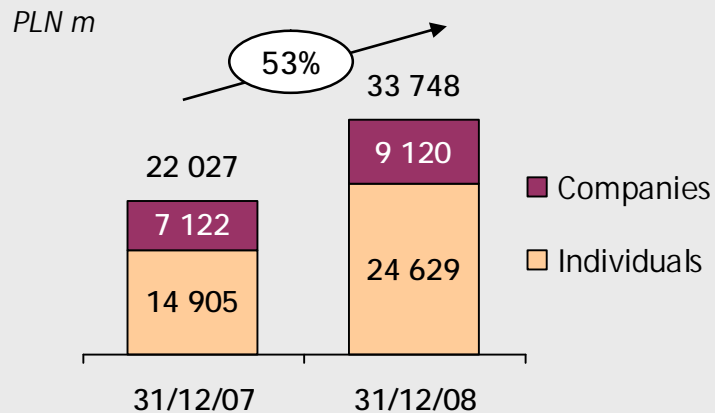
§ Mutual funds managed by Millennium TFI dropped by 67% y/y to the amount of PLN 1.7 billion due to strong downturn on the Polish capital market.

* Include Millennium mutual funds, AM and 3rd parties' savings products

** Includes Bank's bonds sold to individuals

Loan growth accelerated in 4Q due to FX effect

Loan Portfolio (Net)

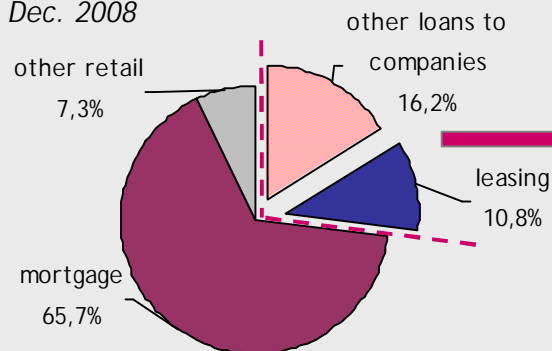


§ Loan portfolio grew 53% y/y of which 22% just in 4Q, but was strongly influenced by the depreciation of the Polish Zloty (quarterly growth would be 4% and annual 26% using constant FX rate).

§ Well diversified structure of corporate portfolio by sectors of activity

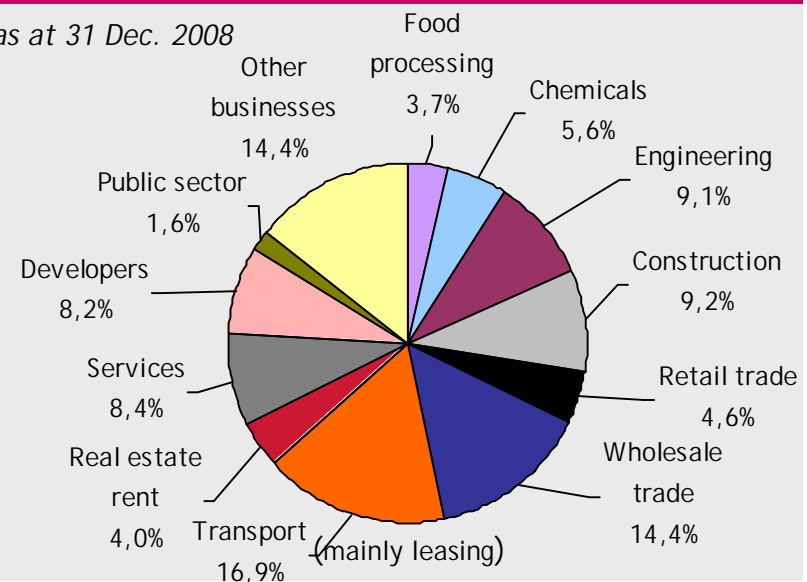
Loan portfolio structure

as at 31 Dec. 2008



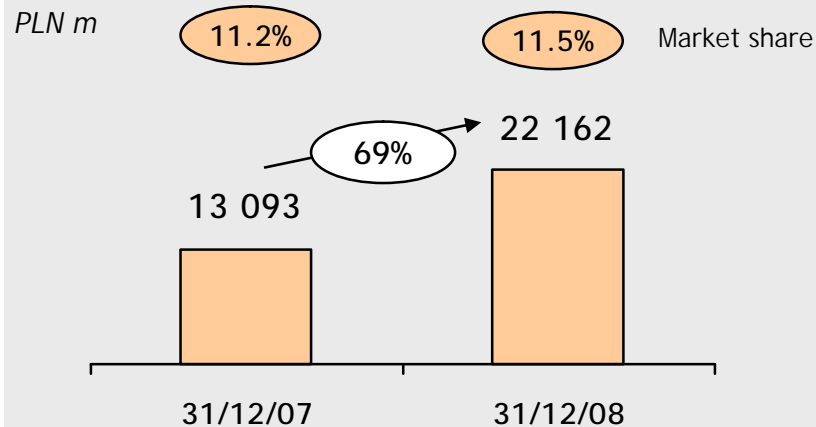
Corporate loans portfolio split by sectors

as at 31 Dec. 2008

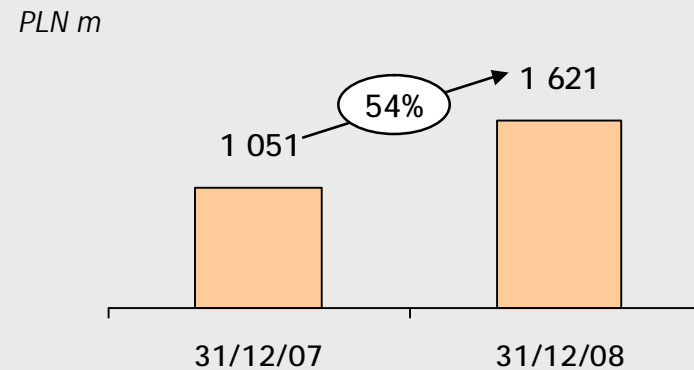


Strong growth in main loans products

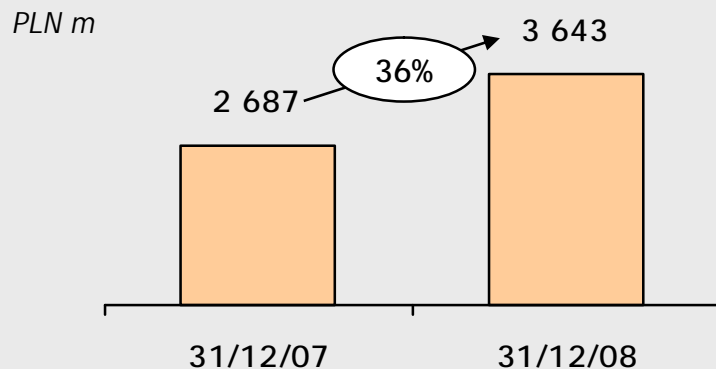
Mortgage loans portfolio



Cash loans portfolio (gross)

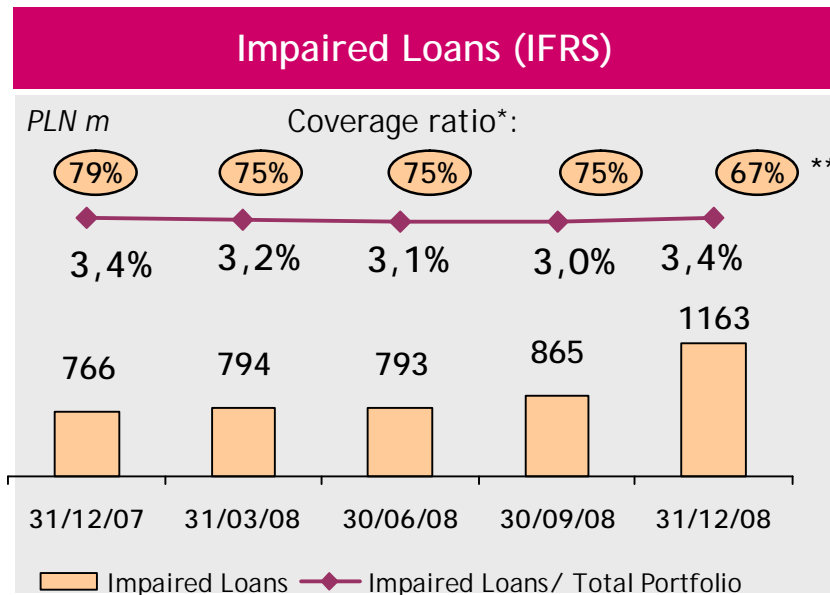


Leasing portfolio - total value



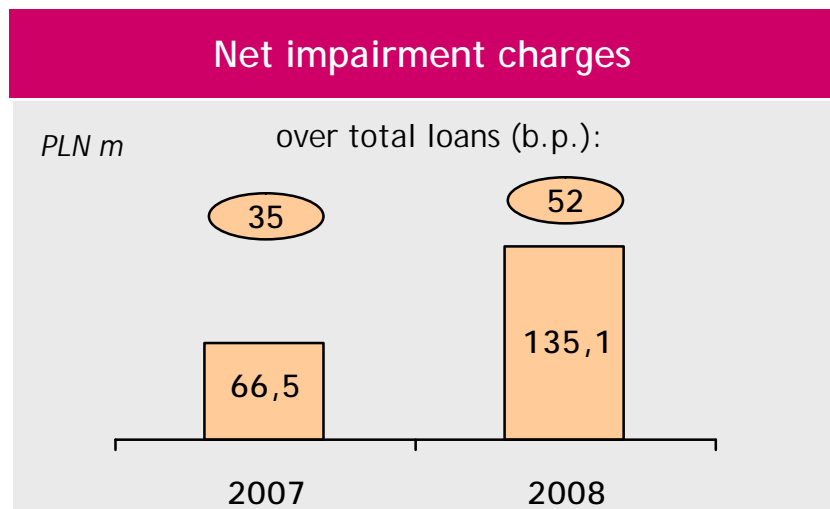
- § Total sales of mortgage loans in 2008 reached PLN 6 billion i.e. 15% lower than in 2007.
- § Offer of FX denominated loans was withdrawn in December 2008 and lending criteria were tightened.
- § Millennium Leasing keep strong 4th position on the Polish non-real estate leasing market

Impaired loans and charges in 2008



§ Share of impaired loans in total portfolio remained on the same level as one year ago: 3.4% despite higher nominal amount of impaired loans.

§ Impaired loans increased in 4Q mainly due to FX effect, impact of options and net growth of other loans, especially better collateralised (e.g. leasing)



§ Net impairment charges in 2008 represented 52 b.p. over total net loans and remained within the Bank's management guidance.

* Does not include collaterals

** coverage ratio in 31/12/08 includes provisions and other reserves resulting from adjustment of valuation of FX options with clients, which amounts are classified as receivables

Rating of Bank Millennium

Type of rating	FITCH	MOODY'S
Long-term deposit rating	A	A3
Short-term deposit rating	F-1	Prime-2
Financial strength rating	C/D	D
Support	1	n.a.
Outlook	stable	stable

- § During 4Q 2008 Moody's rating agency changed only the outlook for Bank Millennium rating from "positive" to "stable" due to deteriorating operating environment.
- § Moreover, in February 2009 Fitch rating agency has confirmed all ratings assigned to Bank Millennium **keeping stable outlook**

Macroeconomic Overview

Bank Millennium 2008 Results

New strategy - Millennium 2010

Profit distribution proposal

Bank Millennium is delivering what promised for 2009

RETAIL

- Industrialization of customer acquisition and cross-selling
- Significant expansion of branch network
- Acceleration in affluent segment growth
- Strong growth in deposits and mutual funds
- Exploiting of new micro-businesses model

CONSUMER FINANCE

- Gaining a top 3 position in mortgage loans
- Becoming a strong player in credit cards
- Exploring retail customer base for consumer loans

CORPORATE

- Boosting customer acquisition, especially in SME
- Focusing on trade finance, cash management and treasury products
- Keeping strong position in leasing

What we PROMISED

6% market share in deposits
1.2 million customers

8% market share in loans of which mortgage 12%

20% yearly revenue growth

What we DELIVERED

7.1% market share
1.14 million customers

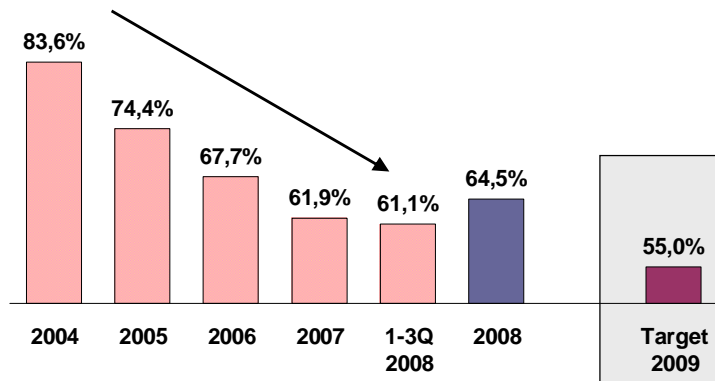
7.4% market share of which mortgage 11.5%

28% in 2007 and 19% in 2008 (without FX options)

5th place in deposits from individuals and in total loans

Delivering financial targets

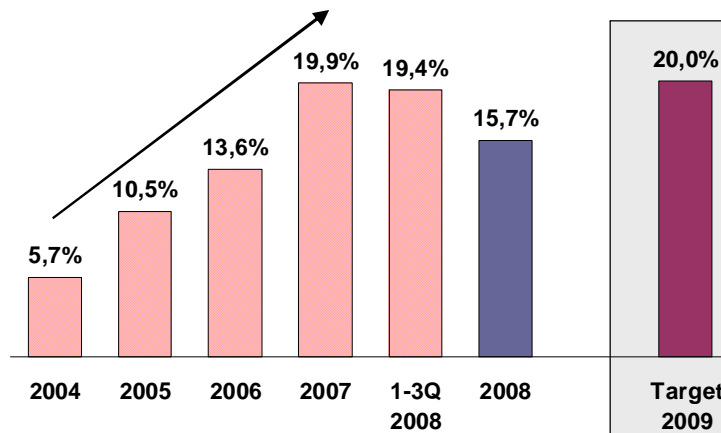
Cost/Income evolution*



Dividend payments

Year	Dividend paid in year (in PLN mln)
2005	238
2006	459
2007	144
2008	161

ROE evolution*

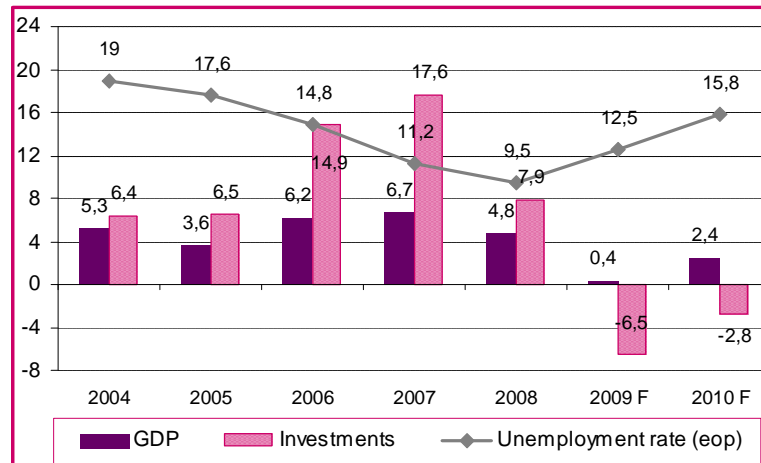


§ Bank Millennium has been gradually approaching its targets for cost efficiency and return on equity, but 2008 results has been distorted by the global financial crisis (especially in 4Q)

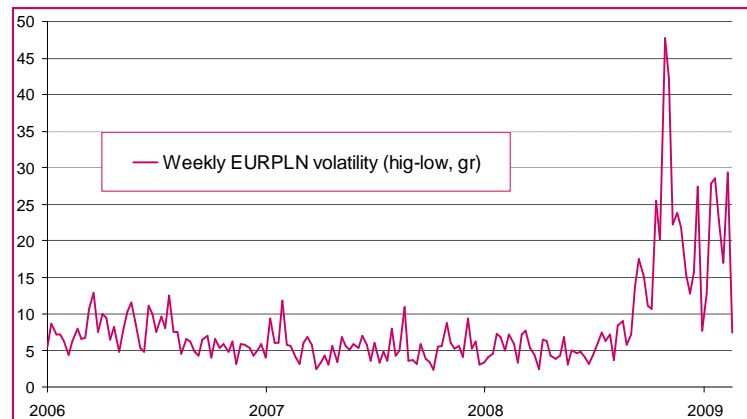
* on recurrent basis, except for 2008

Market environment challenges to the banking sector

Economic slowdown is likely to lead to the deterioration of the labour market conditions



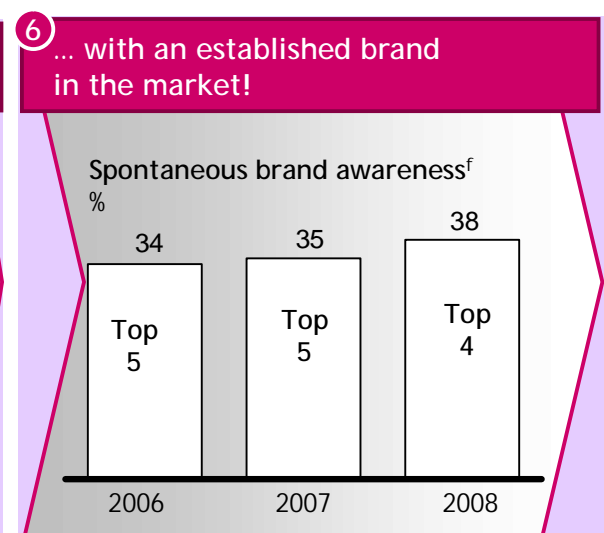
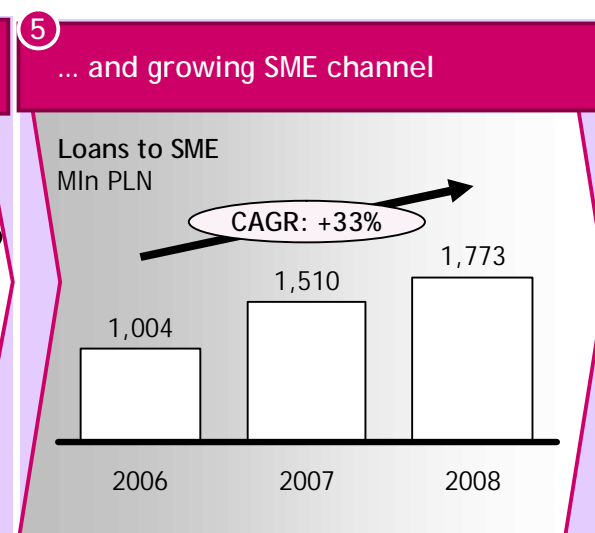
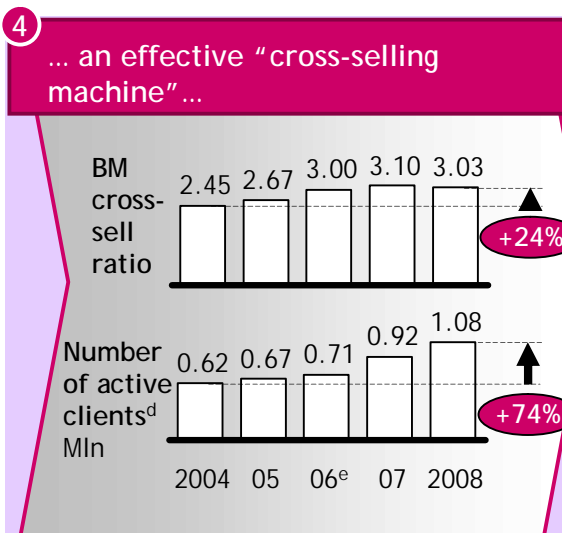
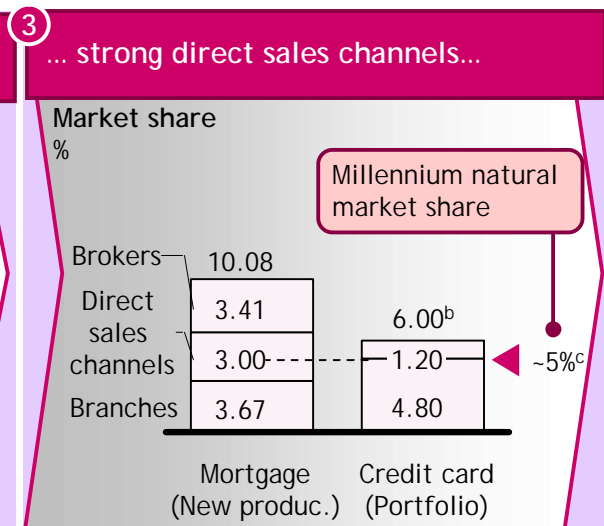
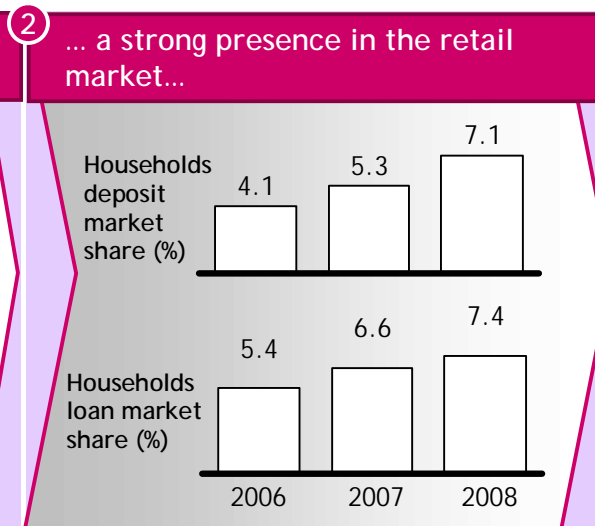
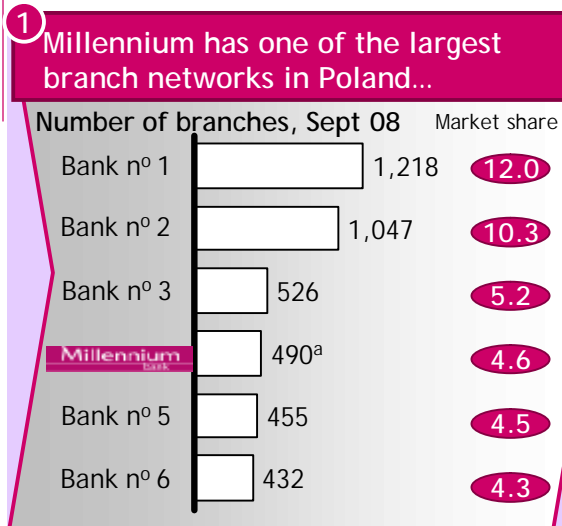
PLN depreciation and the record high FX volatility increases risk associated with the banking activity



Implications for the banking sector

- § Slower credit growth triggered by lower private consumption (due to deteriorated labour market conditions coupled with tighter credit environment) and lower investments
- § Sharp restriction on FX denominated loans due to FX volatility, PLN depreciation and supervisory regulations
- § Potential decrease of the value of existing collaterals.
- § Higher non-performing loans
- § Increased households' propensity to save at the expense of consumption, which might make easier to build deposit base in Polish banks.
- § Increase of both amount and cost of liquidity needed to cover FX loan portfolio.
- § „War on deposits” (deposit rates high above the reference rate) driven by liquidity squeeze and lower volumes of inter-bank lending
- § Loan growth likely to be constrained to the deposit growth.

Bank Millennium has a number of strengths to build on, which will still matter in the new market environment



a December 2008
 c Based on branch/client market share
 e Change in the definition of active customer

b 8.7% market share in vol. of transactions
 d Mass market and affluent
 f Source: Millward Brown



New strategy - Millennium 2010

*Bank Millennium
will become a lean and simple bank
leveraging on its strong branch network,
increasing focus on Retail and SME, with more conservative risk approach*

1 Reinforce branch based banking in **Retail**
to acquire more clients, to increase cross-selling and to be a major savings bank

2 To focus on **SME** in corporate segment
to extract value from the segment's higher profitability

3 Achieve higher **efficiency** and tight **cost** management
to cope with the market slowdown and reach operational excellence

4 Enforce more **conservative risk** management
in accordance with the tight liquidity and capital context, and higher risk environment

1 Millennium 2010 - Reinforce branch based banking in Retail

	Rationale for focus	Priorities going forward
Focus on branch driven customer acquisition	<ul style="list-style-type: none"> • Leverage on strong brand and network capillarity (490 branches) • High level of active clients acquisition (120 ths in 2008) 	<ul style="list-style-type: none"> • 150 ths net customers to be acquired yearly through branches • 500 branches will conclude current branch expansion program
Keep focus on relationship banking and optimize cross-selling	<ul style="list-style-type: none"> • Strong results achieved so far (120 ths cash loans sold to own customers) • High revenues generation 	<ul style="list-style-type: none"> • 3.5 cross-sell ratio in 2010 • Grow 25-30% yearly in consumer loans volume while keeping mortgage as an important product • Ensure being the primary bank of our customers
Optimize the affluent model and further explore micro-business	<ul style="list-style-type: none"> • Highly liquid segments • Deep relationship levels achieved already • High revenues generation 	<ul style="list-style-type: none"> • Keep acquiring clients leveraging on proximity • Increase cross-selling • Keep the conservative risk approach given current environment

2 Millennium 2010 - Focus on SME clients in Corporate

Rationale for focusing on SME clients


- Network of RMs with strong geographical reach
- Mobile sales for customer acquisition with promising results
- Cutting-edge credit platform
- Cross-selling newly developed platform
- Strong product units (e.g., leasing)
- Higher return on a risk-adjusted basis

	Business loans	Asset backed financing (non-real estate)	Simple treasury products
Rationale for focus	<ul style="list-style-type: none"> • Special focus to finance current activity of companies 	<ul style="list-style-type: none"> • For clients in need for medium term financing, leasing is the best option • Factoring to support short term financing 	<ul style="list-style-type: none"> • Basic treasury products sold to customers due to increased market risk • As a result focus on simple products
Objective/target	Total loan growth in SME segment: (yearly) <div style="border: 1px solid black; border-radius: 50%; width: 60px; margin: auto; padding: 5px; text-align: center;">10-15%</div>		Revenue* growth: (yearly) <div style="border: 1px solid black; border-radius: 50%; width: 60px; margin: auto; padding: 5px; text-align: center;">+6%</div>

* FX Income only

3

Millennium 2010 - Higher efficiency and tight cost management

Financial impact in 2009 (PLN mln)  Annualized potential

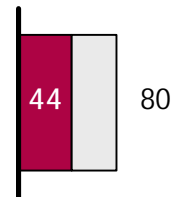
Strategic priorities

Description

3a

Reduce administrative costs

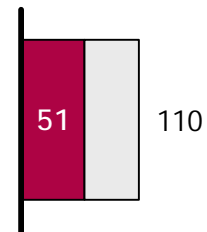
- IT/Telecom: optimizing data volumes and application maintenance
- Real estate/occupancy: re-negotiating maintenance and exploitation costs
- Marketing: limiting advertising campaigns
- Office operations: re-negotiating prices and usage optimization of office material
- Personnel related: optimization of usage of some items (e.g. travel, lodging)



3b

Adjust personnel costs to new strategy and market conditions

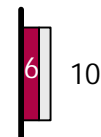
- Reduce cost per employee, namely through adjustments to bonuses
- Align headcount to new production levels



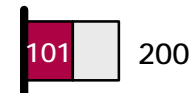
3c

Simplify the Bank and revamp the operating model

- Simplify organization through de-layering and merger of units/teams
- Reduce unnecessary activities
- Consolidate back-offices and revamp productivity through lean manufacturing principles and selective IT enablement
- Improvement of the skill set and motivation of people



Total (PLN mln):



4 Millennium 2010 - Enforce more conservative risk management

Priorities	Description	Rationale
4a Capital and liquidity management	<ul style="list-style-type: none"> • Restrict loan growth to deposits growth • Reduce RWA while optimizing capital usage 	<ul style="list-style-type: none"> • Overall economic slowdown, tightening market conditions and increased volatility
4b Stricter credit risk policies	<ul style="list-style-type: none"> • Enforce more conservative risk management policies, consistent with a lower risk profile of the bank • Increase level of collateralization • Tighten risk criteria 	<ul style="list-style-type: none"> • Increased credit/product risk due to economic slowdown
4c Adjustment of pricing	<ul style="list-style-type: none"> • Pricing of credit and transactions adjusted to a riskier and more demanding environment 	<ul style="list-style-type: none"> • Increased costs of funding, risk and capital
4d Restrict market risk exposure	<ul style="list-style-type: none"> • Simple and shorter term FX products • Simple structured products (100% capital guaranteed) 	<ul style="list-style-type: none"> • Significantly increased market risk due to tough and volatile market conditions

Macroeconomic Overview

Bank Millennium 2008 Results

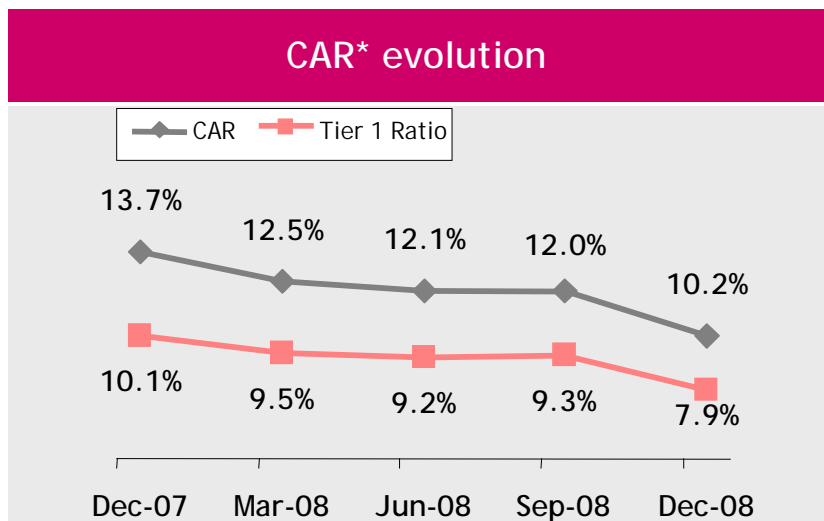
New strategy - Millennium 2010

Profit distribution proposal

Proposal to retain entire profit in Bank's capital

Considering the more difficult market environment resulting from significant slowdown of the economic growth as well as material depreciation of PLN against main foreign currencies, which in practice means increase in the capital requirements, and the need to keep a strong capital base, we recommend to allocate the net profit generated by the Bank in the amount of 496,927,275.92 PLN to the increase of the Bank's reserve capital.

Retaining all of 2008 earnings in Bank's funds will support new strategy - Millennium 2010 - which assumes business increase, particularly in retail and SME segments.



§ Assuming proposed retention of 100% net profit of 2008, total consolidated CAR would remain above 10% and consolidated CAR Tier 1 would stay at 7.9% as the end of 2008.

§ The drop in 4Q was mainly due to the impact from the depreciation of the zloty (1.48 p.p. impact).

* in 2007 according to NBP rules; in 2008 according to NUK standard approach and KNF specific regulations; includes 100% of 2008 net profit

**THANK YOU FOR YOUR
ATTENTION**

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