



Bank Millennium Group

Presentation of 2010 results

General Shareholders Meeting
of Bank Millennium S.A.

31 March 2011

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All data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with the Financial Statement 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. From 1st April 2009, the Bank extended hedge accounting principles to FX swaps. According to the accounting principles the margin from these operations is reflected in Net Interest Income. 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.

Bank Millennium Group 2010 results

Profit distribution proposal

Main financial achievements in 2010

Strong improvement of profitability



Net profit reached PLN 326 million in 2010

**Fast recovery of core income,
especially interest margin**



**Core Income* grew by 33% y/y, of which
net interest income** by 46%;
positive spread on deposits achieved**

Strict control of operating costs



**Costs grew 5.9% in 2010 after 14.2%
reduction in 2009**

**Reduction in cost of risk and
stabilization of quality of loan portfolio**



**Stabilization of Impaired loans ratio below
6%; cost of risk*** dropped from 127 bps to
65 bps y/y**

High solvency ratio and balanced liquidity



**Strong CAR at 14.4% and Loans to
Deposits ratio in a range close to 100%******

Growth of market capitalization



**Market cap. 46% up y/y thanks to the rights
issue and 16% price increase*******

* Net Interest Income + Net Commissions Income

** pro forma

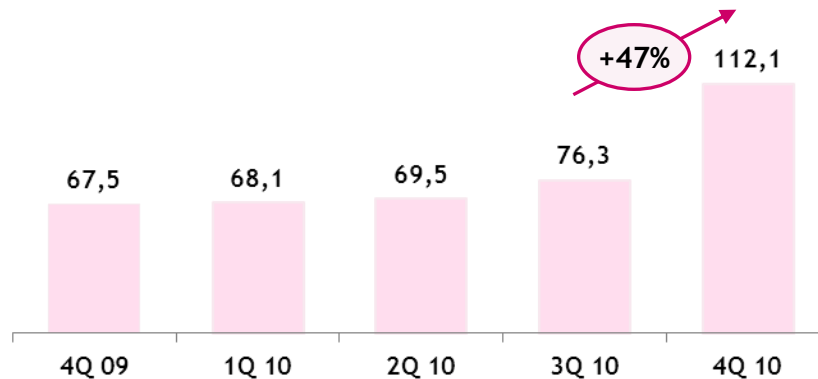
***provisions over average net loans volume

**** own definition adopted

***** to Theoretical Ex-Rights Price

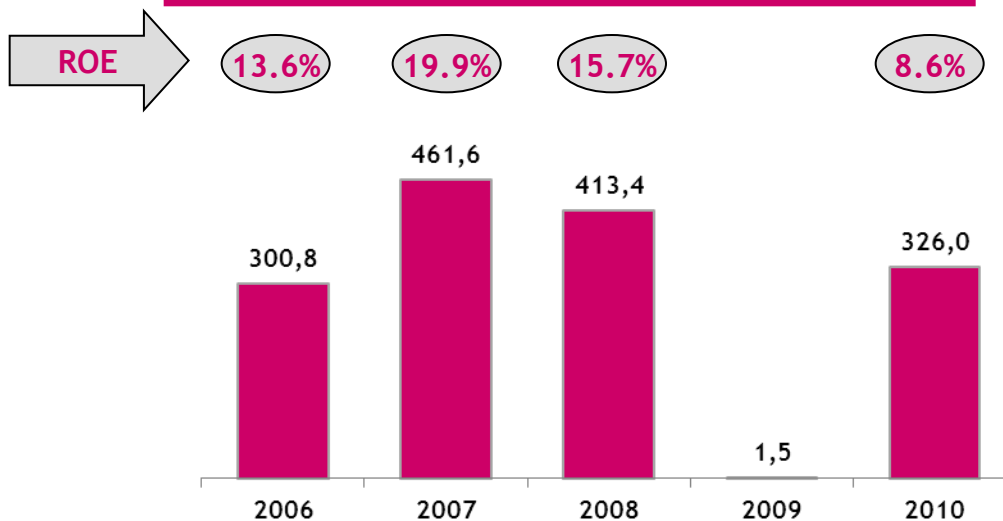
Net profit

Net profit - quarterly evolution (PLN million)



- Net Profit was consistently growing every quarter during 2010, especially strongly in the last quarter of the year ...

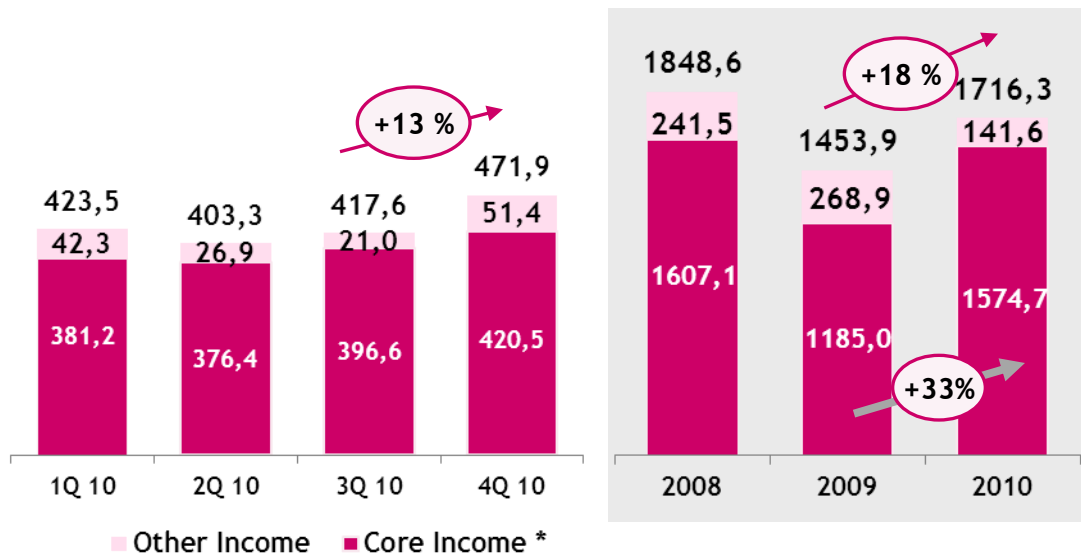
Yearly evolution since 2006 (PLN million)



- ... and was getting closer to the pre-crisis level.

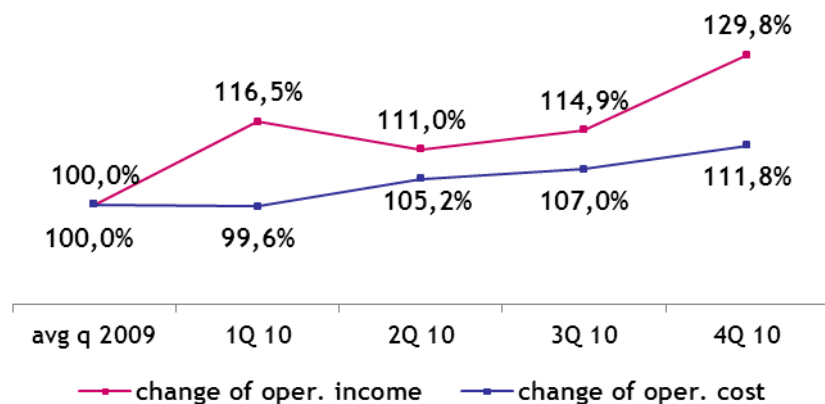
Operating income

Operating Income evolution (PLN million)



- Operating income rose by 18% supported by a strong growth of core income* (+33% y/y) ...

Operating income & cost (% growth versus 2009 average)

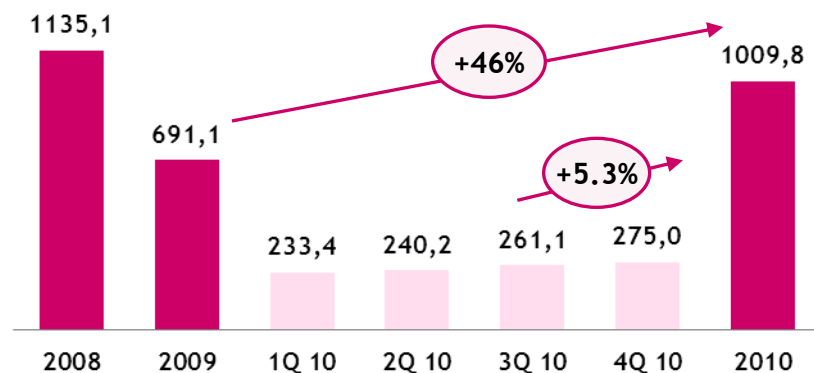


- ... and revenues in 2010 grew much faster than costs

* Net Interest Income + Net Commissions Income

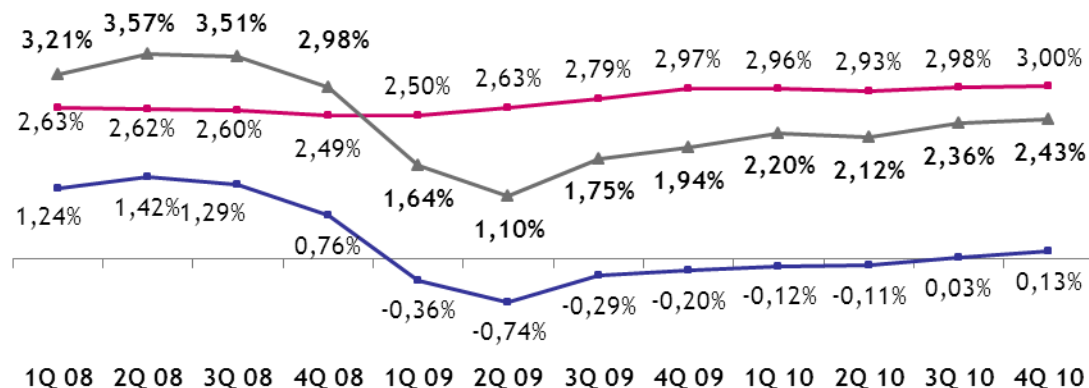
Net Interest Income

Net Interest Income* (PLN million)



- Remarkable rebound in Net Interest Income *

NIM * evolution (quarterly) (%)



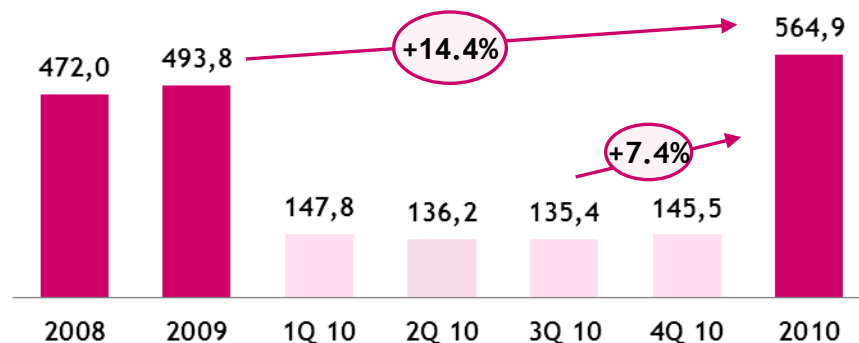
- ... while margin has gradually improved despite strong competition both on loans and deposits products

— Margin on loans — Margin on deposits — Total NIM

* 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 82.3 m in 2010 and PLN 92.6 m in 2009) is presented in Result on Financial Operations.

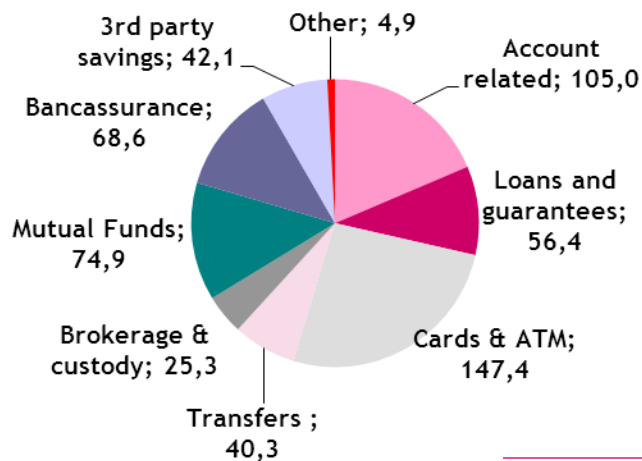
Non-Interest Income

Net Commission Income (PLN million)

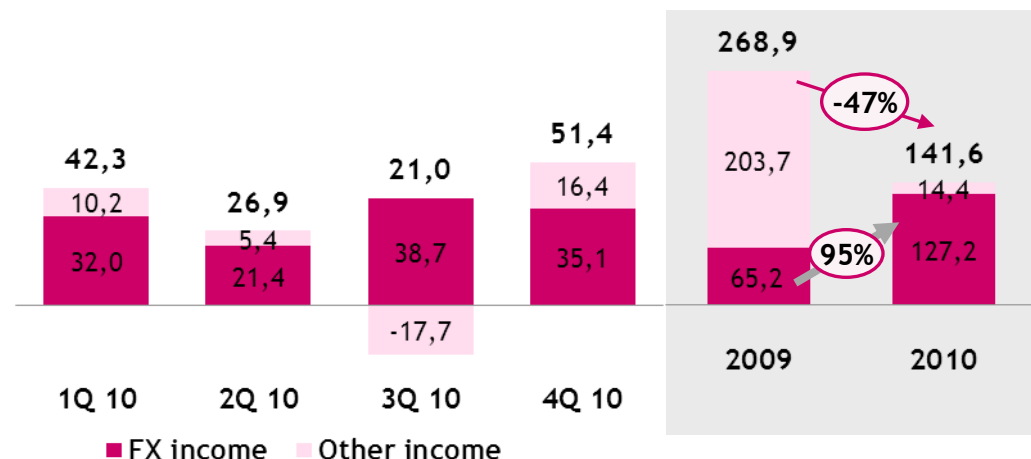


- Good commissions growth in 4Q'10 (+7.4% q/q). Annual growth driven by cards, investment products, loans and account related fees, which more than compensated reduction of fee income from insurance products.

Net Commission breakdown in 2010 (PLN million)



Other non-interest Income* in 2010 (PLN million)

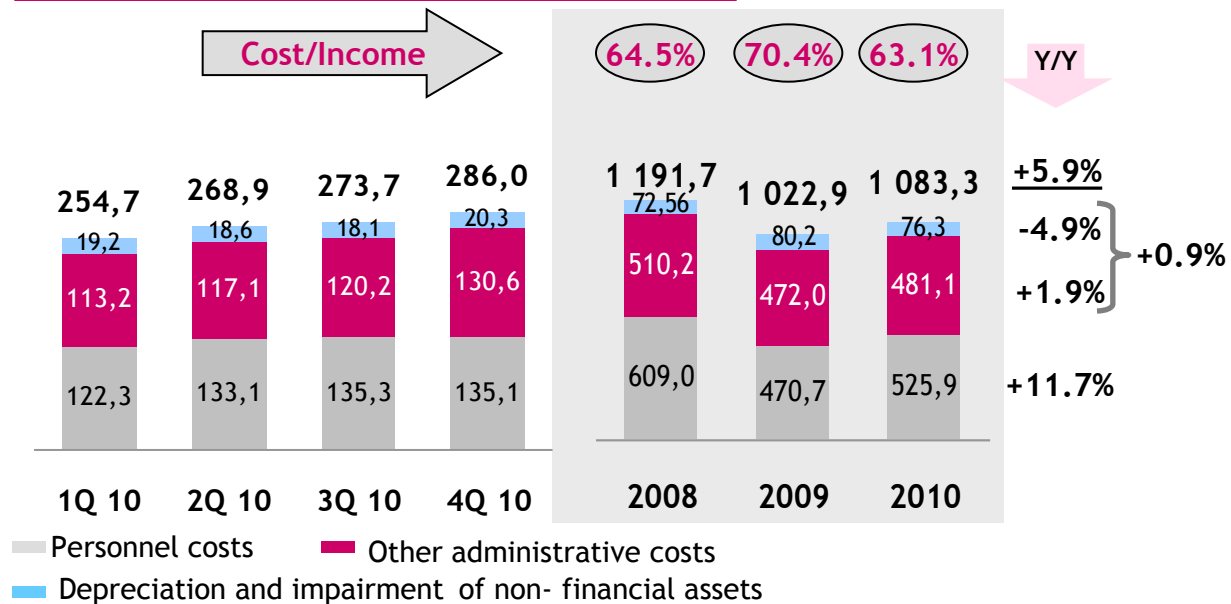


* On pro-forma basis, including FX income, result on financial operations, dividends and other operating income and costs.

Operating costs

Operating Costs

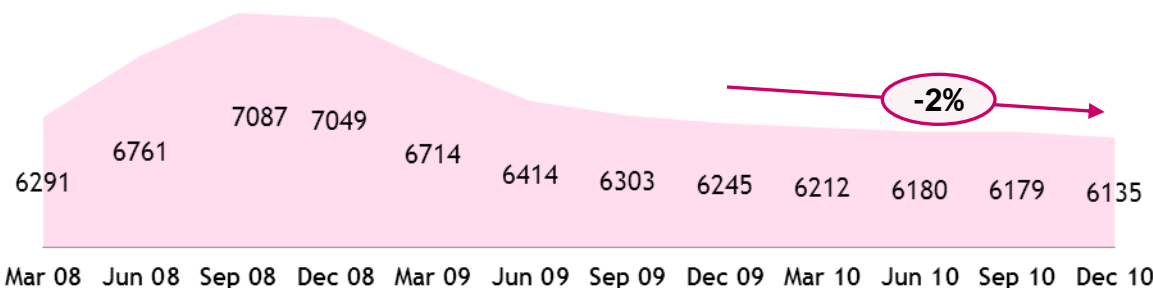
(PLN million)



- The growth of costs was mainly in the variable part of personnel costs and was connected with revenue increase...

Number of employees

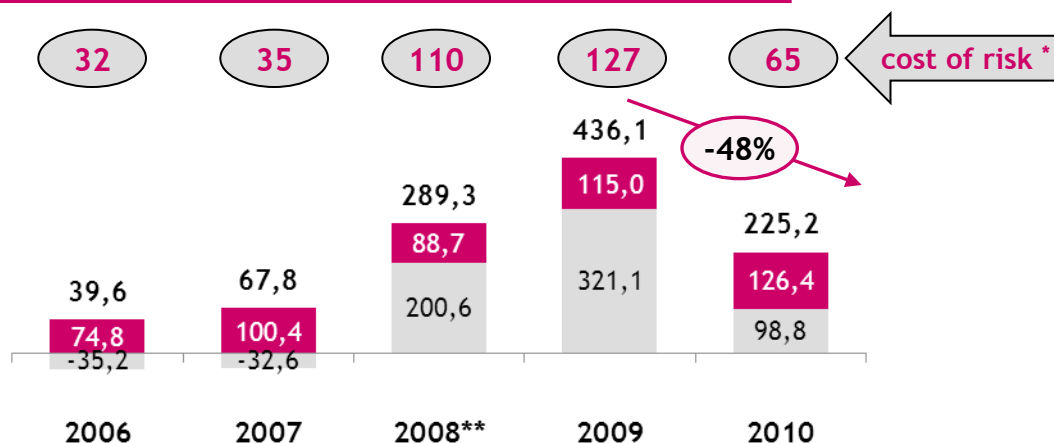
(FTEs)



- ... while administration and depreciation costs were flat in 2010 vs. 2009 (pick up in admin costs in 4Q'10 had a seasonal nature)

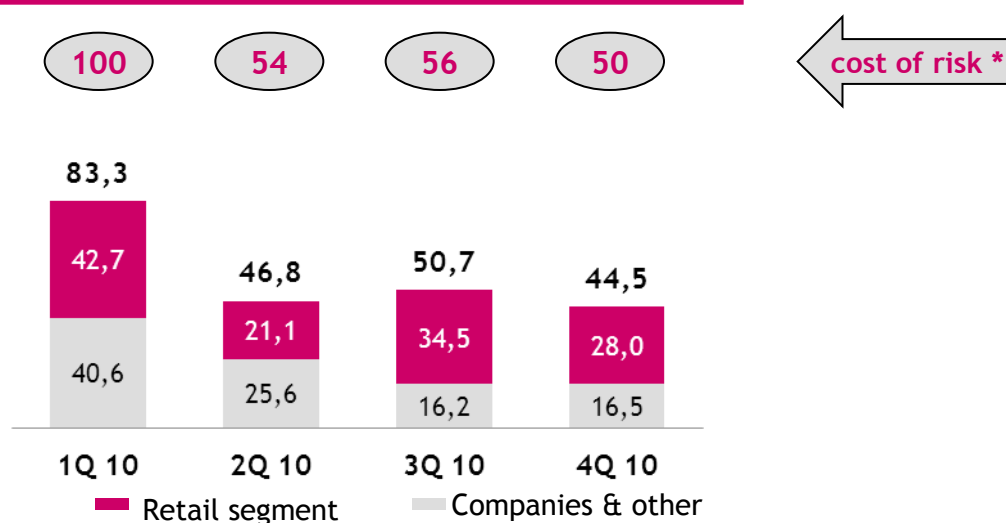
Cost of risk

P&L impairment provisions - annual (PLN million)



- Lower cost of risk by 48% yearly ...

P&L impairment provisions - quarterly (PLN million)



- ... due to significantly lower charges on companies portfolio, while retail portfolio is still generating higher provisions

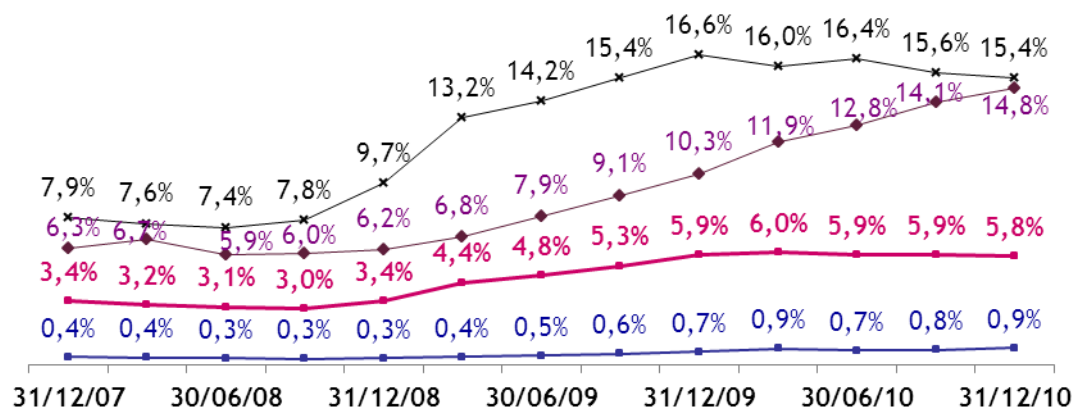
* Cost of risk = impairment charges / average net loans in the period (in bps, annualized).

** including PLN 152 m negative valuation of FX derivative contracts presented in „Income from financial instruments” line.

Asset quality

Impaired loans and coverage ratios

Impaired loans ratio by products [over Total loans]



Coverage ratio *

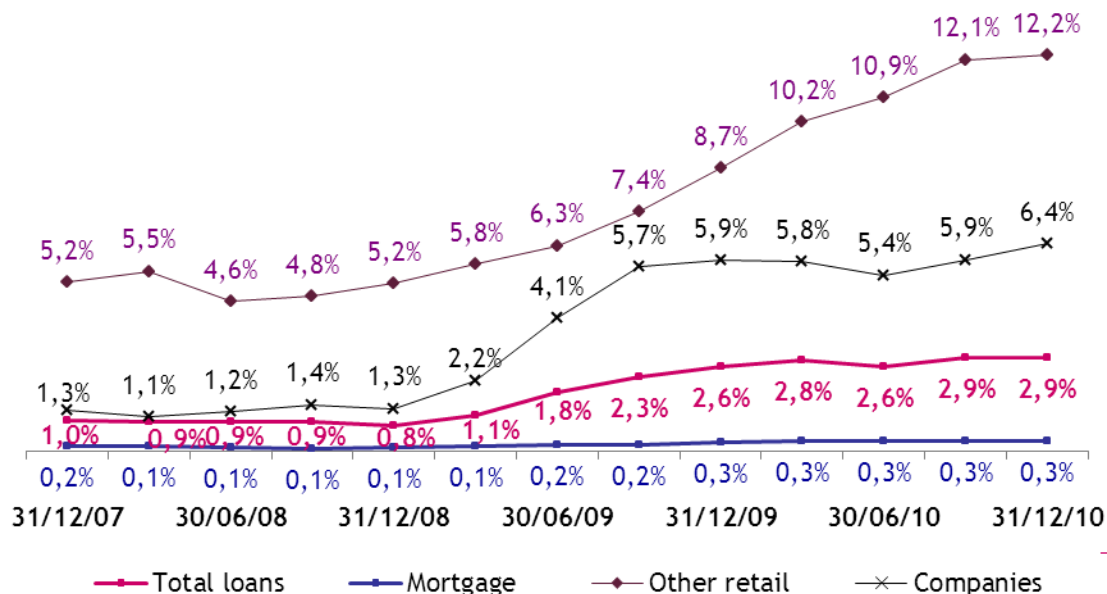
Retail: 74%

Companies: 44%

Total: 54%

- The total impaired loans ratio dropped slightly during 2010 to 5.8% ...

Past-due loans (90 days) ratio by products [over Total loans]



Coverage ratio *

Retail: 110%

Companies: 107%

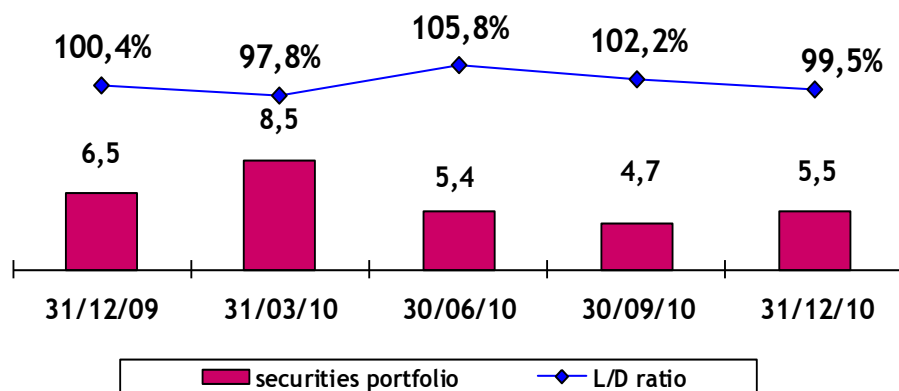
Total: 108%

- ... as improvement in the quality of companies' portfolio was partially offset by deterioration in cash loans and - to a lower extent - in mortgage loans

* Coverage by total provisions (inc IBNR) as at 31.12.2010

Liquidity

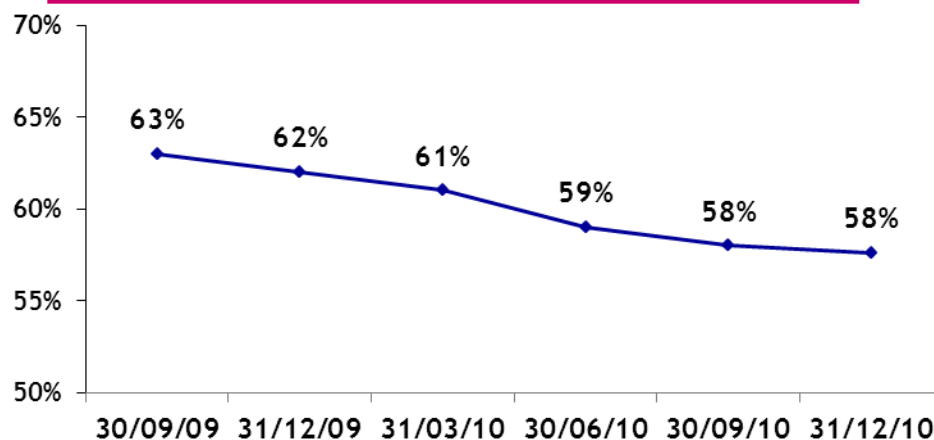
Loans to Deposits * and debt securities (% , PLN billion)



- Loans-to-Deposits ratio remains on the safe level around 100% ...

- ... while the Bank increased its funding base in foreign currency after obtaining in 4Q 2010 new mid-term loans in EUR from EBRD and EIB, amounting to EUR 35 million and EUR 100 million respectively.

Share of FX loans in total loan portfolio

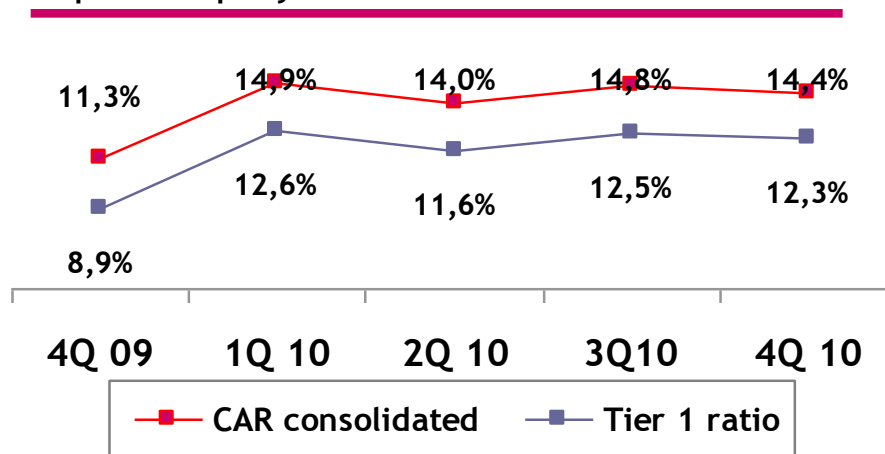


- ... and the share of FX denominated loans in total loan portfolio has been gradually decreasing

* Includes Bank's bonds sold to individuals, repo transaction with customers and securitisation of leasing assets.

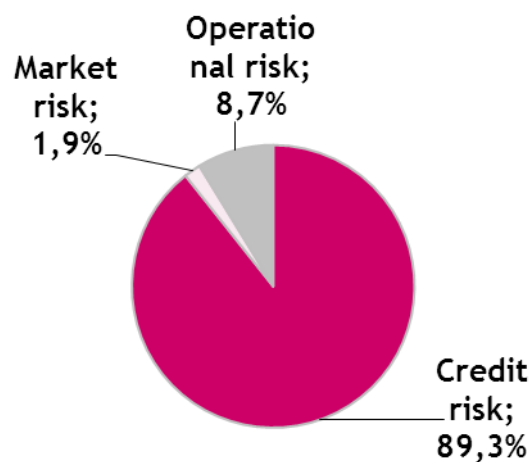
Capital adequacy ratios

Capital adequacy ratios evolution (%)



- Consolidated Capital Adequacy Ratio (CAR) remains on a very strong level of 14.4% and Tier 1 (core equity) of 12.3% ...

Capital requirement split (as on 31/12/2010) (%)



- ... and the Bank has low market risk.

Main business highlights in 2010

Solid growth of deposits and even stronger growth of investment products



Deposits grew 12% y/y and investment products 19% in 2010

Loans growth affected strongly by FX volatility



Total loans grew 10% in 2010 and 2% without FX impact

2012 targets for leasing and factoring are achieved



C.a. 7% market share in new production

Successful shift to SME segment



30% growth in lending to SME

Increasing cross-selling

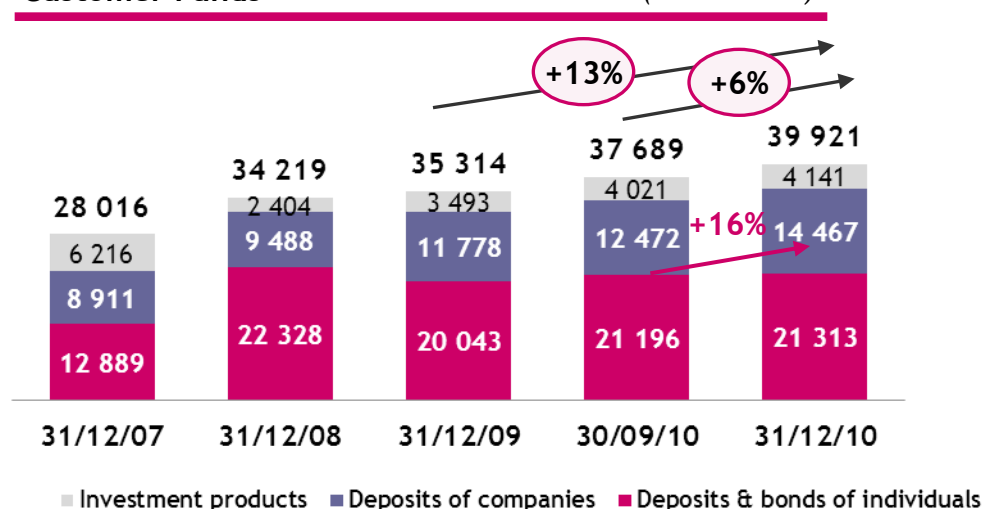


Almost 3.8 million products held by Customers; cross-selling ratio grew to 3.41

Customer funds

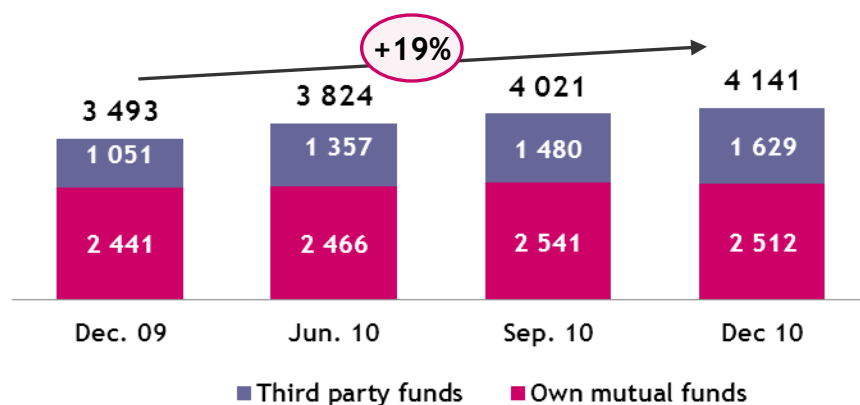
Customer Funds

(PLN million)



Investment products* evolution

(PLN million)



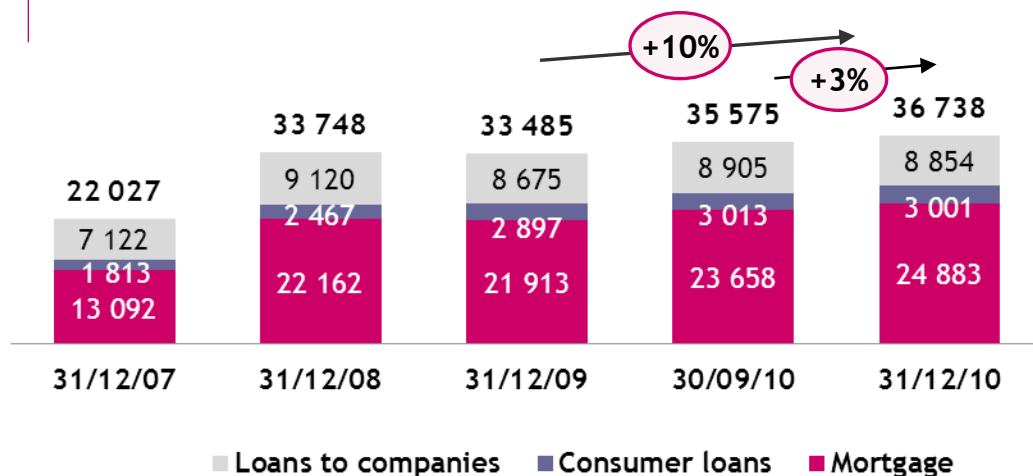
- Total Customer Funds grew by 13% y/y including 12% growth of deposits and 19% growth of other investment products
- Stable quarterly deposit base in retail segment and strong growth in corporate deposits: +16% q/q
- Growth of investment products stronger for 3rd parties saving products

* include 3rd parties mutual funds sold to Millennium Prestige Customers

Loan portfolio

Loan Portfolio (Net)

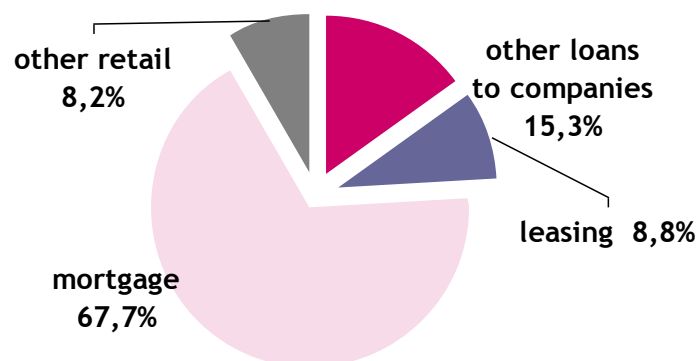
(PLN million)



- Loan portfolio increased by 10% yearly, partially inflated by mortgage CHF portfolio revaluation ...

Loan portfolio structure

(%)

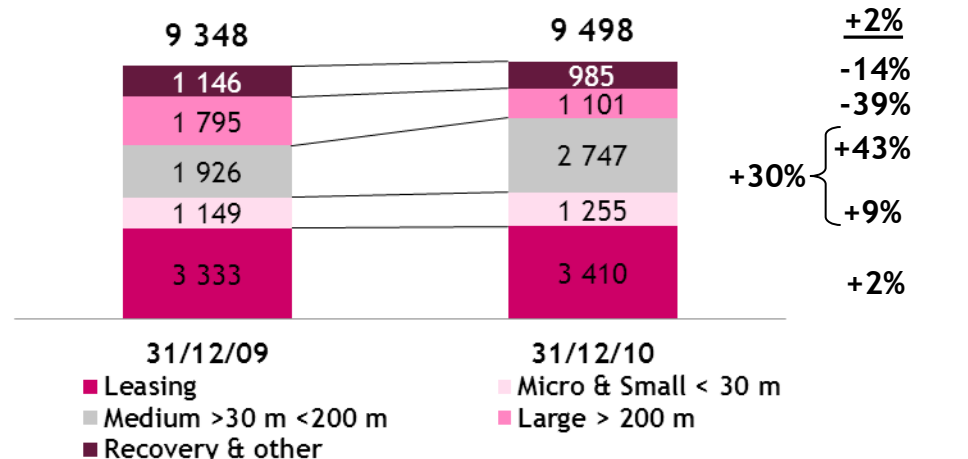


- ... but even without FX effect the total portfolio would grow 2% yearly of which mortgage portfolio by 1% as increasing sale of PLN loans outpaced amortisation of old FX portfolio.

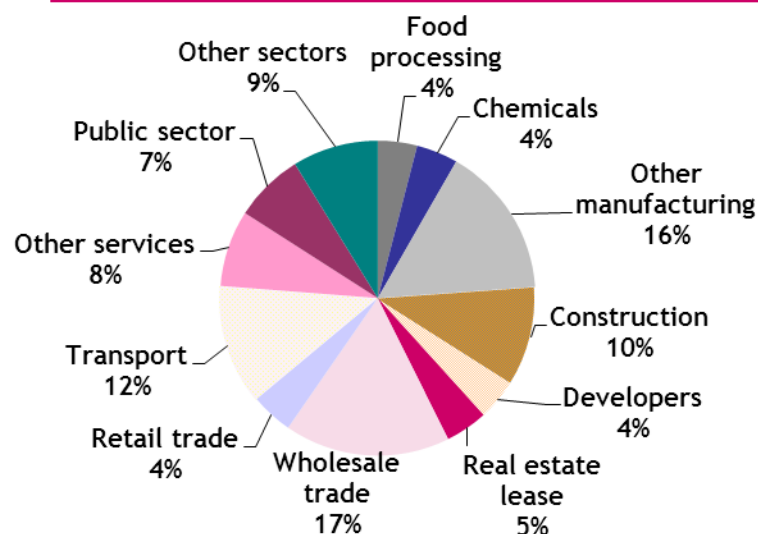
Successful shift to SME segment

Loans to Companies: breakdown by segment (based on annual turnover)

(Gross portfolio, PLN million)



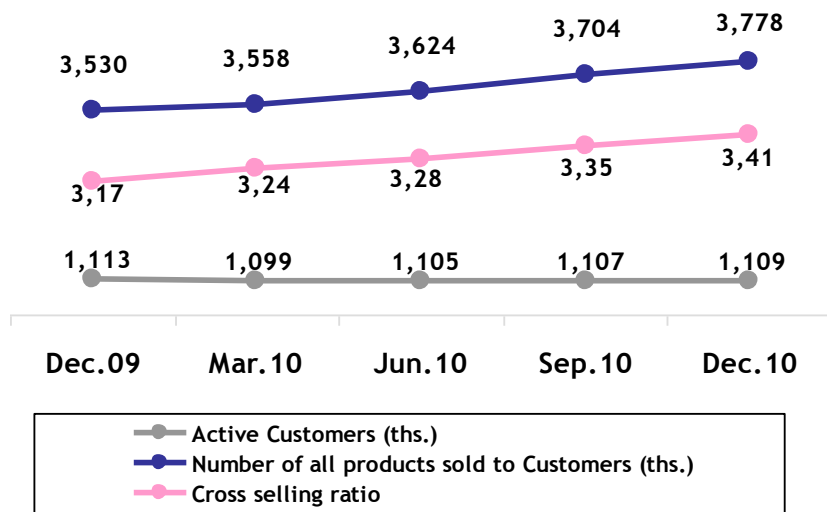
Companies loan portfolio split by sectors (%)



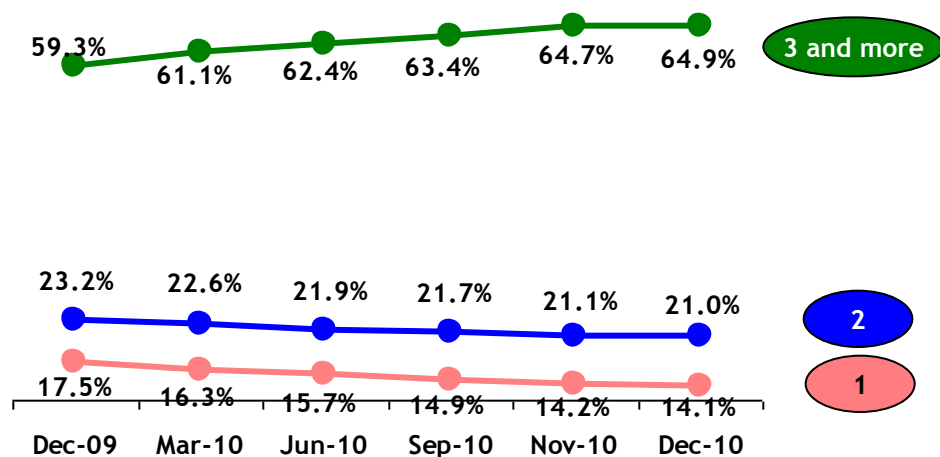
- The strategy of Corporate Banking to focus on small and medium companies, with sales force based on proximity and daily relations with clients brought to successful shift from large exposures to SME loans
- The value of loans granted to small and medium companies increased by 30% y/y on a flat corporate loan market (total loans to companies in Poland grew only 0,7% in 2010).
- The portfolio of loans to large companies (annual turnover above PLN 200 million) decreased by 39% y/y.

Increasing cross-selling

Active retail customers, products & cross-selling



Customers by Number of Products



- Number of Retail Customers was flat due to the controlled leakage that resulted from price adjustments.
- Cross-selling ratio is increasing supported by more products sold and better structure of customers (more customers with banking relationship mainly in Millennium) thanks to:
 - ✓ Initial Sales Training, practical workshop with focus on key cross selling processes
 - ✓ Bonus system and carrier path giving high importance to cross-selling targets achievement.
 - ✓ „Millemaster” regular training program: 159 branches (6784 hours) were trained in 2010; cross-selling on „new-to-bank” customers improved by 46% after training.
 - ✓ „Minerva” program, created to control cross-selling targets realization by each employee.

Bank Millennium results for 2010

Profit distribution proposal

Proposal of Dividend Distribution from 2010 profit

Management Board proposal to submit to shareholders approval

The Management Board is submitting to General Shareholders Meeting, after approval of Supervisory Board, a proposal to distribute PLN 121.3 million as a dividend, which means PLN 0.1 per share.

Key Points For Dividend Decision

- M** Bank Millennium Group registered in 2010 a net profit of PLN 326 million.
- M** Consolidated Capital Adequacy Ratio (CAR) at the end of December 2010 remained at a strong level of 14.4% and Tier 1 (core equity) at 12.3%
- M** The Bank continues to expect acceleration of business growth in the coming years.

Principles of the Dividend Policy

- M** Bank Millennium wants to be a strongly capitalized Bank, simultaneously having a level of regulatory capital that can
 - ✓ support the growth of its business activity which involves risk,
 - ✓ absorb impacts from regulatory changes, and
 - ✓ provide a cushion for potential significant depreciation of the zloty
- M** The Bank would like to resume its stable dividend policy maintained until 2008.

Proposal of Dividend Distribution from 2010 profit (Resolution no. 5)

	Amount In PLN	Share %
Net profit of the Bank	321 042 405	100%
<i>for dividend</i>	121 311 678	38%
<i>for reserve capital</i>	199 730 727	62%
Dividend as % of the consolidated net profit	37%	
Dividend per share (PLN)	0,10	
Dividend yield *	2%	

* Referred to share price of PLN 4,90 as on 31.12.2010, before taxes



**THANK YOU FOR YOUR
ATTENTION**

www.bankmillennium.pl

