Finalist of the best banks rankings

Bank Millennium Group

Results of 2011 Financial Year

General Shareholders Meeting
Bank Millennium S.A.

20 April 2012

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All data presented hereby is based on the audited, consolidated Bank Millennium Group financial data (excluding net profit for distribution, which is presented also for the Bank on non-consolidated level). This data is included in the Financial Statements for the Group and Bank Millennium and was published on 29th February 2012.

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.

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Summary of 2011 year

- Poland had a very positive economic performance in 2011, clearly above initial market expectations, which supported overall improvement of performance of banks, despite international markets turmoil.

- Improvement in the economy translated into better asset quality and much lower cost of risk compared to 2010 and allowed for relevant growth in mortgages and loans to companies.

- Deposit market grew very well, but become increasingly competitive, especially during the fourth quarter, but not comparable to 4Q 2008/1Q 2009 period.

In such environment Bank Millennium Group focused on new customers acquisition, improving quality of service and maintaining good cost control, which led to improvement in profitability and efficiency as well as to a significant growth in number of customers.

Main financial and business highlights of 2011 (1)

The Bank became more profitable and more efficient

- Faster growth of income (10.1% y/y) than cost (3.9% y/y)
- C/I improved to 59.5%
- ROE increased to 11.1%

Improved asset quality and low cost of risk

- Impaired loan ratio decreased to 4.9%
- Past-due 90 days ratio at 2.3%
- Impairment provisions of 45 bps over net loans

Strong capitalisation and strict liquidity management

- Core Tier 1 at 11.4%, total CAR at 13.2%
- Loan to Deposit ratio at 106.8% (influenced by weak PLN)

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Main financial and business highlights of 2011 (2)

Great progress in service quality and perception of innovative products

- Best quality of service (from Newsweek); Service Quality Emblem 2011 (from *jakoscobslugi.pl)*
- Dobre Konto – the best offer in European Public News Trophees.
- Impresja – the best new proposition in Visa Europe Awards 2011 and Master Card World Signia – the best card for affluent clients (by Forbes).

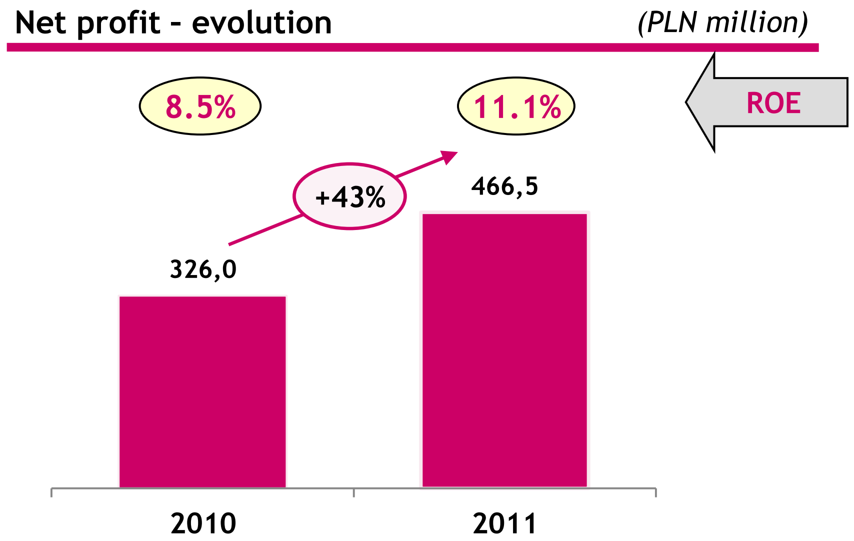
Strong acquisition of clients - building a long term foundation

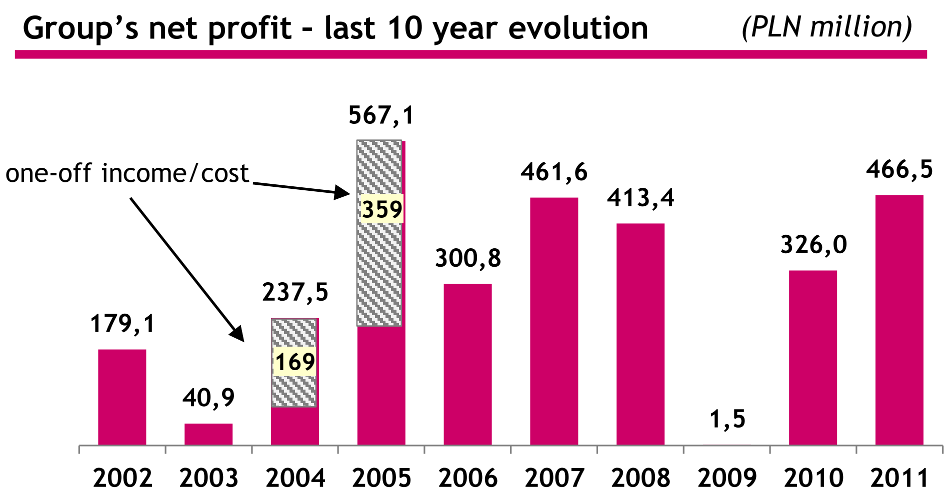
- Over 280 ths new current accounts opened in 2011 including 180 ths of „Dobre Konto" C/A; over 1 million of debit cards used by customers.
- Introduction of Private Banking offer.
- Significant growth of retail deposits (10% y/y).
- 44% growth in gross profit of retail segment

Visible improvement in business with companies

- The best offer for small business (by Forbes).
- 16% yearly growth in loans to companies.
- 20% yearly growth of FX income; more than 1000 users of the new FX platform.
- 60% growth in gross profit of companies segment

Profitability





- Net Profit in 2011 reached PLN 466,5 million – the highest result in the Group's history (excluding one-offs).
- Group's net profit reached a high, 43% increase compare to the previous year (and was higher than the net profit increase for the whole banking sector in Poland: + 37.5%).

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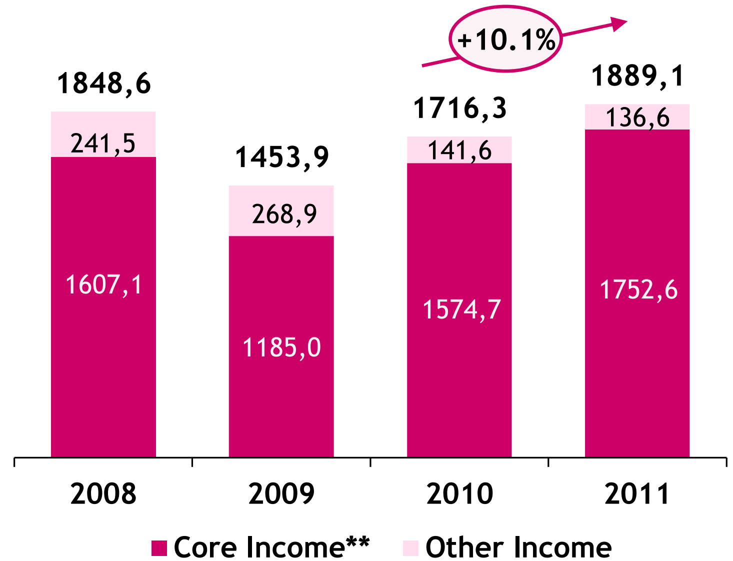
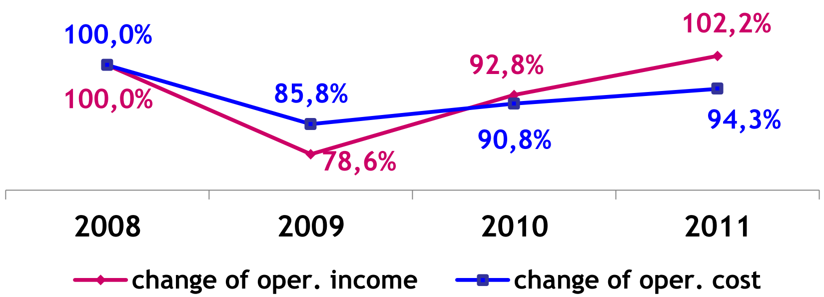
Operating efficiency

Operating Income* - evolution (PLN million)

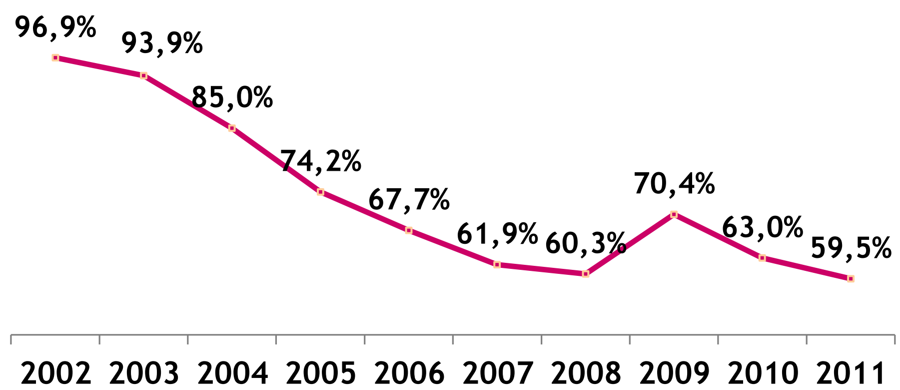


- Total operating income grew by 10% y/y and achieved the record level in the Group's history, higher than 2008 level, while costs were still below 2008 level.
- The growth of operating income was mostly driven by the growth of core income** (+11% y/y).
- The level of cost/ income ratio was the lowest in recent 10 years and reached 59.5% (below the 60% level target).

Operating Income & Cost *(the level of 2008=100%)*



Cost/Income ratio - annual evolution (recurrent***) *(%)*



* Including net other operating income and cost
** Net Interest Income + Net Commissions Income

*** Without extraordinary gains (like sale of PZU shares) and losses (like impairment of FX derivatives done through trading income)

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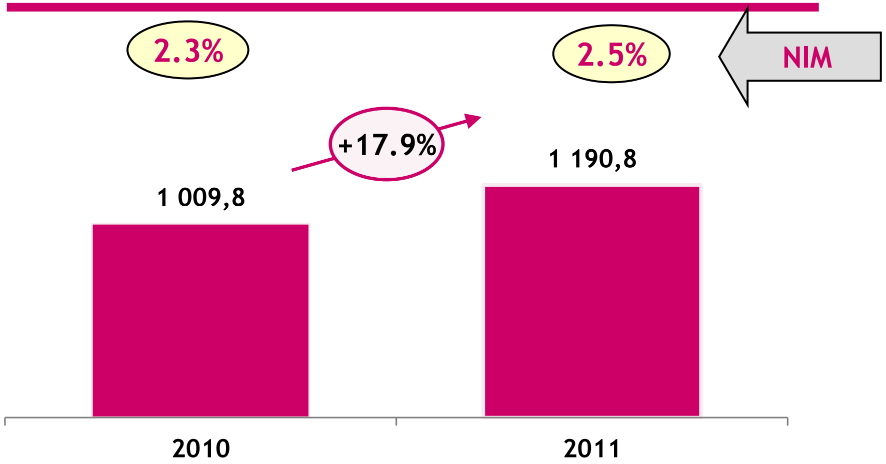
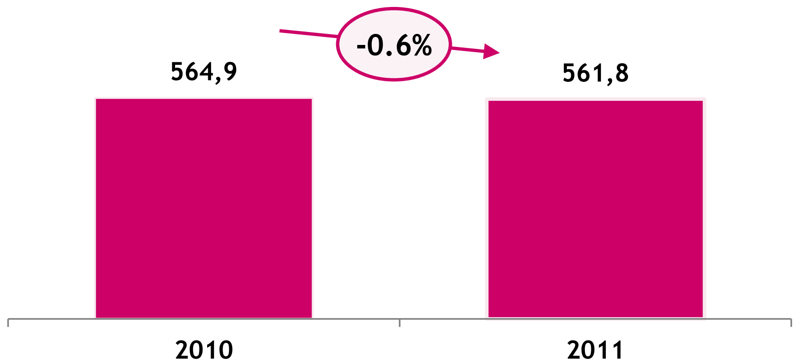
Operating income

Net Interest Income* *(PLN mln)*

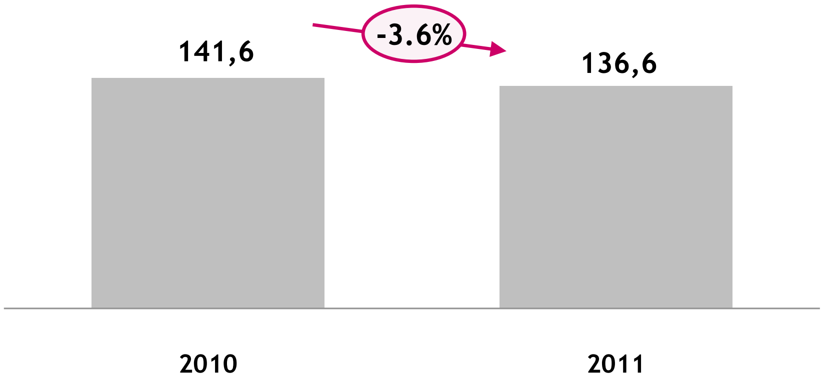


- Net Interest Income* in 2011 reached PLN 1,191 million, a record level in the Group's history, and strongly grew by 18% compared to 2010.
- Net Interest Margin in entire 2011 amounted to 2.5% i.e. 0.2 p.p. higher than in 2010.
- Net Commissions in 2011 reached PLN 562 million and were on similar level as in the previous year.

Net Commission Income *(PLN mln)*

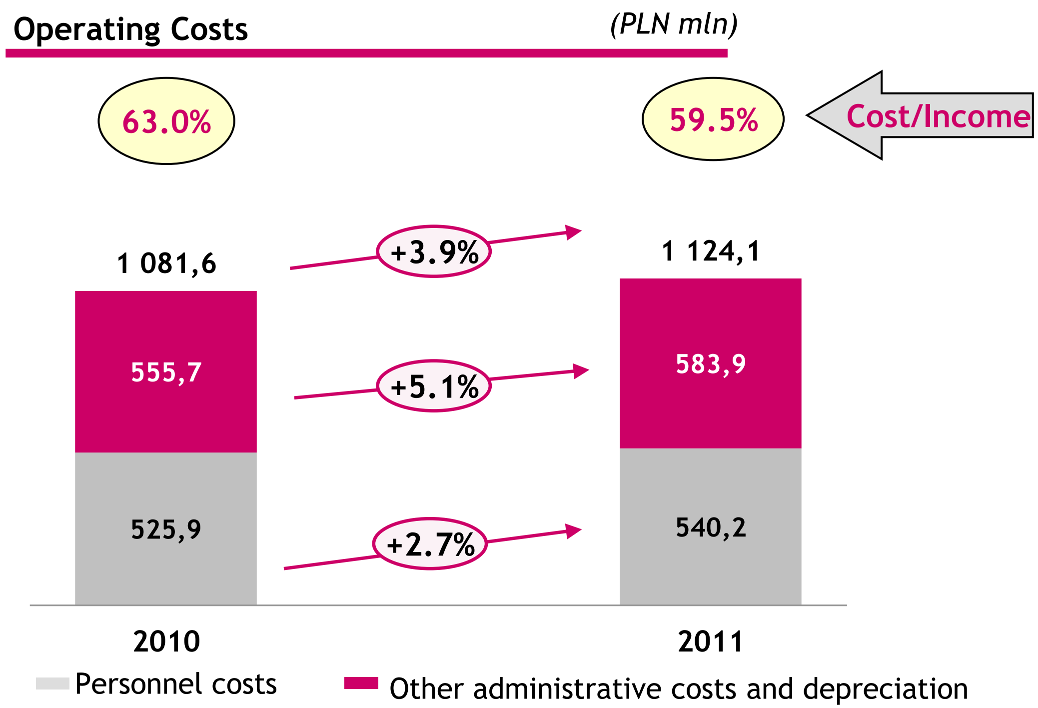


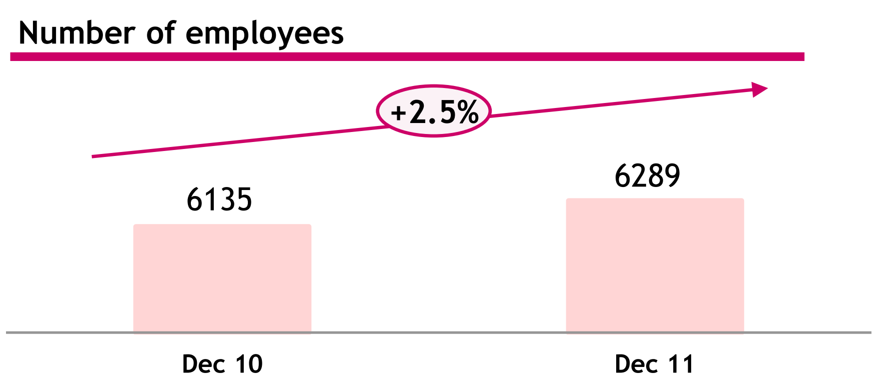
Other non-interest Income* *(PLN mln)*



* 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 48.9 million in 2011 and PLN 82.3 million in 2010) is presented in Result on Financial Operations (part of other interest income).

Operating Costs





- Total costs in 2011 grew by 3.9% yearly and reached PLN 1,124 million, i.e. still lower than in 2008 year. Stable evolution of costs, both personnel and other, during the year reflects good cost control by the Group.
- Personnel costs increased in 2011 only by 2.7% y/y. Total number of employees increased due to recruitment in sales areas.
- Administrative costs (incl. depreciation) grew by 5.1% y/y. Annual cost growth resulted from the increase of charges to Banking Guarantee Fund and FX impact on some cost items.

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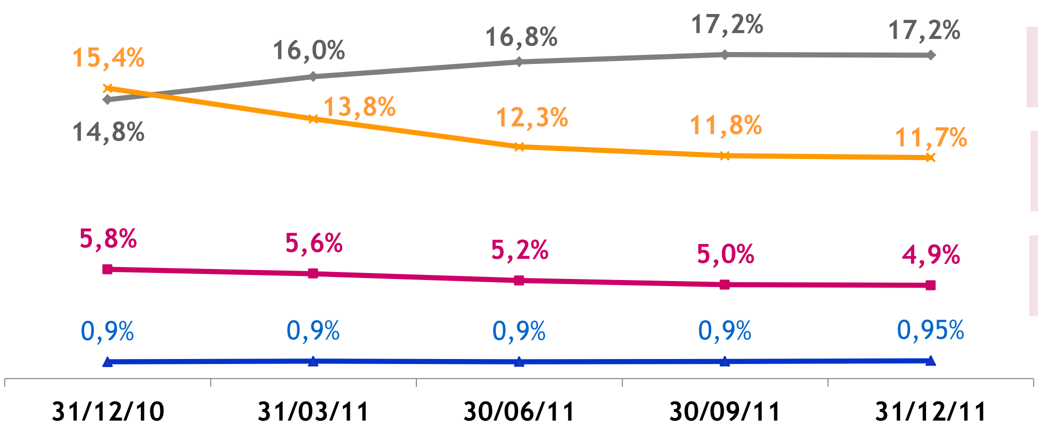
Asset quality ratios

Impaired loans ratio by products [over Total loans]



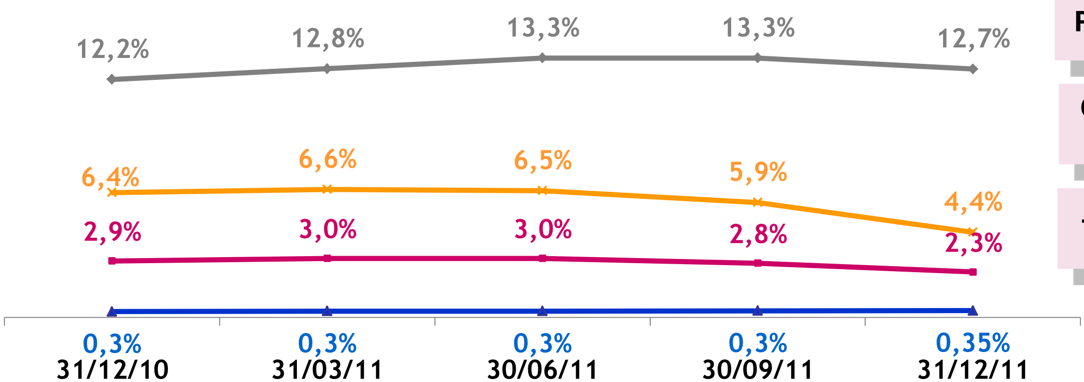
Coverage ratio *

Retail: 71%

Companies: 49%

Total: 58%

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



Coverage ratio *

Retail: 115%

Companies: 132%

Total: 123%

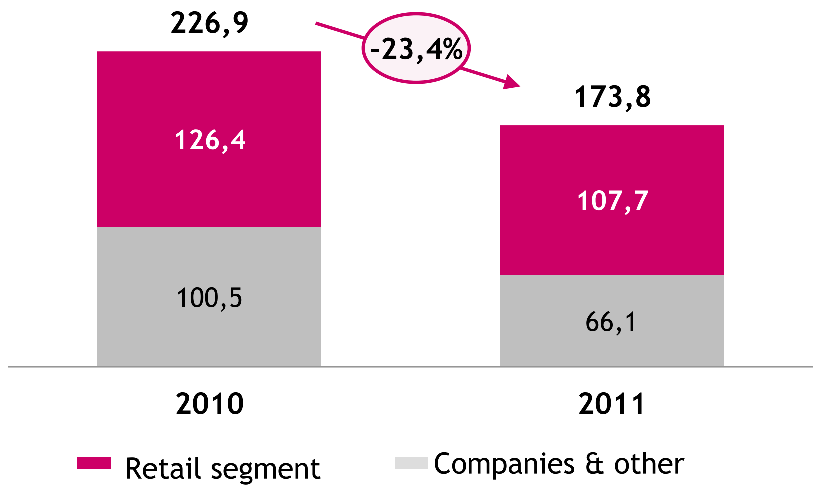
Total loans Mortgage Other retail Companies

- Continued improvement in asset quality: impaired loans ratio at 4,9% (one of the lowest in sector) and past-due 90 days dropped to 2,3%.
- Impaired coverage ratios keep adequate levels; visible improvement of coverage of past-due 90 days exposures to 123%, especially in companies segment

* Coverage of gross impaired and gross past-due 90 days loans by total provisions (including IBNR provisions).

Cost of Risk

P&L impairment provisions *(PLN mln)*



Cost of Risk - over average net loans *(in bps)*

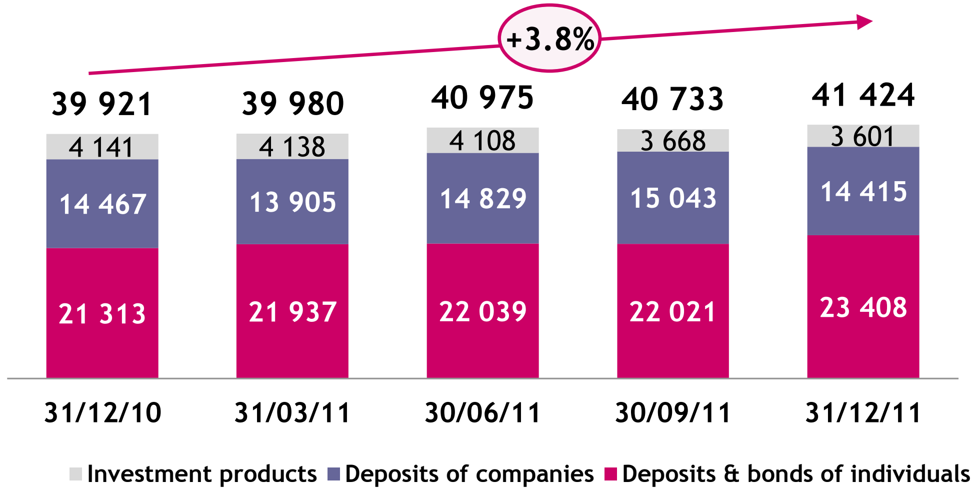
	2010	2011
COMPANIES	112	78
RETAIL	49	34
TOTAL	**65**	**45**

- Total provisions in 2011 were 23% lower than provisions created in 2010. This was possible thanks to a significant improvement in asset quality, especially in companies, and stable, good quality of mortgage portfolio.

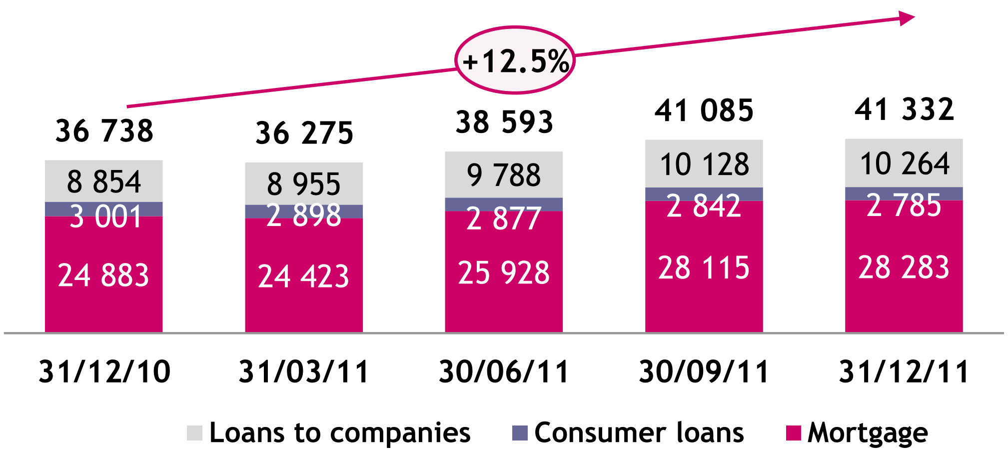
- Average Cost of risk in 2011 (45 bps) stood below initially expected 50 bps over total loans, compared to 65 bps during 2010.

Main business volumes

Customer Funds of the Group *(PLN million)*



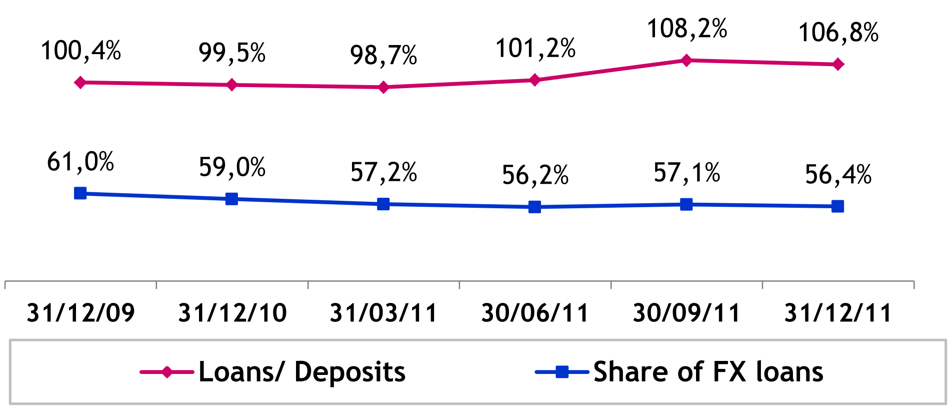
Loan Portfolio of the Group (Net) *(PLN million)*



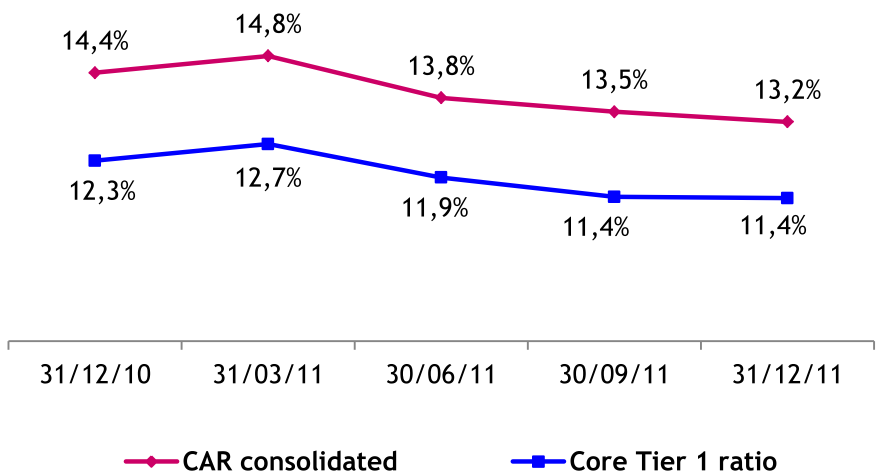
- Total deposits grew 5.7% yearly, of which in retail segment by 10% y/y. Investment products decreased by 13% y/y thus total customer funds grew by 3.8% y/y.
- In quarterly terms, total deposits grew by 2.0% q/q, including strong growth of retail deposits (6.3%) supported by promotion of savings account.
- Without FX effect, the total portfolio would grow 4.3% yearly and 0.3% quarterly.
- Share of FX loans in mortgage portfolio decreased to 76%.

Liquidity and Capital adequacy

Loans to Deposits * and FX loans (%)



Group's Capital Adequacy Ratio (%)



- Loans-to-deposits ratio has been changing during the year due to FX fluctuations, but at the end of the year it did not differ significantly from 100%.
- Share of FX loans in the Group's total loan portfolio decreased during 2011 from 59% to 56%.
- Capital adequacy ratios remain on very comfortable levels: consolidated CAR at 13.2% and Core Tier 1 ratio at 11.4%.

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

Proposal to retain 2011 profit (Resolution no. 5)

Bank Millennium has a dividend policy of distributing 35% to 50% of net profit as dividend.

However, following to the Financial Supervision Commission's (KNF)* recommendation, the Management Board of the Bank is proposing to retain entire 2011 profit to increase reserve capital. This will cause increase of capital adequacy ratios both for the Bank and the Capital Group.

Data as at 31.12.2011

	Bank Millennium Group	Bank Millennium
Net profit (PLN mln)	466.5	415.3
Capital Adequacy Ratio (%)	**13.23**	12.43
Core Tier 1 ratio (%)	**11.41**	10.75

Retain entire profit

Capital Adequacy ratio for the Group	• Increase to the level **14.2 %****
Core Trier 1 ratio for the Group	• Increase to the level **12.3 %****

* Letter form KNF to Bank's CEOs dated 29.12.2011 and published on website www.knf.gov.pl on KNF recommendation regarding dividend payments by the banks.
** pro-forma as at 31.12.2011.

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