

Updated Medium Term Targets and Capital Plans

Warsaw

6th November 2009

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Millennium 2010: A reminder

*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

- Bank Millennium rapidly reacted to the significant changes in the market environment which had severe implications to the banking sector
- In a very short period of time, the Bank developed and presented to the market in February 2009 a new strategy for the period 2009-2010: Millennium 2010
- Limited horizon of the strategy was due to the uncertainty resulting from the unprecedented level of turmoil in the financial markets, which conditioned any medium-term projections

Millennium 2010: Actions and results so far

Business

- Implementation of several initiatives aimed at optimizing core revenues in retail and corporate, which annualized estimated impact is between 130-150 PLN mln:
 - ✓ Reduction of the cost of deposits
 - ✓ Adjustment of spreads on loan exposures
 - ✓ Fees and commissions re-pricing
- Improvement of the cross-selling ratio from 3.03 to 3.15 products per customer
- Integration of all sales channels into a single retail network
- Simplification of the organization in Commercial Banking

Organization and Cost Management

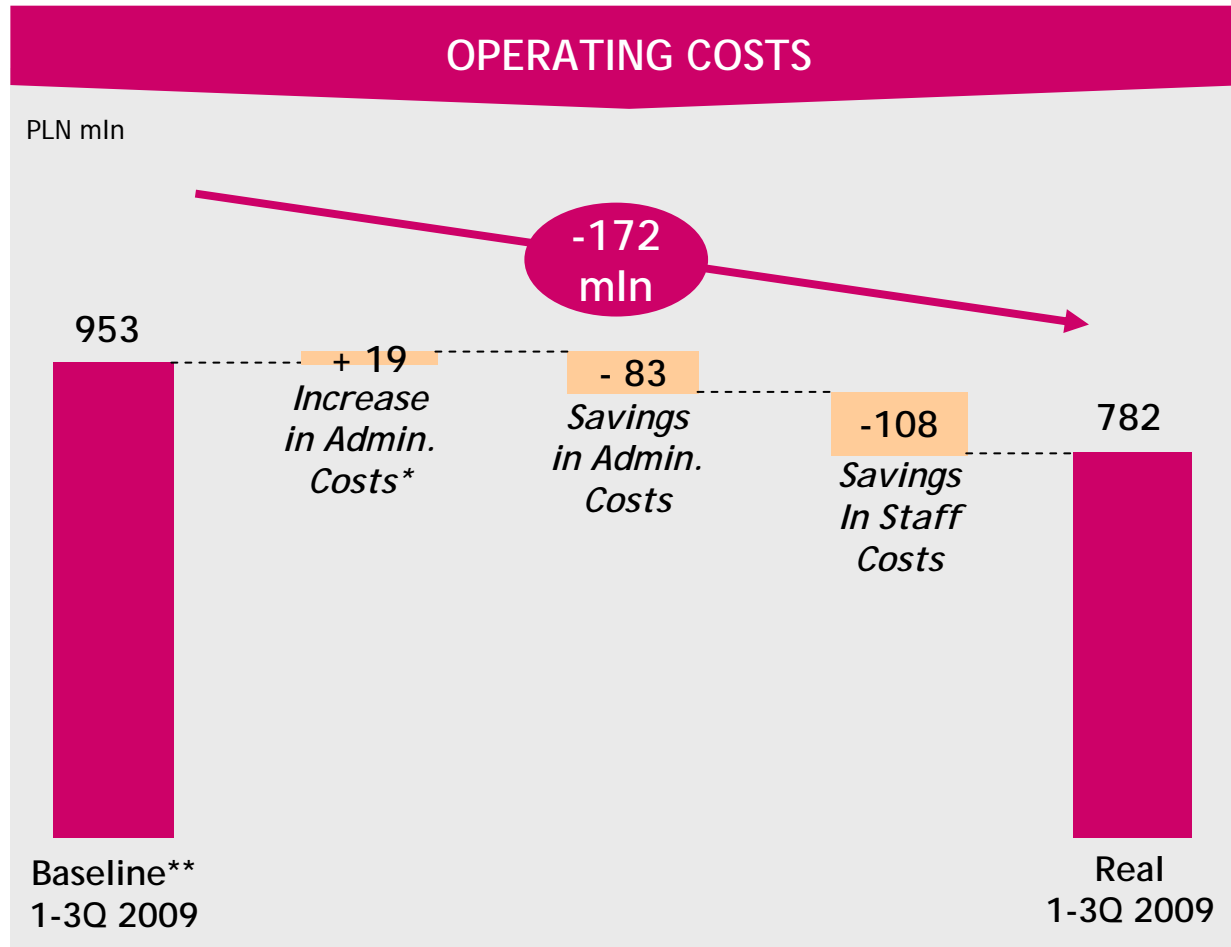
- Organization adjusted to the new strategy and significantly streamlined
 - Merger of several departments, sub-units and teams
 - “De-layering” / increase of span of control
- Sharp drop in staff costs (-21% y/y):
 - ✓ Adjustment of the headcount to the new business levels
 - ✓ Lower bonuses due to lower results
- Strong administrative costs reduction (-19% y/y)* supported by the implementation of a wide list of initiatives, namely :
 - ✓ Renegotiations of conditions with 3rd part providers;
 - ✓ Improvement of the efficiency of main business processes

Risk Profile

- Keep a stable liquidity position
 - ✓ Suspension of new mortgage loans in FX and limitations to new corporate loans in FX;
 - ✓ Additional medium-term funding;
 - ✓ Conclusion of several long-term cross-currency swaps (5 and 10 years)
- Strengthening of the capital ratios with CAR reaching 11.4% and Tier 1 at 8.7%
 - ✓ Retention of full 2008 Result
 - ✓ Extensive review of risk-weighted assets
 - ✓ Reduction of capital allocated for market risks
- Ratio of impaired loans clearly below market average
 - ✓ Tighter underwriting criteria
 - ✓ Portfolio monitoring supported by early warning signals

* Excluding rents and other fixed exploitation costs and the contributions to deposits guarantee fund (BFG) and authority supervision (KNF)

Millennium 2010: PLN 200 mln costs reduction target to be achieved one year ahead of schedule

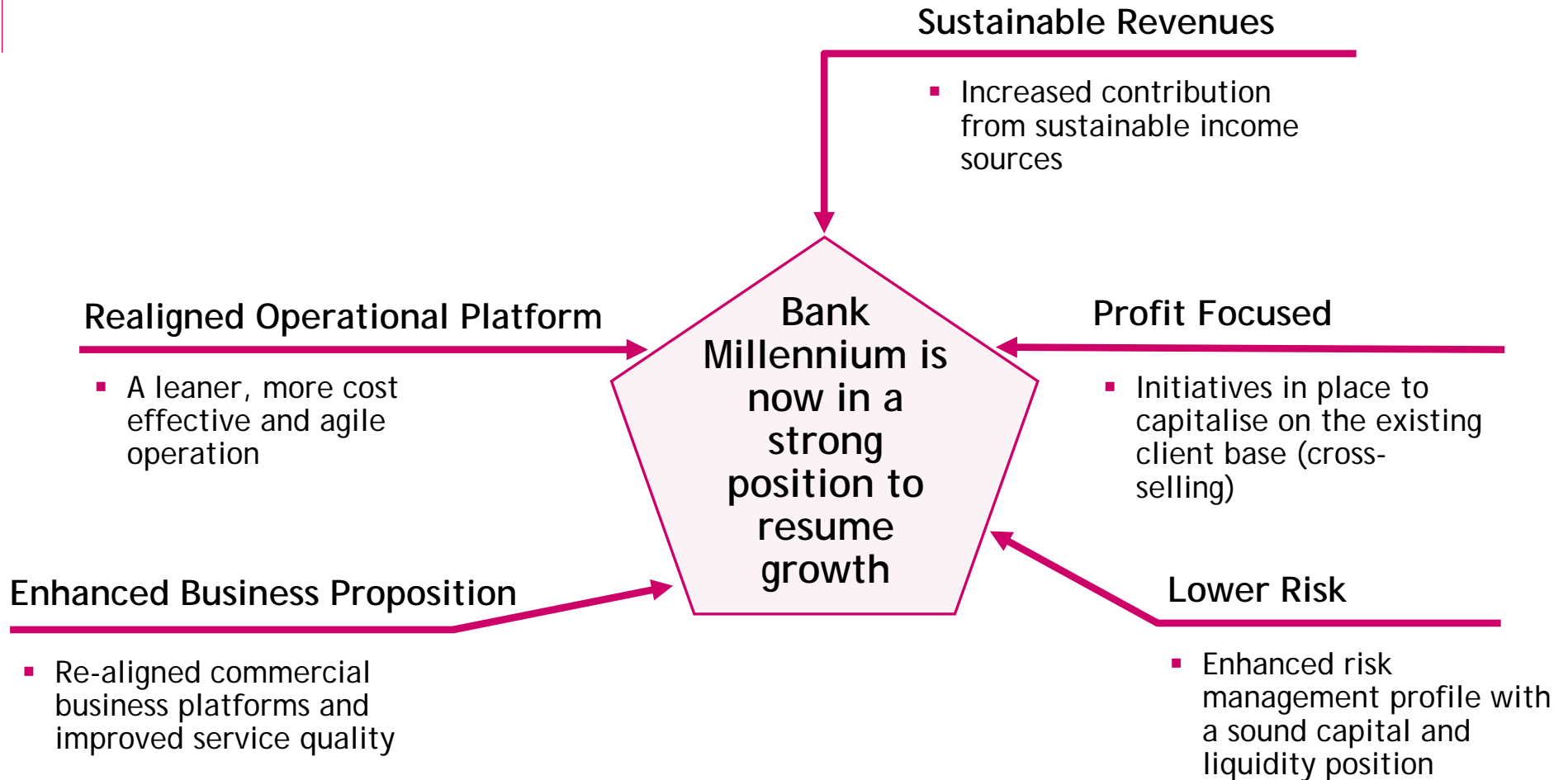


At this pace, Bank Millennium will capture already in 2009 the PLN 200 mln of savings targeted for 2010

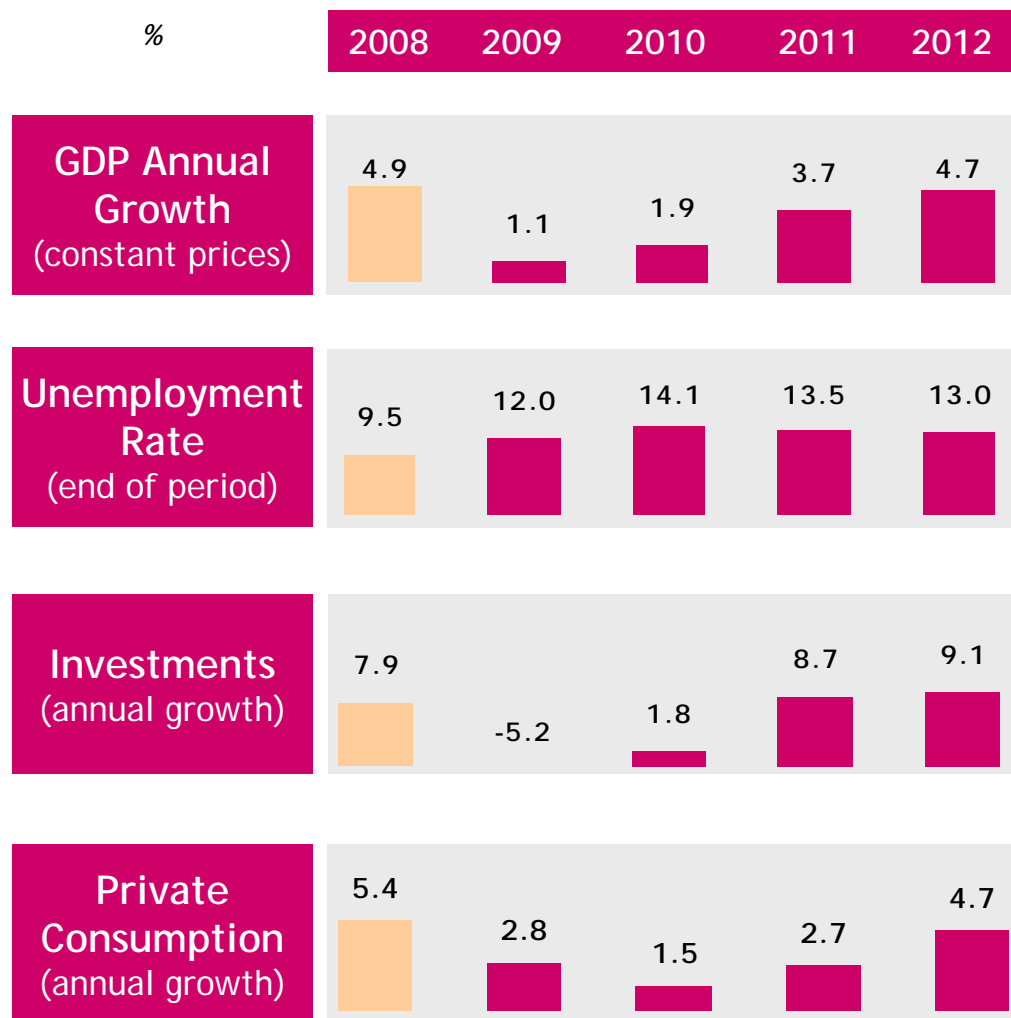
* Rents and other fixed exploitation costs (due to higher average number of branches), impact of PLN depreciation on costs in foreign currency and contributions to Banking Guarantee Fund

** Costs initially projected for 2009, excluding the impact from the savings initiatives of Millennium 2010

Millennium 2010: Summarizing...



Expected medium-term macroeconomic environment



- Better perspectives for the Polish economy in the next years
- Polish economy is to escape from recession and to come back to faster growth
- Faster economic growth will be underpinned by the recovery of both investments and private consumption
- Unemployment rate will probably reach a peak in 2010 and decrease onwards supported by the growth dynamics

Going forward...

Bank Millennium's medium term ambitions

▶ To be one of the top 5 Polish universal banks, combining a top-tier position in retail with being a relevant player in commercial banking

▶ To reach a level of profitability that compares well with the best performers in our peer group, supported by a sustainable business model anchored on our main strengths

▶ To run a highly efficient operation whilst setting the standard in terms of the quality of service rendered to our Customers

▶ To keep a sound capital structure and a strong risk management profile to support future growth

▶ To strengthen the Bank's market position based on long lasting relationships with all our stakeholders

*Coming back to
business
growth mode
with a stronger
focus on
sustainability*

Going forward...

Bank Millennium will leverage on its main strengths

Main Strengths

The 4th largest retail banking network in Poland

More than 1,1 million customers

A high level of brand awareness

A wide deposit base and historically strong market shares in mortgage and leasing

Better than average quality of the loan portfolio

A track record of growth and improvement of profitability

Clear commitment from our main shareholder - Millennium bcp Group

Areas to Improve

Relatively low presence in the commercial banking

Market share in mutual funds currently below natural market share

Cost-to-income ratio historically above some of our main peers

Going forward...

Key priorities

To balance a strong growth with an adequate level of profitability of the main business areas by...

Increasing the pace of customer acquisition

Exploiting the potential of the cross-selling machine

Focusing on customer relationships

Developing initiatives aimed at improving revenues

Keeping operating costs under control

Balancing funding sources

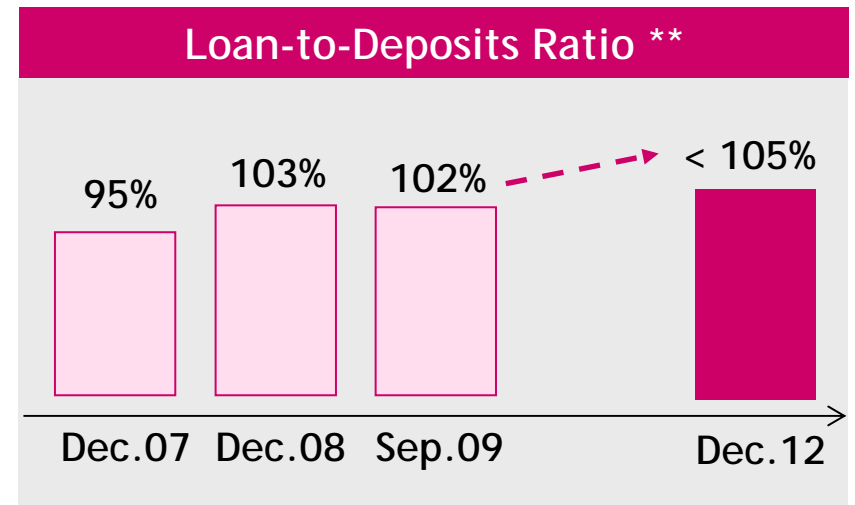
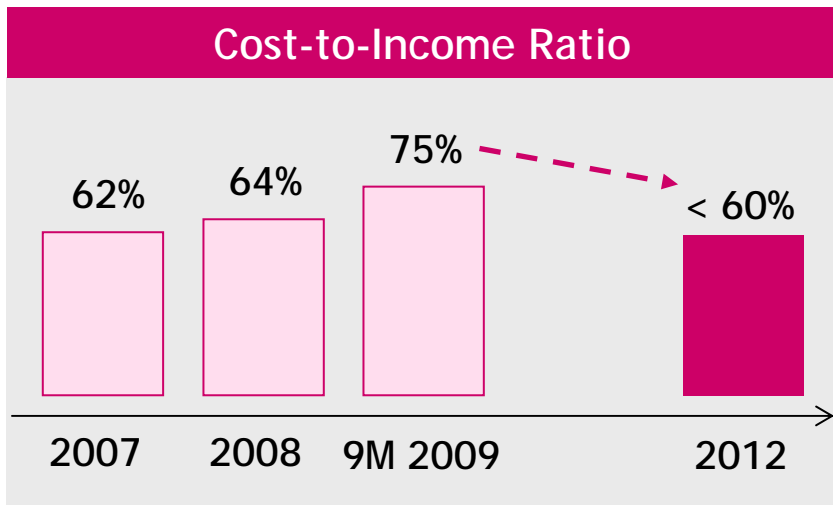
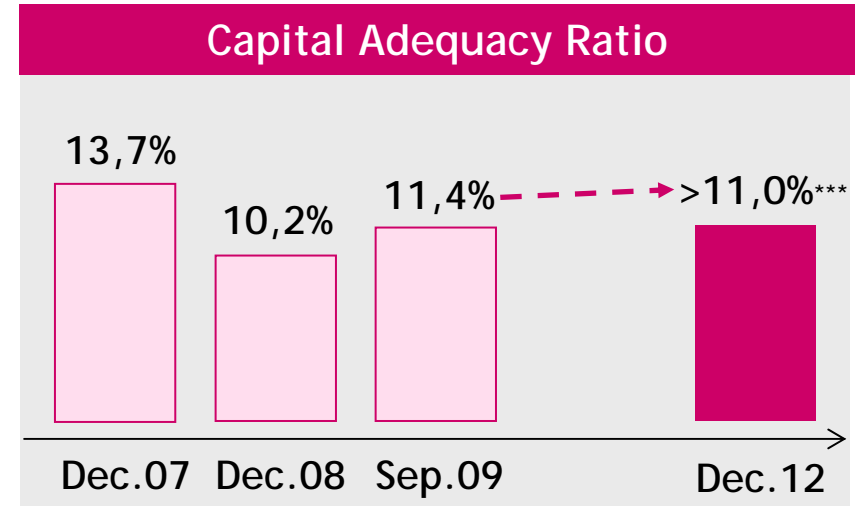
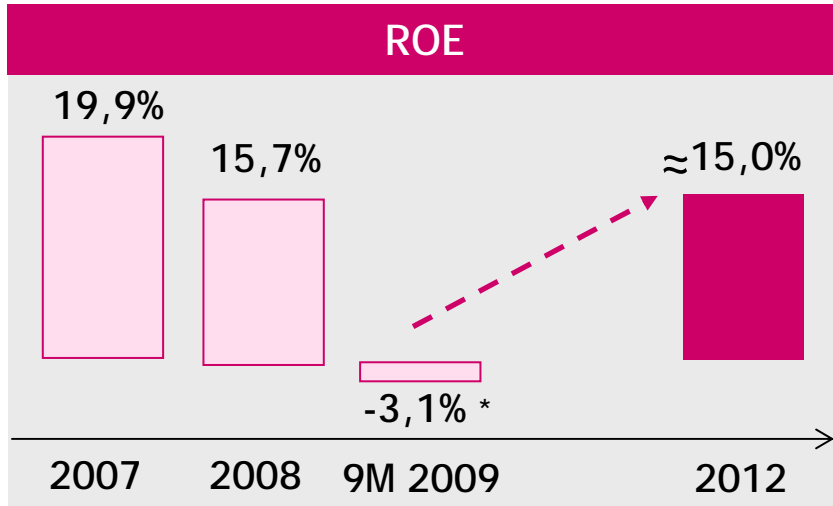
Maintaining a conservative risk approach

Ensuring discipline in liquidity and capital management

Retaining the best talents

Going forward...

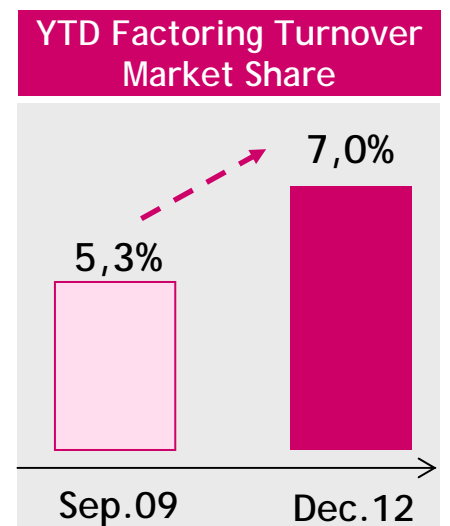
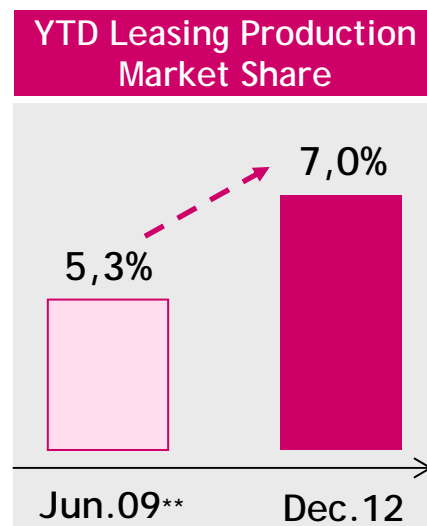
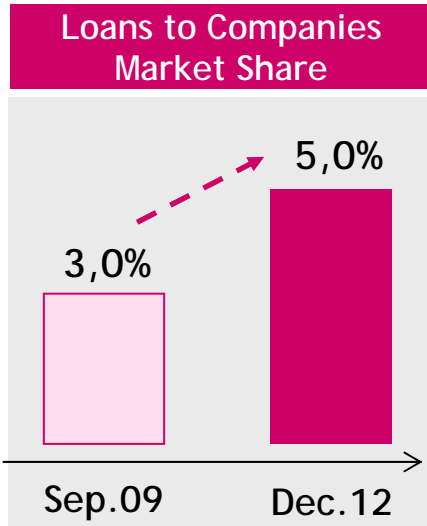
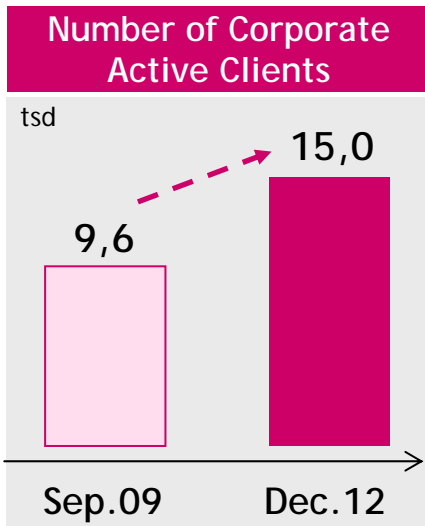
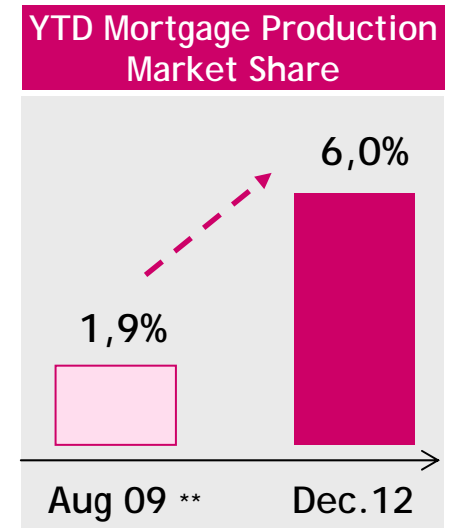
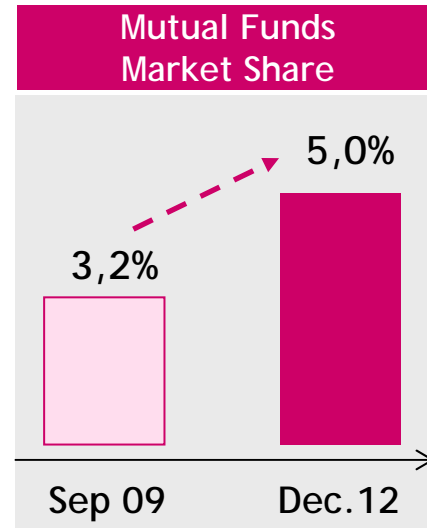
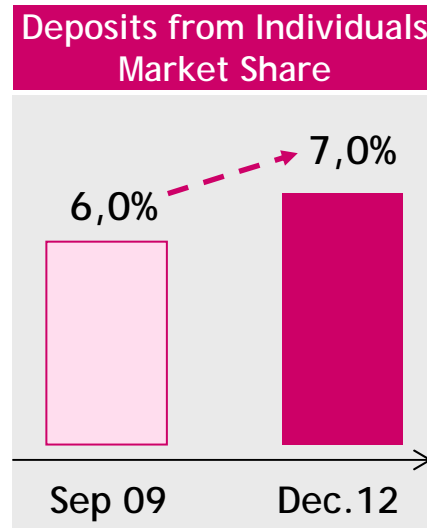
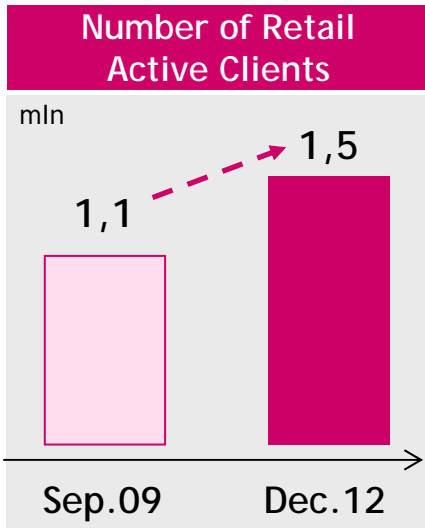
New medium-term financial targets



* Annualized ** Including bonds placed in retail customers, funds from securitization and sell & buy-back operations with customers

*** Comfortably above minimum regulatory requirements

Going forward... New medium-term business targets



* Total mutual funds sold by Bank Millennium ** Latest data available

Going forward...

A capital increase to support an ambitious growth strategy

Bank Millennium will issue around PLN 1 billion capital through a rights issue

- ✓ A proposal will be submitted to the General Shareholders Meeting aimed at obtaining permission to the issuance of up to 425 million shares (representing up to 50% of the existing number of shares and up to 33% of the post-capital increase number of shares)
- ✓ The price of the issue will be decided and announced before the beginning of the subscription period.
- ✓ BCP will exercise its share in the capital increase retaining a 65.5% shareholding stake. The part of minority shareholders is expected to be fully underwritten by HSBC.
- ✓ The Bank expects to be able to complete the rights issue by the end of 1Q 2010.

Justifications:

MAIN

- ✓ The capital increase is mainly aimed at supporting the ambitious business growth included in the new medium term targets and financing the investment plan for the next 3 years

OTHER

- ✓ The strong commitment and support from our main shareholder
- ✓ Anticipate a likely move of many banks to issue new capital*
- ✓ Increase cushion to absorb further volatility of the zloty

* in the last weeks, several international Banks have been executing or announcing increases in their capital base