



Bank Millennium Group

Presentation of 1st Half 2009 Results

28 July 2009



Disclaimer

Pro-forma data:

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 January 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.

Agenda

Macroeconomic Overview

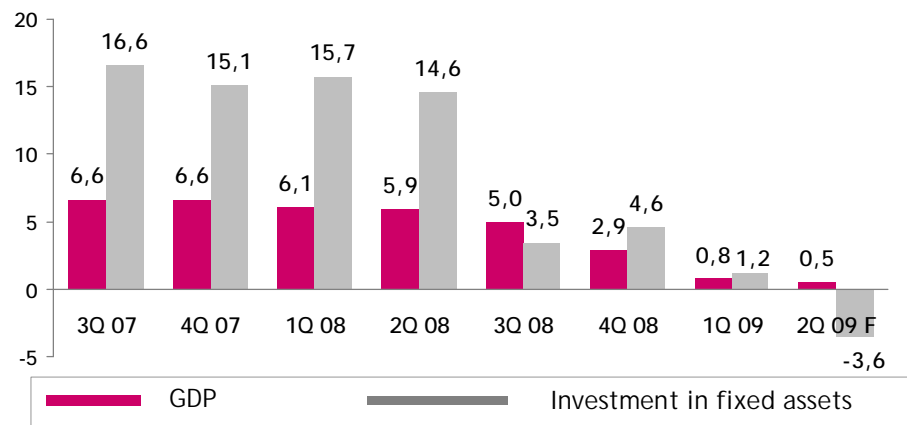
Bank Millennium 1H 2009 Results

Appendixes



Macroeconomic Overview

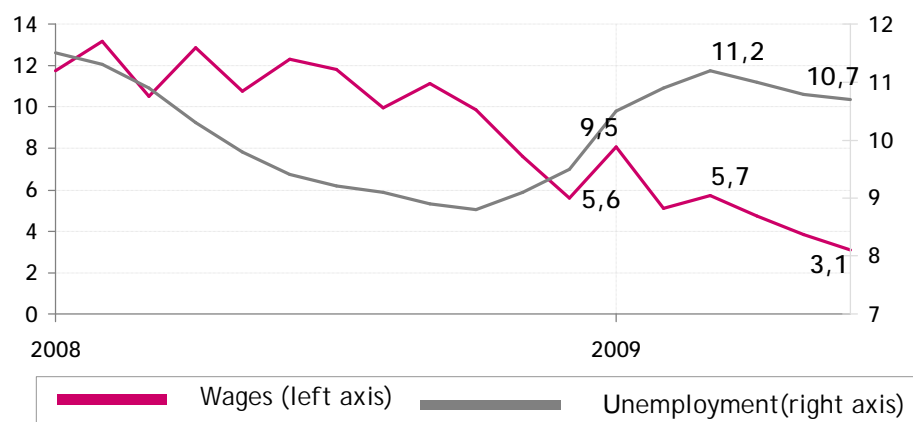
GDP and investment growth [% yoy]



§ GDP growth in Poland continued its downward trend driven by lower domestic demand, especially slower consumption growth and reduction of inventories.

§ Contraction in manufacturing moderated in 2Q which coupled with increase in leading indicators in Poland and EU suggest that deterioration in GDP growth might be not as strong as some pessimistic forecasts predicted few months ago.

Unemployment [%] and wage growth in enterprise sector [% yoy]



§ The data for 2Q suggest that Polish economy might avoid technical recession defined as two consecutive quarters of contraction in annual GDP figures.

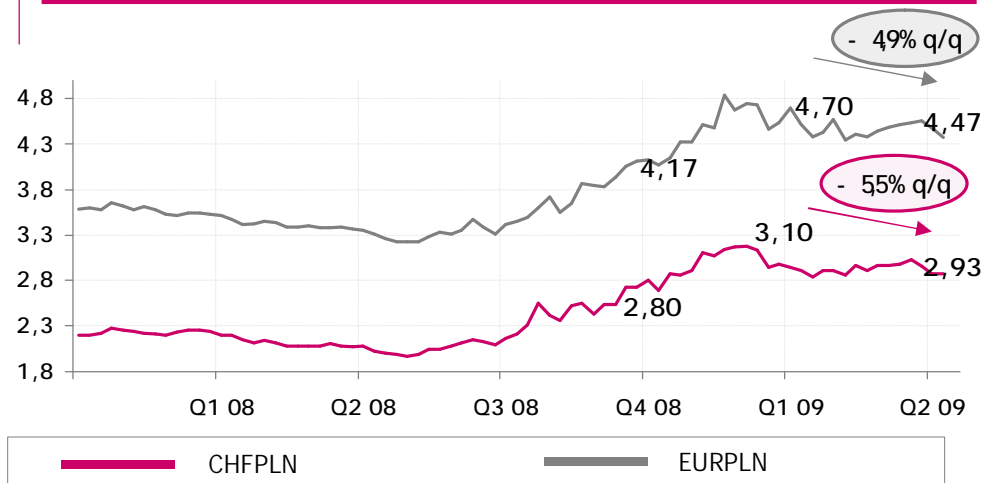
§ Situation in the labour market stabilized in 2Q 2009. However lower unemployment was mostly a seasonal phenomenon. Companies are continuing reduction of employment to adjust their capacity to lower demand.

Source: CSO

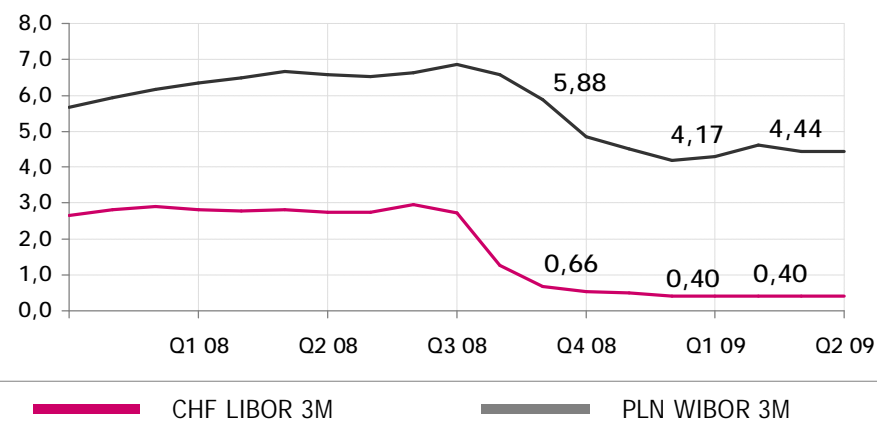
F - forecast

Macroeconomic Overview

Evolution of FX rates [PLN]



Interest rates in CHF and PLN [%]

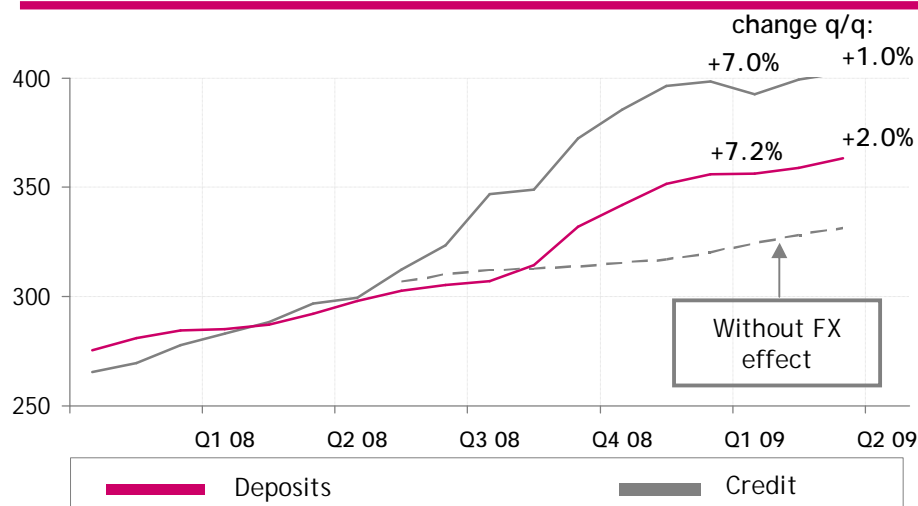


Source: NBP, Ecowin

- § Zloty recovered part of the losses from the beginning of this year as improved sentiment in the region and rebound in equity markets supported emerging markets currencies.
- § Volatility in FX market remains relatively high, but it is going gradually down as compared with the beginning of this year.
- § Polish central bank continued monetary easing not only by interest rate cuts but also by reduction of mandatory reserves which effectively started on June 30th 2009.
- § Spreads on inter-bank market remain at relatively high level despite main interest rates cuts.

Macroeconomic Overview

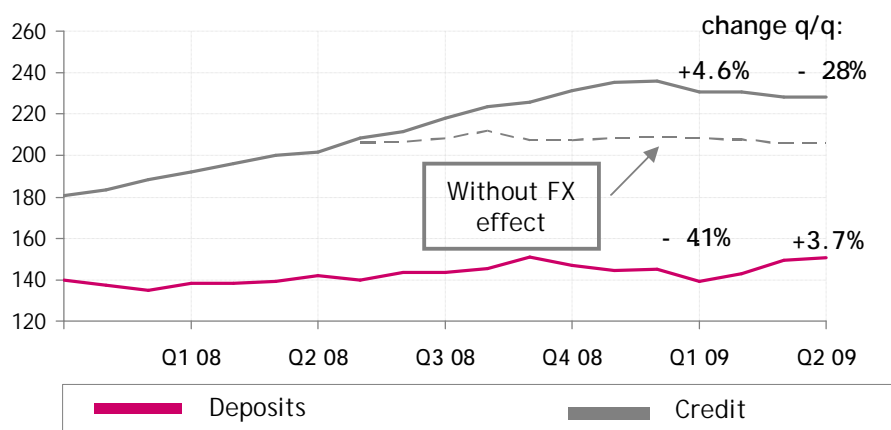
Households [PLN bn]



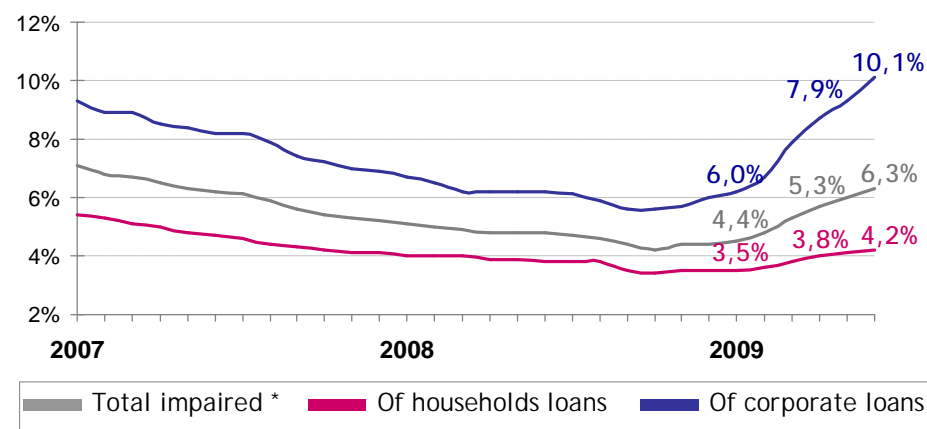
§ Households' deposits are still growing though at a slower pace than in 1Q due to lower interest rates and slower growth of households' income. Loans dynamics moderated on the back of stronger zloty and lower demand for credit.

§ Impaired loans ratio started to grow since its historical low level in Oct. 2008. Recent economic slowdown affected quality of corporate portfolio the most, while households' portfolio remains relatively sound.

Non-financial corporations [PLN bn]



Evolution of impaired* loans ratio [% of total loans]



Source: Reuters, Ecowin, NBP

* According to NBP classification



Macroeconomic Overview

Main economic factors influencing banking activity in the 2nd quarter 2009

§ Continuation of economic slowdown in Poland, now more visible in domestic demand

§ Further reduction of employment, temporarily stopped due to typical seasonality, still without visible effect on retail loans portfolio quality

§ Lower sales revenues and payment gridlocks translated into deterioration of financial standing of some companies, thus causing higher impairment of loans

§ Still strong competition on deposits, although with some signs of easing

§ Deceleration in monetary aggregates growth causing higher competition between banks for the same volume of deposits/loans

Agenda

Macroeconomic Overview

Bank Millennium 1H 2009 Results

Appendixes



Millennium 2010 - New strategy implementation

*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**
484 branches (4th largest network in Poland), cross-selling ratio at **3.07**
Retail deposits market share: **6.6%**
Mortgage loans market share: **11.0%**
Payments card usage market share: **8.7%***

2 To focus on **SME** in corporate segment
SME Customers' funds grew **43%** y/y
SME (including micro-business) made already **44%** in all deposits and **36%** share in all loans to companies

3 Achieve higher **efficiency** and tight **cost** management
75% of a yearly costs savings of PLN 101 million planned for 2009 already achieved

4 Enforce more **conservative risk** management
Impaired loans ratio of **4.8%** much below market average of 6.3%

* Market share in March

Main highlights of 1H 2009 results

Volumes in PLN million

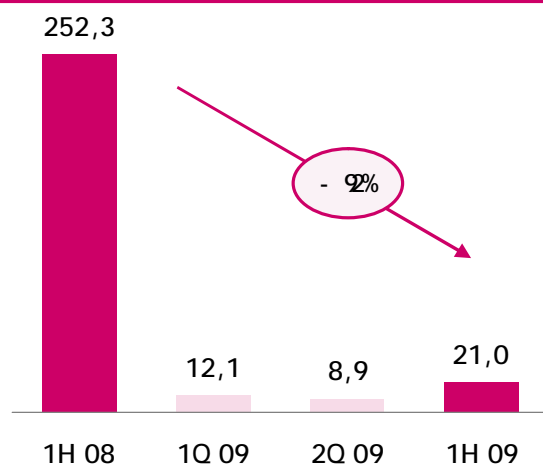
	1H 2009	1H 2008	Change y/y	Change q/q
Total deposits *	33 137	25 699	+28.9%	+1.8%
Total loans	34 908	25 209	+38.5%	-3.7%
Loans to deposits **	101.9%	96.6%	+5.3 p.p.	-7.5 p.p.
Net profit	21.0	252.3	-92%	-26.1%
Total operating income	720.6	930.2	-22.5%	-20.0%
Total operating costs	519.8	575.2	-9.6%	+1.7%
Cost to income ratio	72.1%	61.8%	+10.3 p.p.	+7.7 p.p.
ROE	1.5%	19.9%	-18.4 p.p.	-0.2 p.p.
Solvency ratio	11.2%	12.1%	-0.9 p.p.	+0.8 p.p.

* Including retail bonds.

** Including retail bonds, repo transaction with customers and securitisation of leasing assets.

Net profit and total operating income/costs

Net profit (PLN million)



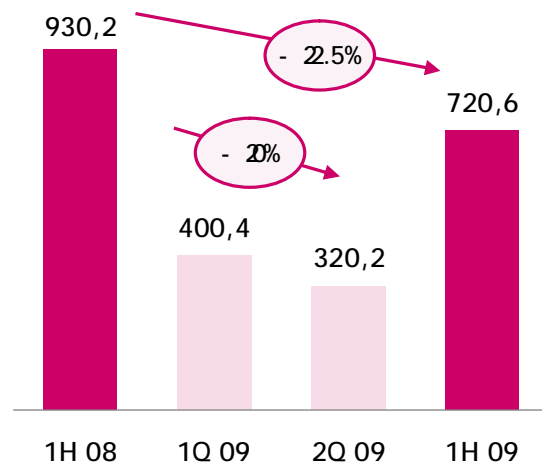
§ Net profit for 1H 2009 was influenced by:

- continuation of the price „war“ on deposits and high cost of FX swaps used to fund part of the loan portfolio denominated in foreign currency
- further achievements in cost reduction
- stabilization of provisioning effort

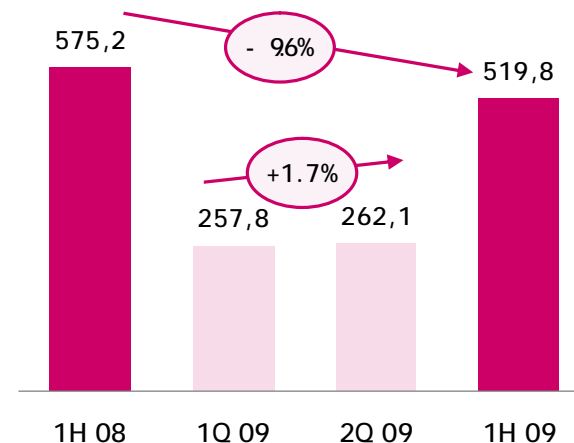
§ The Bank achieved a cost reduction by 10% in 1H 2009 compared to 1H 2008.

§ Operating income decreased by 23%, mainly due to much lower net interest income

Total operating income (PLN million)

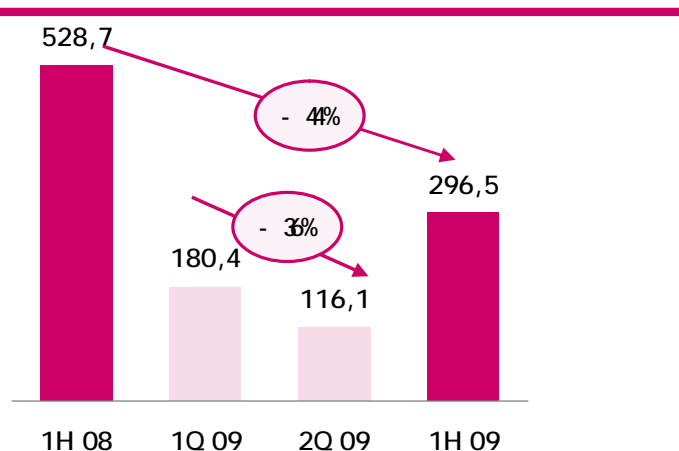


Total operating costs (PLN million)

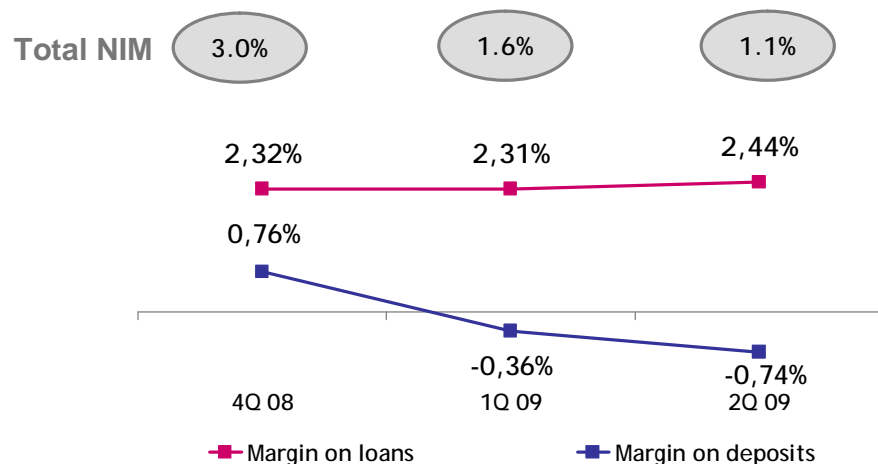


Net interest income - the worst seems to be over

Net Interest Income* (PLN million)



NIM * evolution (quarterly) (%)



§ Deposit „war” on the Polish market resulted in deterioration of Bank Millennium deposit spreads to -0.74%. However in June it was already visible a recovery of the spread, which increased to -0.6% from -0.8% in previous months as a result of price adjustments and withdrawal from very expensive short-term corporate deposits.

§ Average cost of funding in foreign currency grew during 2Q, although current market prices are already lower than at the peak observed between November and February.

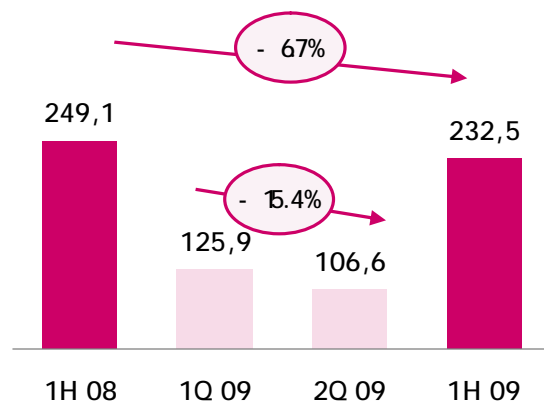
§ As a result of the above mentioned tendencies, Net Interest Margin decreased during 2Q 09 to 1.1% and Net Interest Income decreased by 36% vs. the previous quarter.

* 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 83.7 m in 1H 09 and PLN 68.5 m in 1H 08) is presented in Result on Financial Operations.

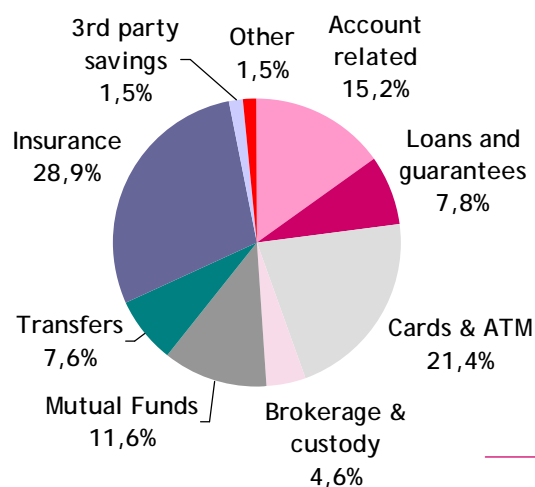
Since 2009 new methodology applied which transferred FX impact on accrued interests from Net Interest Income to FX gains (also in comparable data)

Net Commissions income and other income

Net Commission Income (PLN million)



Net Commission breakdown - 1H'09 (%)



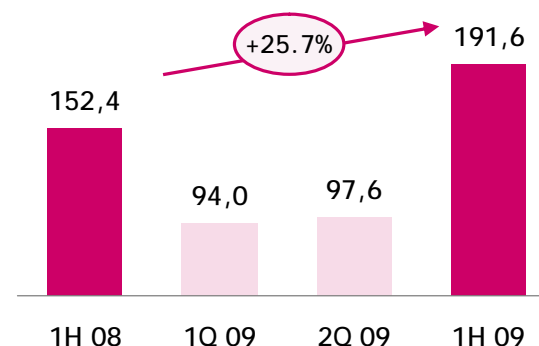
§ Net Commissions in 1H 09 decreased only 7% compared to quite good 1H 08, mainly due to drop of commissions from investment products and brokerage.

§ The quarterly commissions are on similar level as in the previous quarters except for 1Q'09 in which they were higher due to bancassurance.

§ Trading and other operating income (including FX, result on financial operations and dividends) **grew** by 26% y/y supported by better result on the Bank's fixed income portfolio.

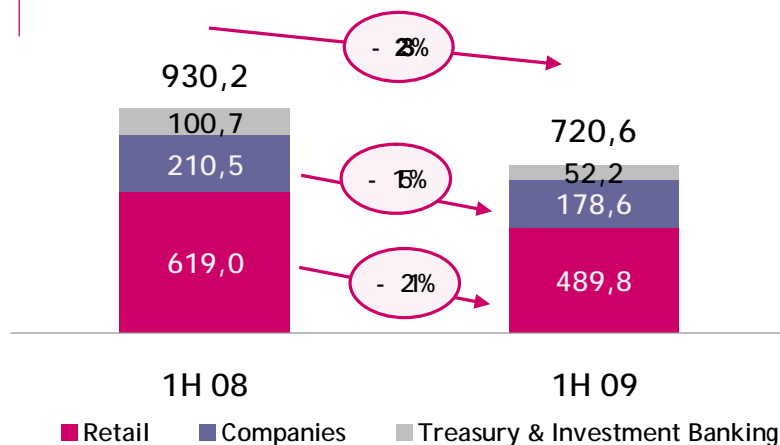
§ The compound impact of FX derivatives on trading income (including Result on financial operations and FX income) was not material in 1H 09.

FX, financial operations and other (PLN million)



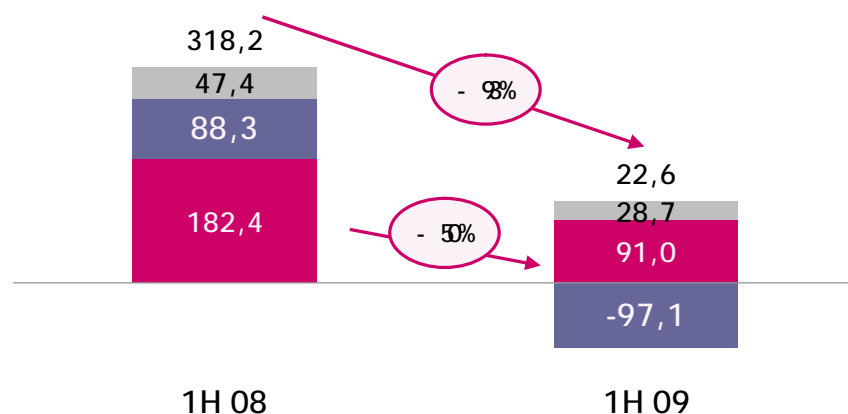
Retail and Corporate segments

Operating income by segment (PLN million)



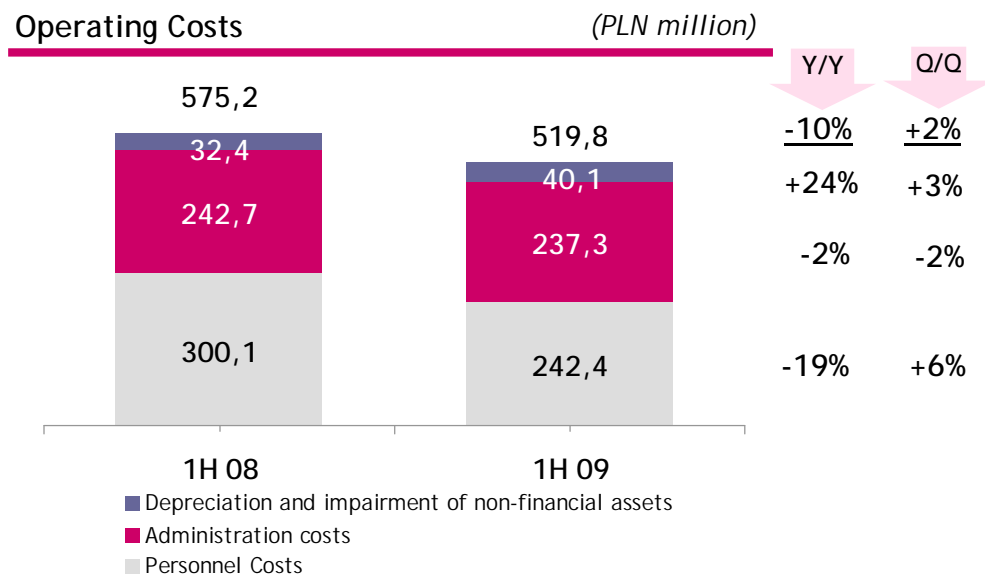
§ Total operating income in retail area dropped 21% yearly due to deterioration in retail deposit spreads and less FX results from mortgage lending. Operating income in corporate business dropped 15% versus previous year.

Pre-tax income by segment (PLN million)



§ Higher net provisions, mostly impacting corporate segment (new impaired cases and provisions for FX derivatives contracts) caused negative pre-tax income in corporate banking area. Pre-tax income in retail business also dropped as lower operating income could not be compensated by lower operating costs.

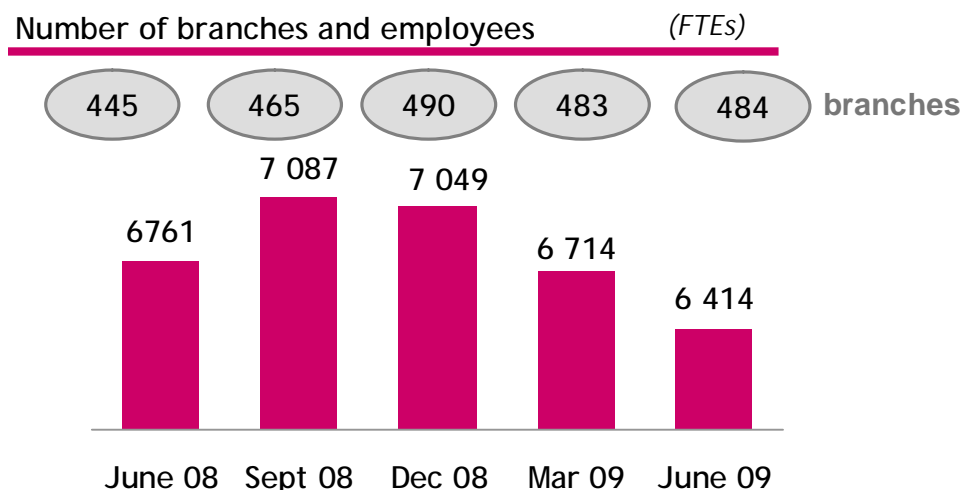
Operating costs



§ Total costs decreased by 10% or PLN 55 million compared to 1H'08.

§ 75% of a yearly costs savings of PLN 101 million planned for 2009 already achieved.

§ The most visible was the decrease of staff costs, i.e. by 19%. These savings will be sustained mainly as a consequence of the lower number of employees and changes in bonuses.

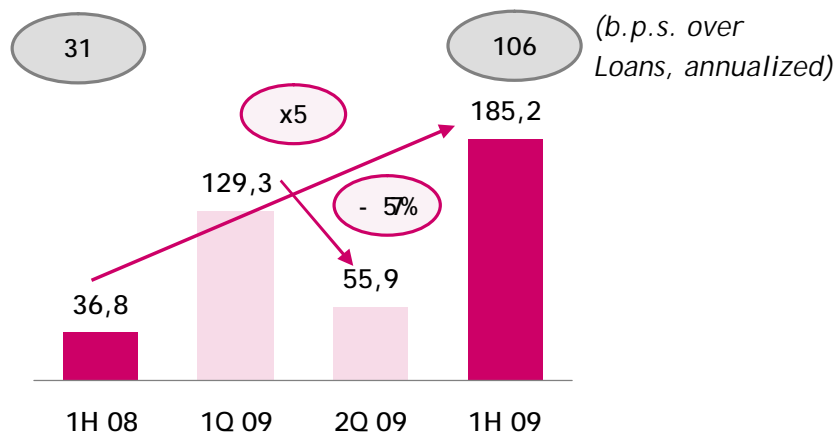


§ Stable administrative costs y/y despite much bigger branch network, thanks to cost saving initiatives mainly driven by lower marketing costs, buildings & car fleet maintenance and business trips.

§ Number of employees during 1H09 decreased by 635 FTE.

Impairment provisions

P&L provisions created (PLN million)



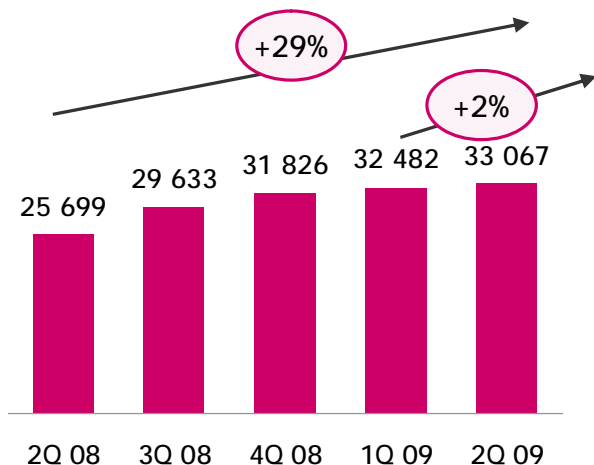
Created provisions per client group (PLN million)

Segment	1H 2009		
	PLN million	in relation to avg loans (bps)	structure(%)
Individuals	7.3	6	4%
Companies	177.9	360	96%
TOTAL	185.2	106	100%

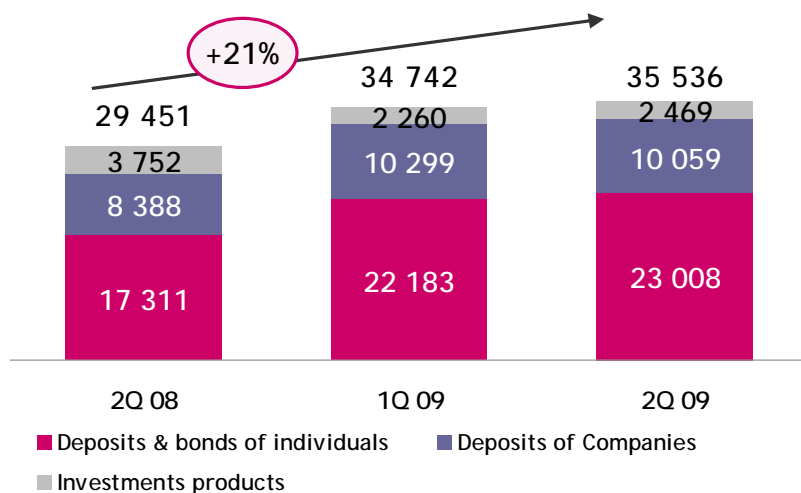
- § Provisions for credit risk created in 2Q'09 were lower than in 1Q'09 (-57% q/q) due to lower increase of impaired loans.
- § Total provisioning effort for 1H'09 (including FX derivatives) represents 106 b.p. over total loans (annualised).
- § New provisions for retail in 1H'09 amounted to PLN 7.3 m as some generic (IBNR) provisions were reallocated to specific impaired cases during 2Q'09.
- § As regards problem of FX derivatives contracts, risk continued to be reduced and provisions were created as part of overall impairment charges for companies exposure.

Customers funds

Deposits* growth by quarters (PLN million)



Customer Funds (PLN million)



* Includes Bank's bonds sold to individuals

§ The Bank keeps high annual deposits growth of 29% although decelerating when compared to previous quarter. On a quarterly basis the growth was 1.8% (similar to the whole market growth).

§ Apart from general market trends, decelerating growth in deposits resulted also from adjustments in the Bank's pricing policy in order to minimise the negative consequence of „price war“ on term deposits.

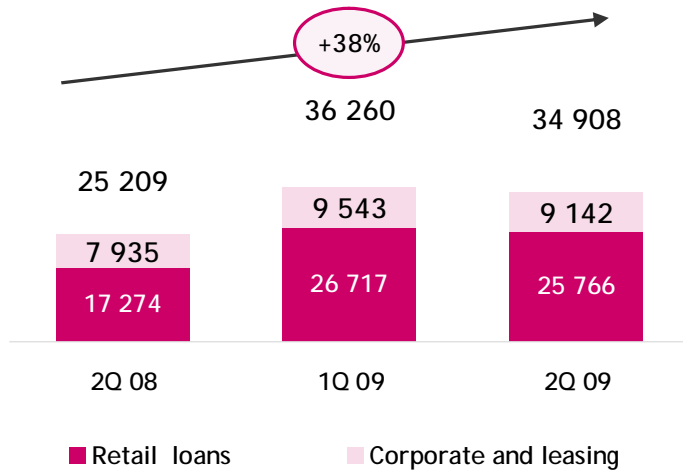
§ Retail deposits grew 33% y/y and corporate deposits grew 20% y/y. On quarterly basis the growth rates were +4% and -2% respectively.

§ SMEs make for 44% of total companies deposits.

§ Total Customer Funds increased by 21% y/y. Off-balance investment products dropped by 34% y/y but already grew in 2Q'09 (by PLN 209 million).

Loans

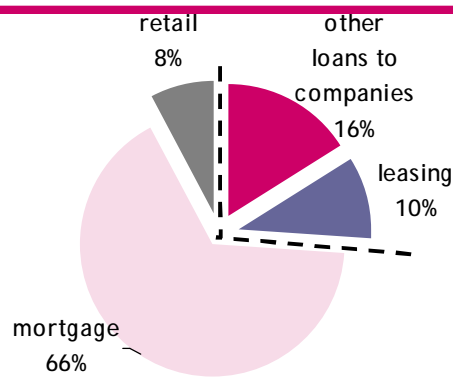
Loan Portfolio (Net) (PLN million)



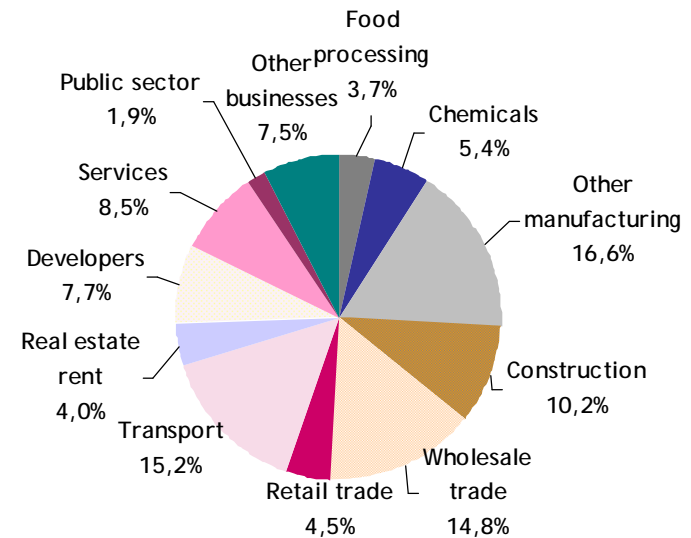
§ Loan portfolio grew 38% y/y, which means a deceleration of annual growth. On quarterly basis, the portfolio decreased by 4% mainly due to FX rates changes.

§ Well diversified structure of corporate portfolio by sectors of activity.

Loan portfolio structure (%)

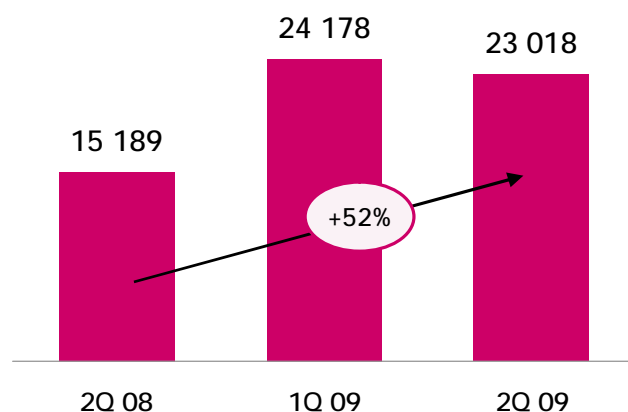


Corporate loans portfolio split by sectors (%)

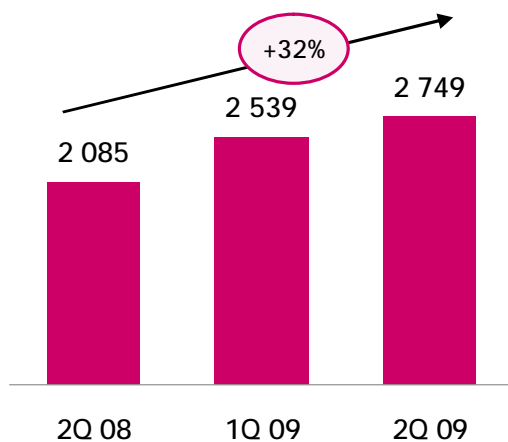


Retail loans

Mortgage loans portfolio (PLN million)



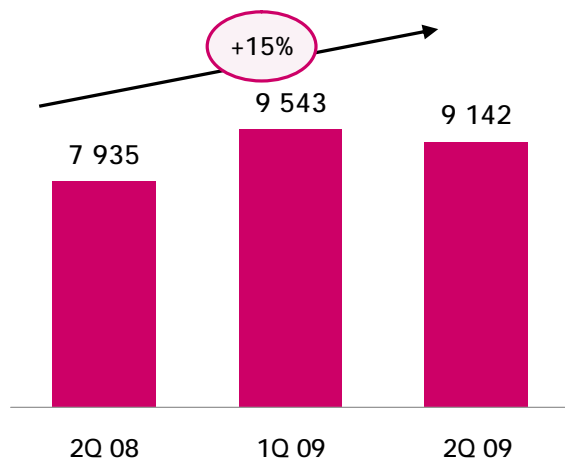
Consumer loans portfolio (PLN million)



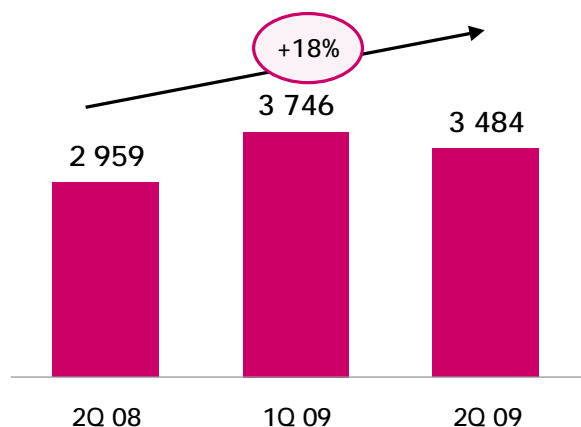
- § Mortgage portfolio decreased by 5% during 2Q'09 entirely due to CHF depreciation (practically no change in CHF portfolio).
- § The growth of PLN mortgage portfolio still very slow (by 1% q/q).
- § Consumer loans (PLN only) grew strongly by 8% just in 2Q'09 thus keeping annual growth rate of 32%.
- § The combined revenues of cash loans and credit cards are already the main contributor to the revenues of the Bank.

Corporate and Leasing

Corporate portfolio (PLN million)



of which Leasing - total portfolio (PLN million)



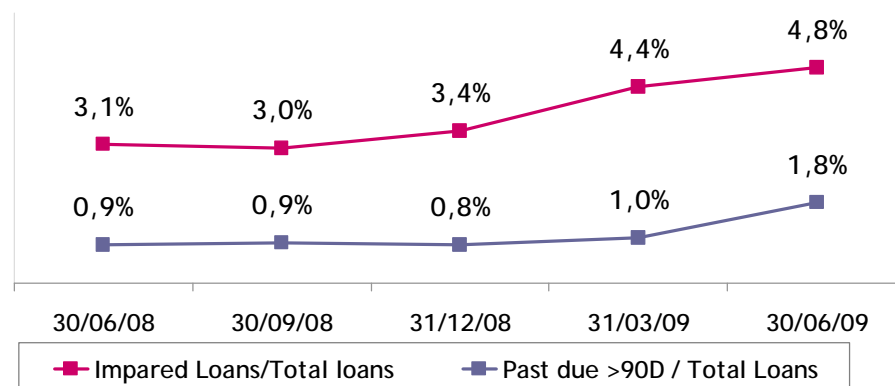
§ Corporate portfolio (including leasing) grew by 15% y/y. On quarterly basis the portfolio decreased by 4%, to large extent due to FX rates changes.

§ Alike the whole corporate portfolio, leasing volumes recorded quarterly decrease, mostly as a result of FX rates changes.

§ Loans to SME make for 36% of total corporate portfolio (including leasing).

Asset quality (1)

Impaired and past-due loans (90 days) ratio [over Total loans]



§ Impaired loans ratio increased to 4.8% (under IAS) but remains much lower than the market average, which stood at 6.3% (under PAS).

§ Past-due loans over 90 days ratio grew more visibly but is still much lower than total impaired ratio: 1.8% in the end of June.

Impaired and past-due ratios by products [over Total loans]

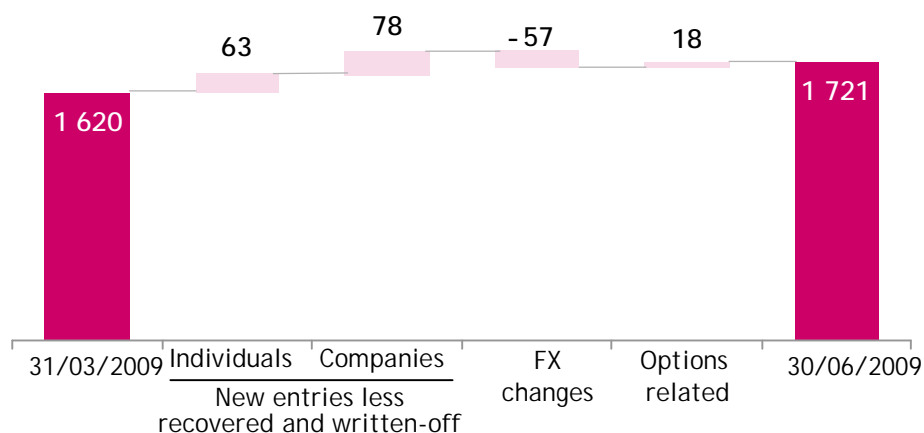
Loans	Past-due > 90 days		Impaired	
	30/06/08	30/06/09	30/06/08	30/06/09
Mortgage	0.1%	0.2%	0.3%	0.5%
Other individuals	4.6%	6.3%	5.9%	7.9%
Leasing	1.1%	2.9%	7.1%	12.6%
Other companies	1.3%	4.8%	7.5%	15.1%

§ Relevant part of impaired loans growth in corporate and leasing portfolios are customers who have FX derivatives: they made 36% of total impaired loans growth during 1H'09.

§ Mortgage portfolio keeps very good quality with only slight deterioration of the ratios during the quarter: to 0.19% for past-due 90 days ratio and 0.46% for total impaired ratio.

Asset quality (2)

Evolution of impaired loans (PLN million)



- § The value of impaired loans increased only by PLN 101 m in 2Q'09 (compared to PLN 456 m in 1Q'09).
- § The increase of impaired loans for individuals in 2Q'09 was slightly higher than in 1Q'09 and amounted to PLN 63 million (mainly non-mortgage loans).
- § The increase in companies area was much lower in 2Q'09 (+PLN 78 m) than in 1Q'09 (+PLN 147 m) and additionally was positively influenced by FX changes. The net increase of impaired loans due to FX derivatives were only PLN 18 m as majority of such cases were identified in the previous quarters.

Asset quality (3)

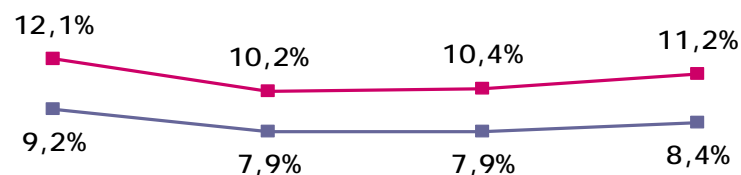
Coverage by product category (as of 30/06/2009)

Product	Provisions as % of each portfolio	Coverage Total provisions/ Impaired	Coverage Total provisions/ Past-due > 90 d	Coverage Impaired prov./ Past-due > 90 d	Coverage IBNR provisions/ Regular loans
Mortgage	0.5%	106%	265%	84%	0.3%
Other individuals	7.3%	92%	115%	75%	2.8%
Leasing	3.6%	29%	125%	109%	0.5%
Other companies	7.6%	50%	157%	123%	2.0%
TOTAL	2.6%	54%	147%	104%	0.8%

- § Coverage ratios of both impaired and past-due loans by provisions remain on adequate level, although a decrease was visible during 2Q'09 for corporate past-due loans (more such cases) and for mortgage loans (less IBNR provisions).
- § Although slightly reduced during 2Q, IBNR provisions are kept on relatively high level of 0.8% of total regular loans.

Capital Adequacy

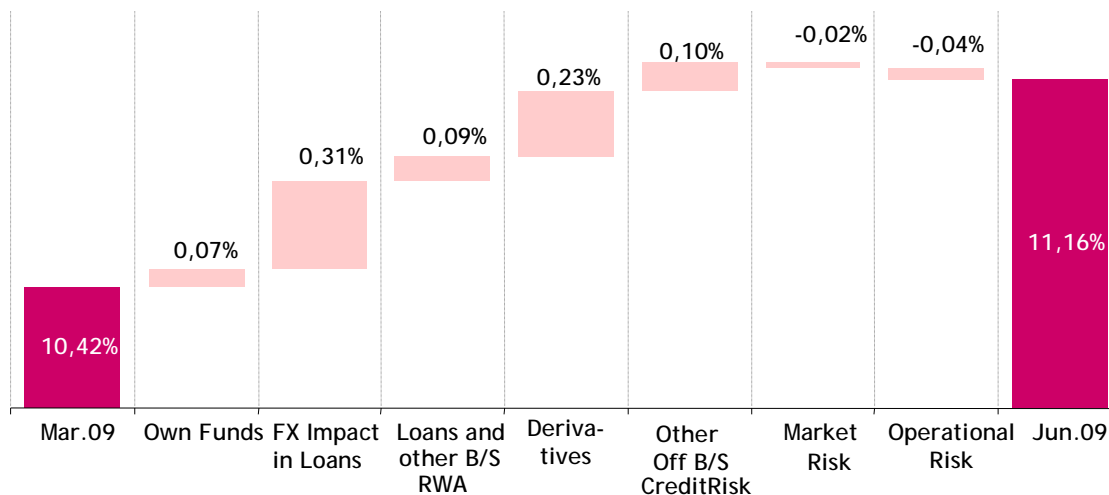
Consolidated CAR evolution (%)



§ CAR improved **again** during 2Q'09 mainly **due to PLN appreciation** which caused smaller capital requirement on FX denominated loans and derivatives.

2Q 08 4Q 08 1Q 09 2Q 09

■ CAR consolidated ■ Tier 1 ratio

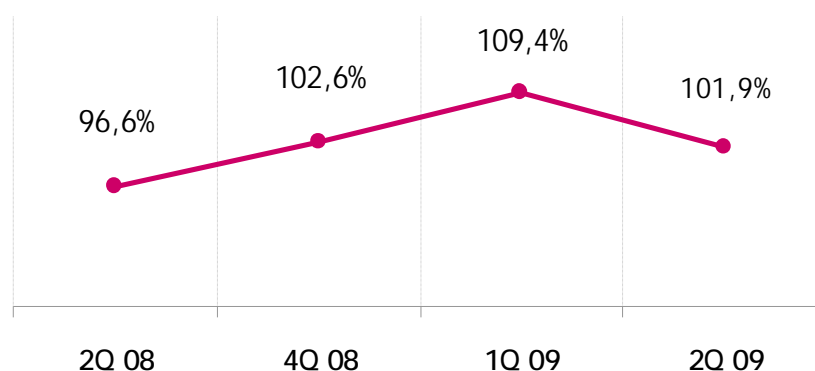


Capital consumption structure (as of 30/06/09)

Type of risk	Volume PLN m
Credit risk	2 339
Market risk	49
Operational risk	218
TOTAL CAPITAL REQUIREMENT	2 606

Liquidity

Loans to Deposits * evolution (%)



§ Decrease of the loan portfolio due to FX effect and increase in deposits caused improvement of Loans to Deposits ratio to 101.9%.

§ In May the Bank obtained EUR 200 m flexible stand-by loan facility from BCP which increased its buffer of short term liquidity (not utilised so far).

§ Situation regarding funding of FX mortgage portfolio improved in June versus March, as there was better availability and lower prices of swap instruments.

Structure of FX mortgage funding (PLN billion)

Type of instrument	31 Mar. 09	30 June 09
Cross-currency swaps	11.3	11.7
FX swaps	4.6	3.3
Senior funding and subordinated debt in FX	4.9	4.6
TOTAL FX MORTGAGE	20.9	19.6

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

Agenda

Macroeconomic Overview

Bank Millennium 1H 2009 Results

Appendixes



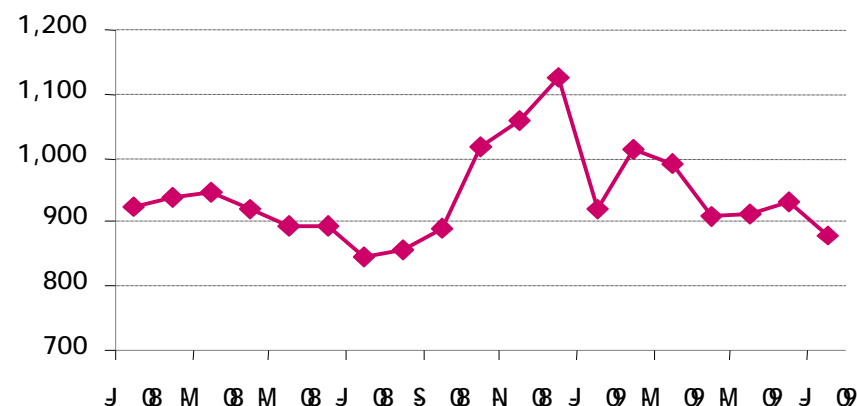
The impact from the recent sharp decrease of the CHF interest rates more than compensated the PLN depreciation

Typical Example:

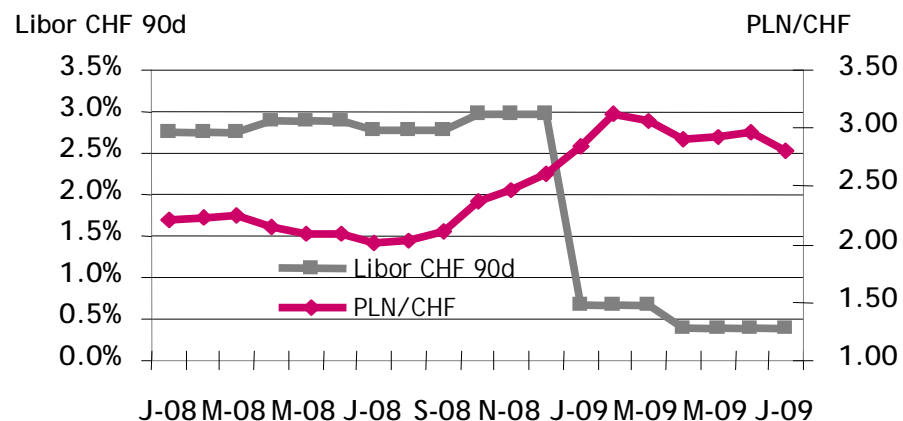
Initial Loan Amount (PLN)		200,000
Initial Loan Amount (CHF)		87,336
Date of Disbursement (PLN)		Jan-08
Tenor (months)		360
Spread		1.30%
Market Rate (Libor CHF 90d)	Initial	2.76%
	Current*	0.39%
Exchange Rate	Initial	2.3
	Current*	2.8

Monthly Installment (PLN)	Initial	924.5
	Current	877.6

Evolution of Monthly Instalment in PLN



Evolution of Exchange Rate and Reference Rate



* As at 21st July 2009



Major awards and achievements

Major awards in 2Q 2009

Bank Millennium Top 100 Financial Institutions

§ "Top 100 Financial Institutions" prepared every year by *Gazeta Bankowa*, covers all institutions operating in Poland.

Among largest banking institutions Bank Millennium came-up 6th as regards dynamics of market position, 7th on earnings and 7th again as regards revenue - thus moving up 4 places since last year in this segment.

Bank Millennium Credit Cards

§ Credit cards Millennium Visa and Millennium MasterCard ranked on the second position in *Gazeta Prawna* ranking, which presents the best credit cards for summer holidays. The comprehensive offer of travel insurance available with the cards and the easy way to avoid the card usage charge in the first year was appreciated especially.

Millennium Leasing Performance

§ Millennium Leasing took the third place in the ranking of the best lease companies in Poland conducted by *Rzeczpospolita* Daily. The evaluation included profit for the last two years, balance sheet total and the value of the total portfolio of receivables, as well as ROE, ROA, dynamics of the value of leased assets and dynamics of the total portfolio of receivables.

Bank Millennium Investor Relations

§ In the ranking of best Investor Relations in Europe prepared by *"Institutional Investor"* Bank Millennium came fourth among Polish companies and third (whole Europe, Financial Sector) in the best head of IR subranking.

(1) Main product campaigns

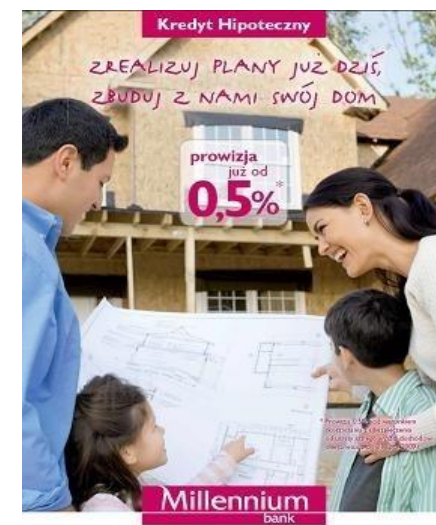
Despite that Bank Millennium cut media spending (more than 50% versus last year) took 3rd place in awareness of TV communication* (46%).



Urgent Cash Loan is a convenient way for the Customers to gain additional resources to finance their needs. To Bank Millennium Customers, a loan can be paid out even in one day.



New campaign aimed at broader usage of a new **MasterCard**: by paying with Millennium MC credit cards, **customer** can win a family car Suzuki SX4.



Mortgage loan with a low commission - 0,5% for clients who buy attractive offer of loan protection insurance in case of temporary job loss or incapacity for work.

* Sources: Millward Brown ATP research and Initiative Media

(2) Main product campaigns - deposits campaigns



Till June 7th 2009 the campaign of 3-months Lokata SuperProcent deposit offered at fixed interest rate of 6% p.a

Since 8th of June Bank Millennium reduced significantly interest on term deposits: new Lokata SuperProcent offers 4.5% interest rate p.a. for a 3-month deposit below 50,000 PLN and 5.5% only for deposit amount above 100,000 PLN.

Appendix - Synthetic P&L account

(PLN million)

	1H 2008 pro-forma	1H 2009 pro-forma	2Q 2008 pro-forma	2Q 2009 pro-forma
Net interest income*	528,7	296,5	281,7	116,1
Net commission income	249,1	232,5	114,1	106,6
Other non-interest income **	152,4	191,6	89,4	97,6
Operating Income	930,2	720,6	485,2	320,2
General and administrative costs	-542,8	-479,7	-280,8	-241,8
Depreciation & impairment of non-financial assets	-32,4	-40,1	-19,6	-20,3
Total operating costs	-575,2	-519,8	-300,3	-262,1
Net provisions	-36,8	-185,2	-25,4	-55,9
Operating profit	318,2	15,6	159,4	2,3
Pre-tax profit	318,2	22,6	159,4	9,3
Income tax	-65,9	-1,5	-34,2	-0,3
Net profit	252,3	21,0	125,2	8,9

* 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 83.7 m in 1H 09 and PLN 68.5 m in 1H 08) is presented in Result on Financial Operations

** includes „other operating income and costs“ net position

Appendix - Balance Sheet

(PLN million)

ASSETS	30/06/2008	30/06/2009
Cash and balances with the Central Bank	1 132	974
Loans and advances to banks	1 596	780
Loans and advances to customers	25 209	34 908
Amounts due from reverse repo transactions	173	194
Financial assets at fair value through P&L and hedging derivatives	3 212	4 993
Investments	2 156	2 956
Tangible and intangible fixed assets	376	382
Other assets	399	351
TOTAL ASSETS	34 253	45 539
LIABILITIES AND EQUITY	30/06/2008	30/06/2009
Deposits and loans from banks	2 228	4 120
Deposits from customers	25 641	32 925
Liabilities from repo transactions	481	1 607
Financial liabilities at fair value through P&L and hedging derivatives	880	1 514
Liabilities from securities issued & securitisation	912	932
Provisions	29	22
Subordinated liabilities	773	1 029
Other liabilities	699	542
TOTAL LIABILITIES	31 644	42 691
TOTAL EQUITY	2 609	2 848
TOTAL LIABILITIES AND EQUITY	34 253	45 539