

Bank Millennium 3rd Quarter 2010 Results

Warsaw, 26 October 2010



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All data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with the Quarterly Financial Statements, with the exception of **pro-forma data** described below.

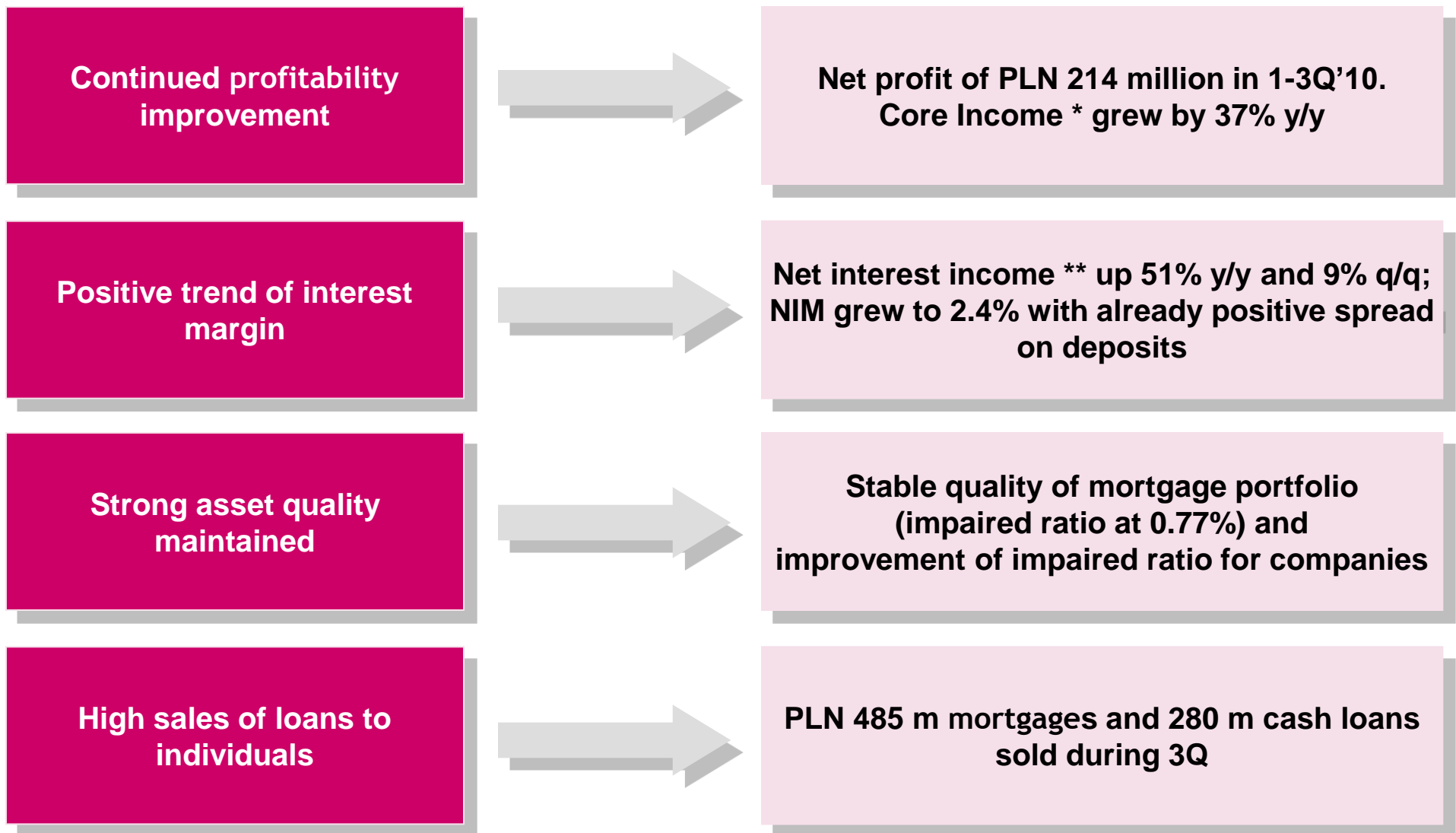
From 1st January 2006, the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps. From 1st April 2009, the Bank extended hedge accounting principles to FX swaps. 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.

Financial performance

Business development

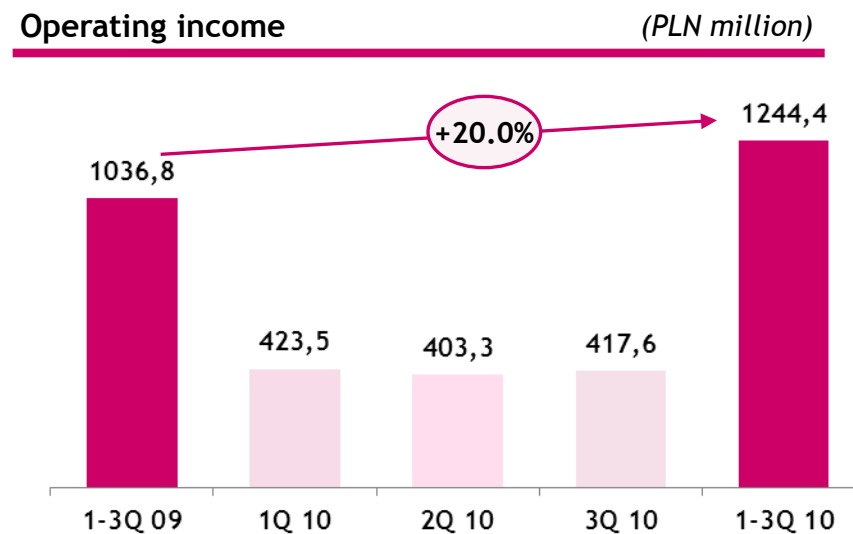
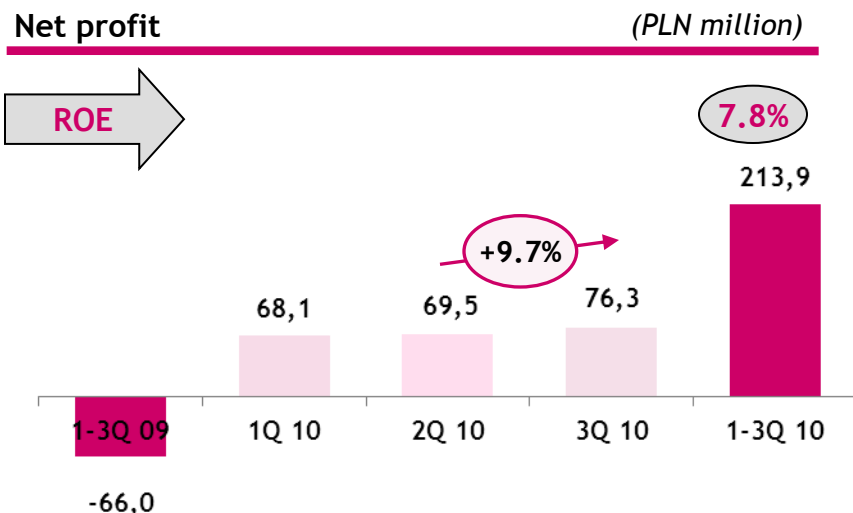
Appendixes

Main highlights of 1-3Q 2010 consolidated results



* Net Interest Income + Net Commissions Income ** pro forma

Improving profitability on a quarterly basis

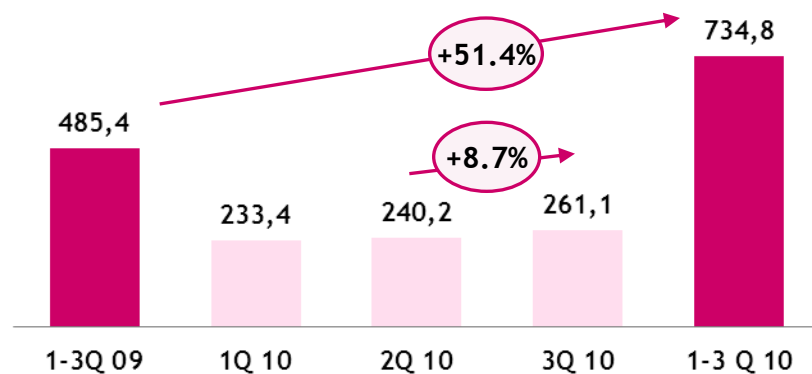


- Net Profit in 3Q'10 was almost 10% higher than in 2Q'10. Net profit generated in 1-3Q'10 amounted to PLN 213.9 million with regularly growing quarterly values.
- The main drivers of Net profit growth were higher income from core activities (net interest and commissions), strong cost discipline and lower cost of risk (in yearly comparison)
- Operating income grew by 20.0% in 1-3Q'10 compared to 1-3Q'09, mainly due to the growth of core income* (+37.4% y/y), whereas trading and other income decreased due to negative effect of derivatives valuation.

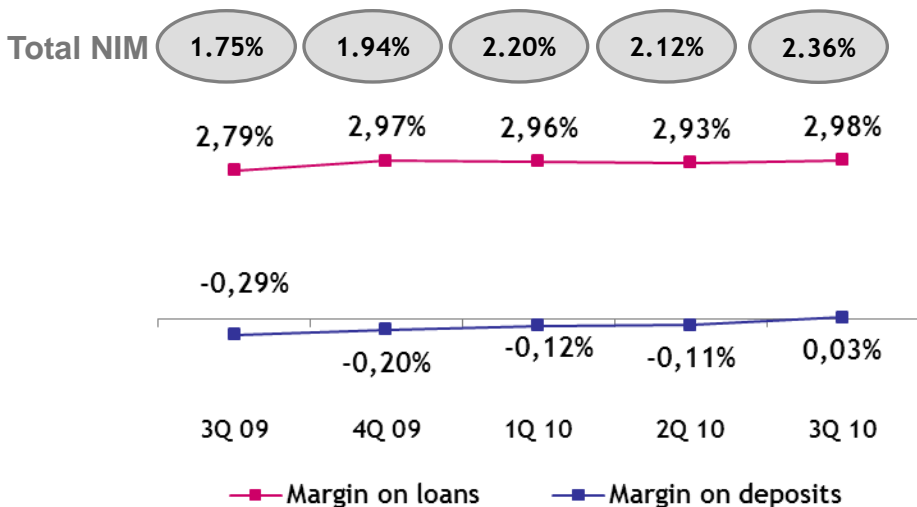
* Net Interest Income + Net Commissions Income

Sustained recovery of Net interest income

Net Interest Income* (PLN million)



NIM * evolution (quarterly) (%)

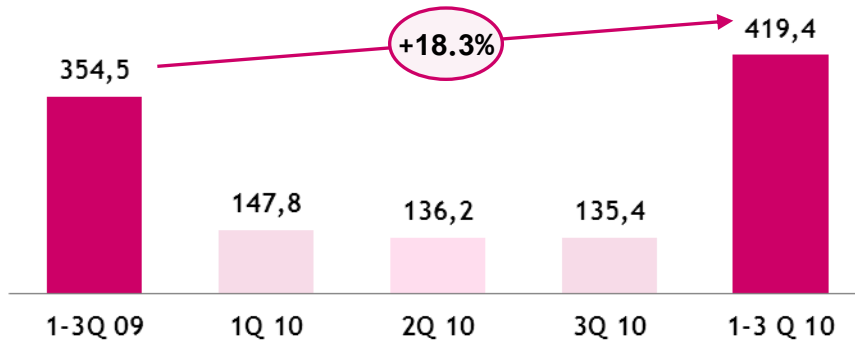


- Significant improvement of Net Interest Income* in 1-3Q'10 compared to 1-3Q'09 (+51% y/y) with accelerating quarterly trend (+8.7% growth in 3Q compared to 2Q).
- Net Interest Margin grew to 2.4% thanks to improvement in cost of deposits (already in a positive territory) but also slightly better spreads on loans.

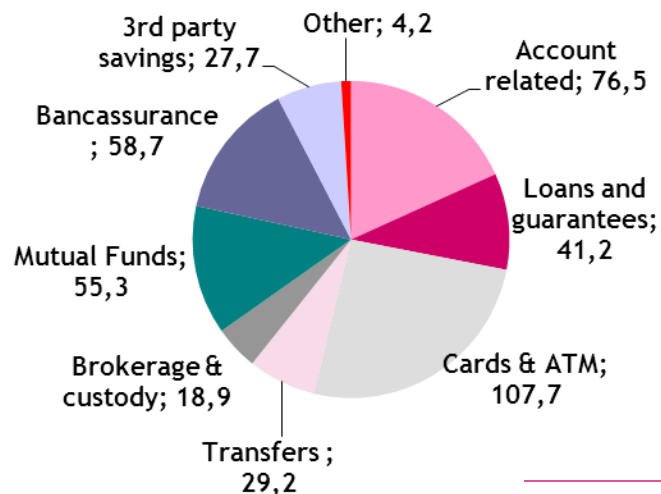
* Pro-forma data. Margin from all derivatives, including those hedging FX denominated loan portfolio, is presented in Net Interest Income, whereas in accounting terms part of this margin (PLN 60.3 m in 1-3Q 2010 and PLN 82.4 m in 1-3Q 2009) is presented in Result on Financial Operations.

Net Commissions Income annual growth

Net Commission Income (PLN million)



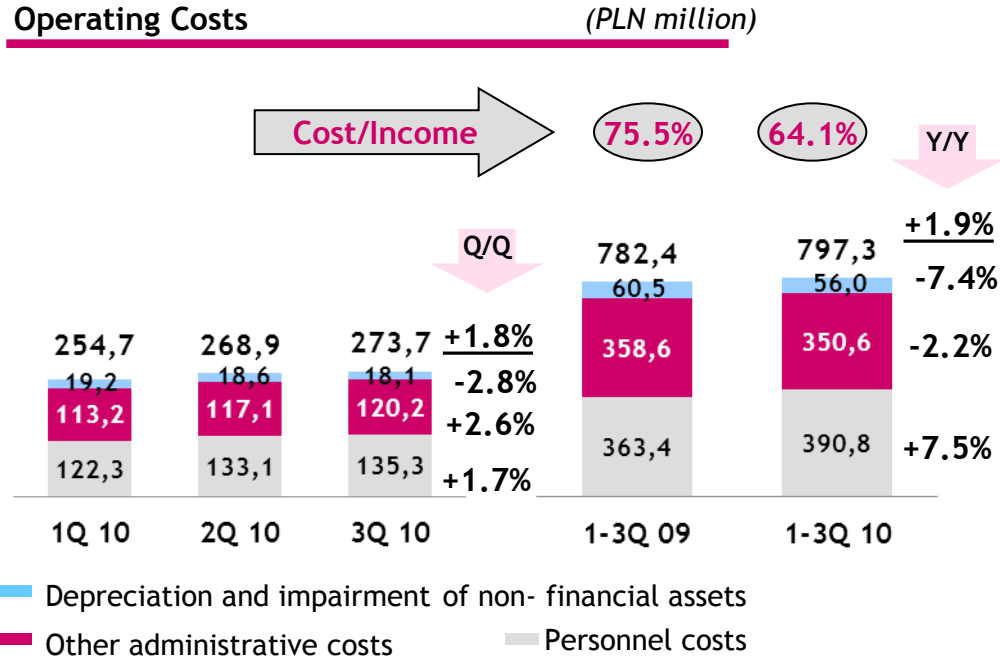
Net Commission breakdown in 1-3Q 2010 (PLN million)



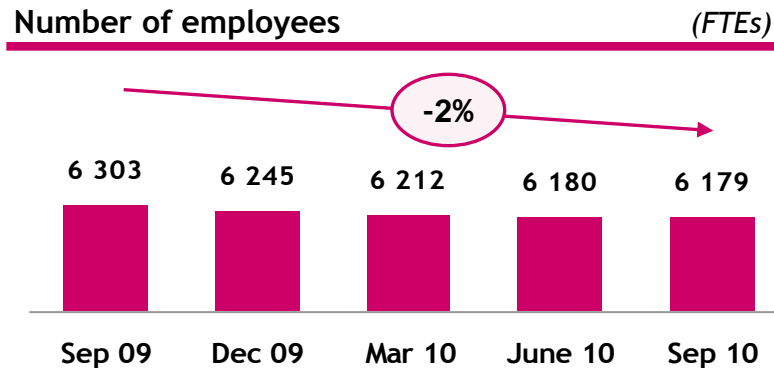
- Net Commissions continued yearly growth of 18.3% in 1-3Q'10. The increase was driven by cards, mutual funds and other capital market related saving products as well as current accounts and loans.
- Net Commissions were stable in 3Q'10 versus previous quarter. Higher cards commissions offset lower fees for distribution 3rd parties savings products.
- Other non-interest income* in 3Q'10 was slightly lower than in 2Q'10 and reached PLN 21 million. The improvement in FX income was offset by negative impact of revaluation of financial instruments, namely swaps.

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

Operating costs under control

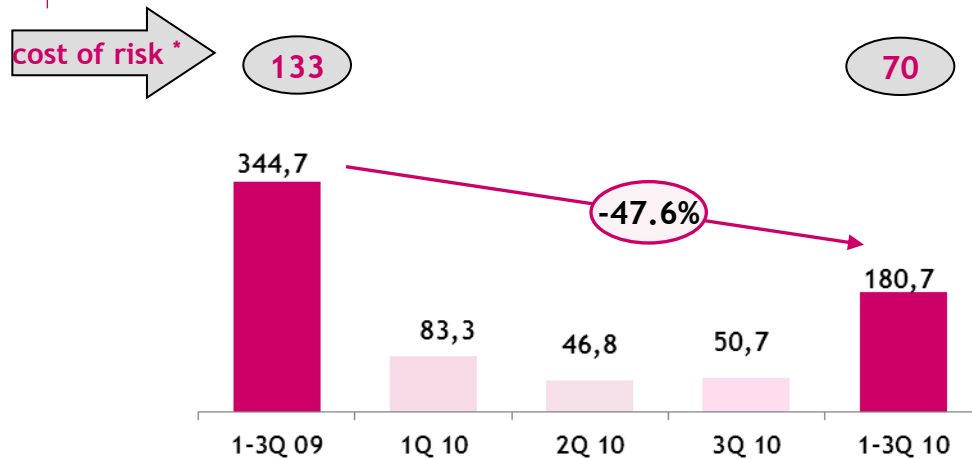


- The 1-3Q'10 costs were similar to the level of 1-3Q'09 (+1.9%). The quarterly growth of costs in 3Q'10 of +1.8% was also modest, which reflects strong cost discipline within the Group.
- Administrative costs increased in 3Q'10 by 2.6% mostly driven by marketing costs related to recent promotional campaigns of banking products (e.g. mortgage loans and savings account). Personnel costs grew by 1.7% q/q with stable level of employment.
- Cost/Income ratio amounted to 64.1% for 1-3Q'10 and was much lower compared to 75.5% recorded in 1-3Q'09 showing significant improvement in Group's efficiency.



Lower cost of risk

P&L impairment provisions created (PLN million)



Provisions per client segment

Segment	3Q 2010		1-3Q 2010	
	Value (PLN million)	Structure (%)	Value (PLN million)	Structure (%)
Individuals	34.2	67%	99.9	55%
Companies & other	16.5	33%	80.8	45%
TOTAL	50.7	100%	180.7	100%

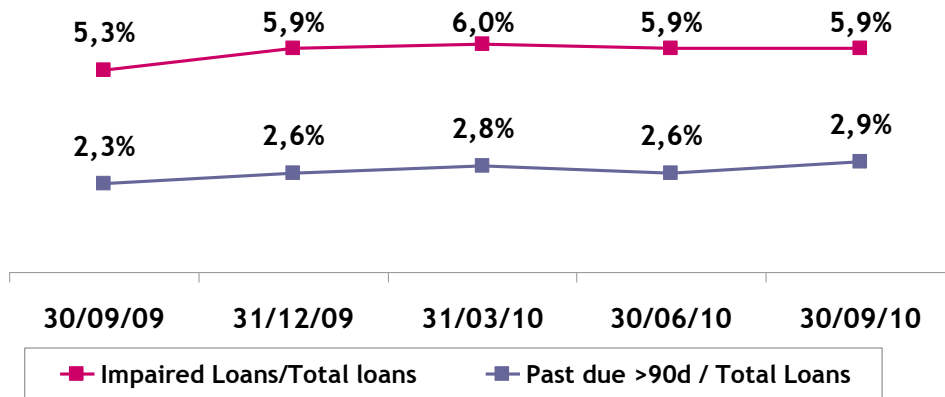
- Net impairment provisions created in 1-3Q'10 decreased by 48% versus 1-3Q'09. In relative terms cost of risk to net loans decreased from 133 bps in 1-3Q'09 to 70 bps in 1-3Q'10.
- New provisions in 1-3Q'10 presented similar mix between companies and retail exposures (in the latter most of them connected with unsecured consumer loans), but the quarterly tendency showed growing share of retail vs. corporate segment (provisions created for individuals accounted for 67% of all provisions done in 3Q).

* Cost of risk = impairment charges / average net loans in the period (in bps, annualized). Based on gross loans these ratios were 67 b.p. in 1-3Q'2010 and 129 b.p. in 1-3Q'2009

Asset quality (1)

Stable impaired loans ratio; improvement in companies segment

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



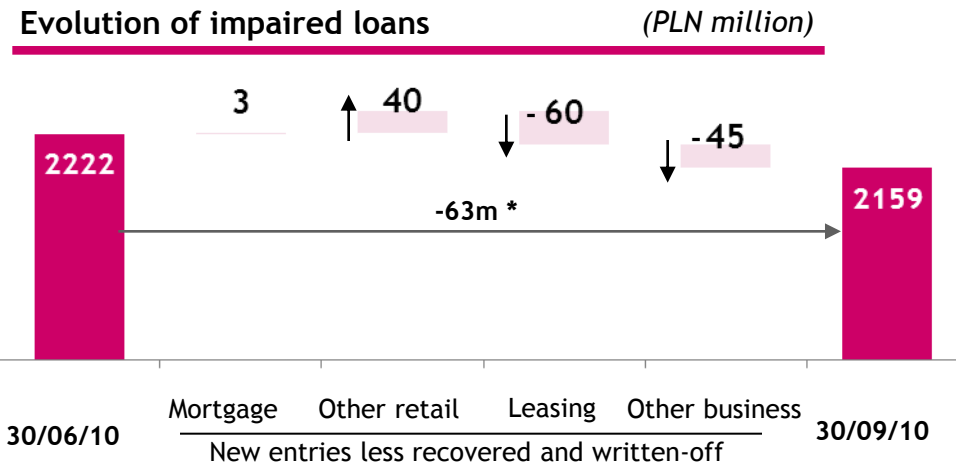
- The impaired loans ratio was stable at 5.9% and remains much lower than the market average (8.6% in August).
- High quality of mortgage loans: Impaired ratio at 0.77% and past-due (> 90 days) at 0.33%.
- Decrease of impaired loans ratio in leasing and corporate portfolios may indicate that a peak in loans portfolio worsening within these segments has been already reached.

Quality ratios by products [over Total loans]

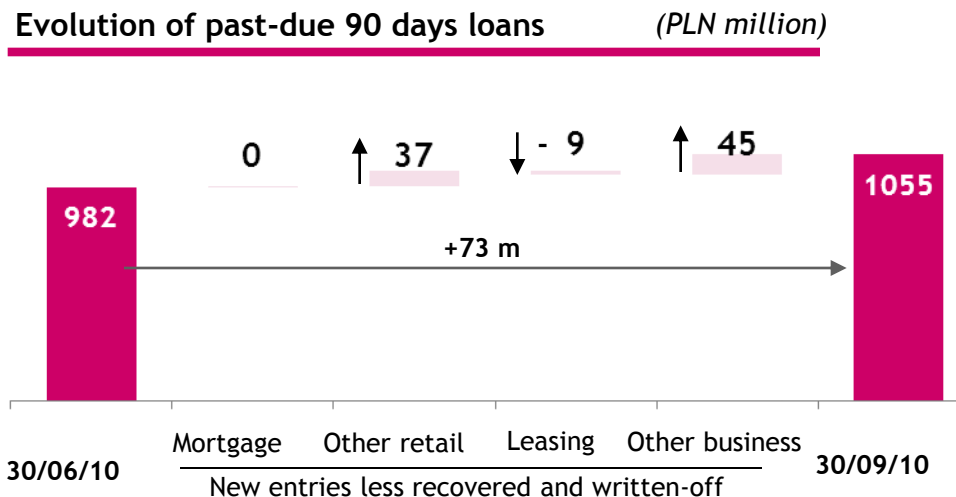
Loans	Past-due > 90 days		Impaired	
	30/06/10	30/09/10	30/06/10	30/09/10
Mortgage	0.32%	0.33%	0.74%	0.77%
Other individuals	10.9%	12.1%	12.8%	14.1%
Leasing	2.8%	2.6%	14.4%	13.1%
Other companies	6.9%	7.7%	17.6%	17.0%

Asset quality (2)

Evolution of NPLs during 3Q 2010



- In 3Q'10, for the first time since the beginning of global financial crisis, the value of impaired loans decreased by PLN 43 million (excluding write-offs impact). The decrease of impaired loans took place in companies segment whereas in retail there is still growth (predominantly in cash and card loans), although at similar pace to the previous quarter.



- In spite of the fact that impaired loans decreased, loans past due over 90 days increased in 3Q'10 by PLN 73 million, mainly due to change of status of some already impaired exposures in companies and leasing.

* including PLN 19.5 m impaired loans written-off during 3Q

Asset quality (3)

Robust coverage ratios

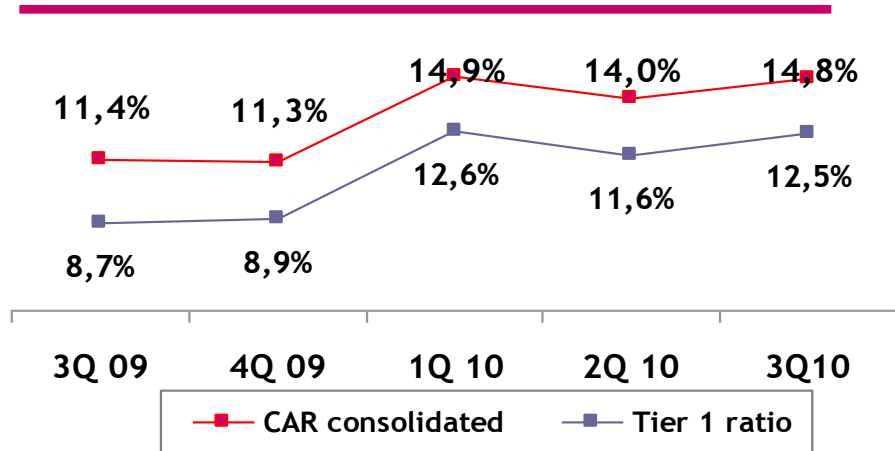
Coverage by product category (as of 30/09/2010)

Product	Provisions (PLN million)	Provisions as % of portfolio	Coverage Provision/ Past-due > 90 d	Coverage Provisions/ Impaired
Mortgage	128	0.5%	163%	70%
Other individuals	402	11.8%	98%	83%
Leasing	151	4.4%	167%	34%
Other companies	506	8.2%	107%	48%
TOTAL	1 187	3.2%	112%	55%
<i>TOTAL without leasing</i>	<i>1 036</i>	<i>3.1%</i>	<i>107%</i>	<i>61%</i>

- Total provisions coverage of impaired loans grew from 53% to 55% during 3Q'10. Without leasing the ratio was 61%.
- Coverage of past-due 90 days loans by total provisions remained on a safe level of 112%.
- The ratio of provisions over total portfolio at 3.2%.

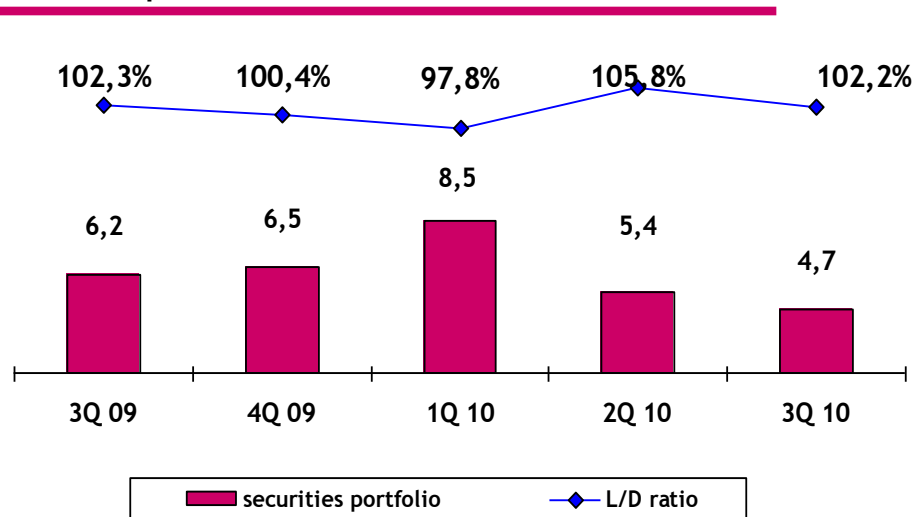
Strong capital and liquidity ratios

Capital adequacy ratios evolution (%)



- Consolidated Capital Adequacy Ratio (CAR) remains on a very strong level of 14.8% and Tier 1 (core equity) of 12.5%.
- The appreciation of Zloty in 3Q'10 caused improvement of Loans-to-Deposits ratio to 102%, a level which is close to the maximum target.
- Relevant liquidity buffer is kept in a portfolio of debt securities (with relatively short tenors).

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



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

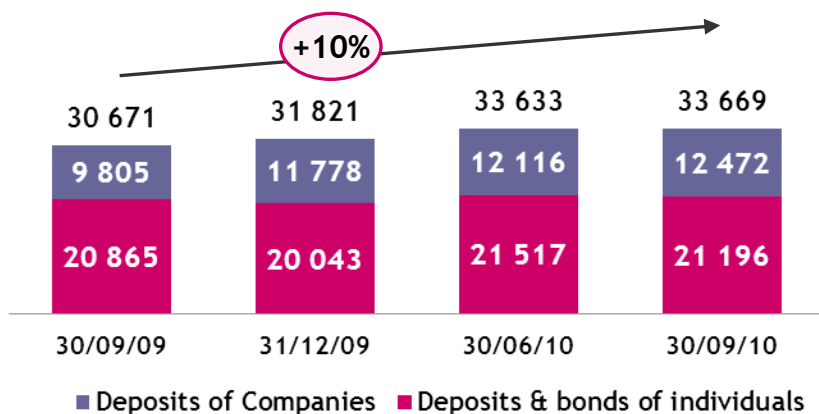
Financial performance

Business development

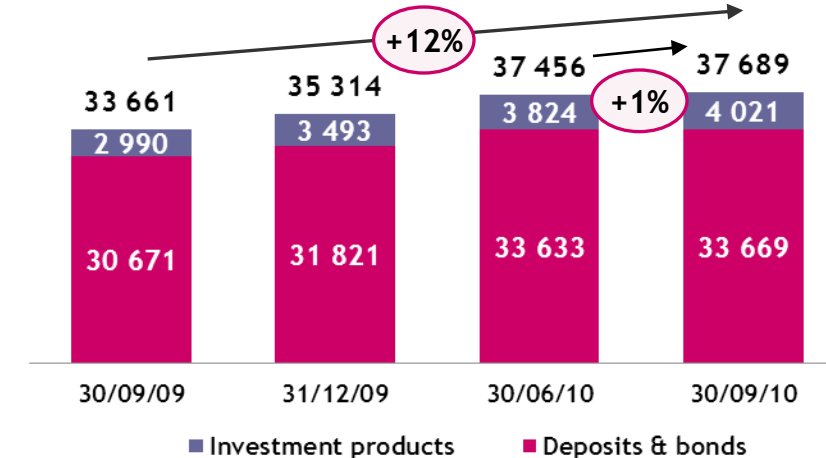
Appendixes

Stable level of deposit base

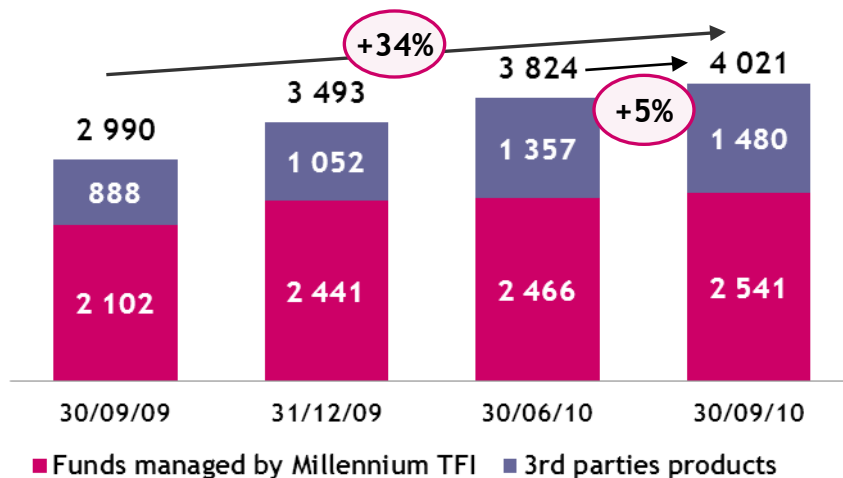
Deposits* (PLN million)



Customer Funds (PLN million)



Investment products ** (PLN million)



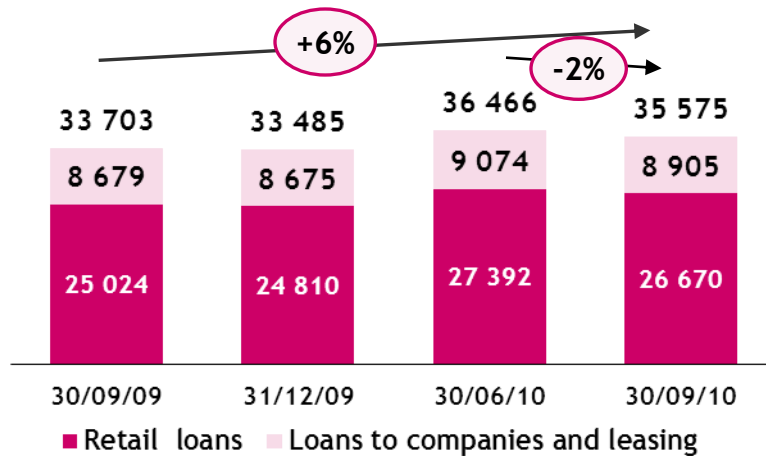
- Deposits were stable during 3Q with growing corporate deposits and slightly dropping in retail (end of savings account promotion).
- Growth trend in investment products maintained: +34% y/y and +5% q/q. The increase came both from 3rd party products (+ PLN 592 m yearly) and from own mutual funds (+ PLN 439 m y/y).
- Total Customer Funds grew by 12% y/y and 1% q/q.

* Includes bonds issued by the Bank and sold to individuals

** Mutual funds and other off-balance sheet products sold to Millennium customers

Loan portfolio decreased due to stronger Zloty in 3Q

Loan Portfolio (Net) (PLN million)

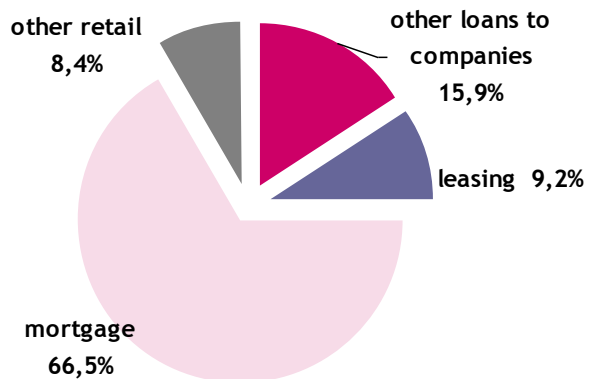


- Loan portfolio increased by 5.6% yearly, but decreased by 2.4% quarterly due to the recent appreciation of the Zloty.

- Excluding FX effect, loan portfolio grew by 0.5% during 3Q.

- Growth in loans to companies is still limited by a lack of demand from businesses and increasing pressure on margins.

Loan portfolio structure (%)

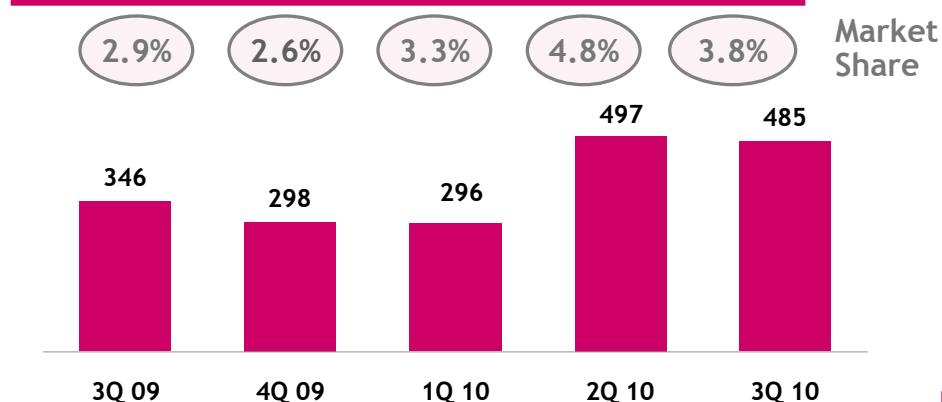


Retail business results

Retail selected figures	
Number of active customers	1 107 ths
Cross sell ratio	3.41
Deposits market share	5.4%
Mutual funds mkt. share**	3.7%
Loans market share	6.5%
New mortgage mkt. Share	4.0%*

Mortgage new production

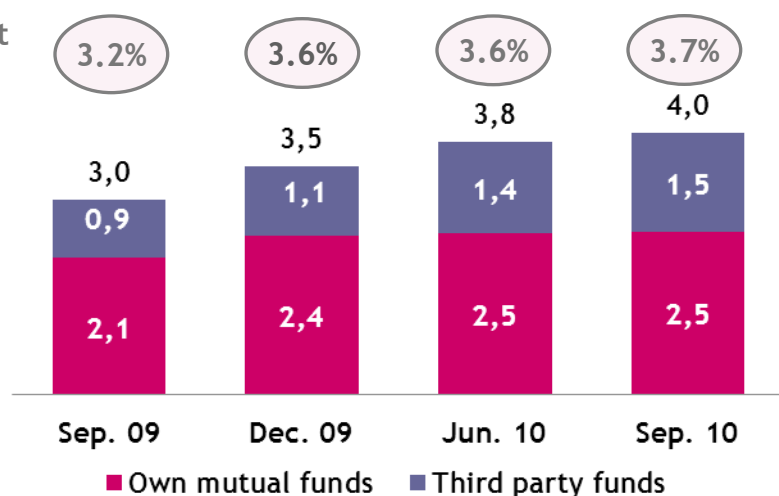
(PLN mln)



Mutual funds ** evolution

(PLN bn)

Market share



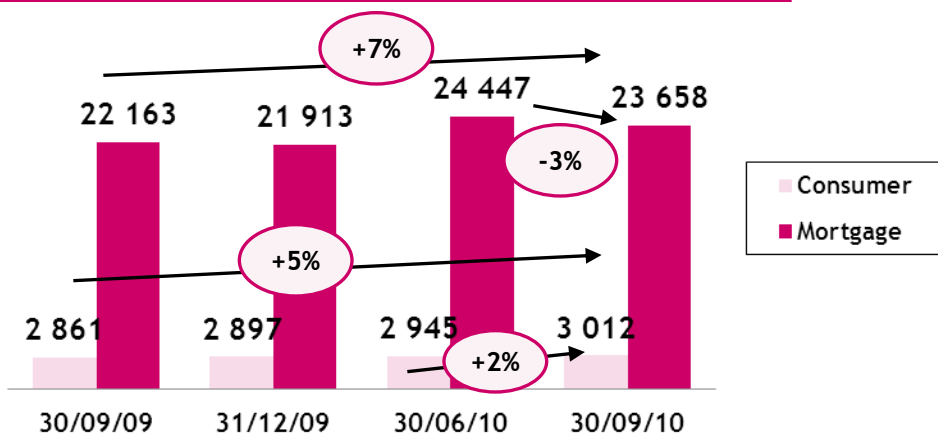
- High quarterly sales of mortgage loans at almost PLN 500 million was kept during the summer enabling the Bank to maintain market share at 4% * (5.7% in PLN loans only).
- In September a new promotion was launched supported by a TV campaign and adjusted pricing.
- Stabilization of mutual funds volumes with higher share of lower risk funds.

* Source: Polish Banks Association; market share year-to-date

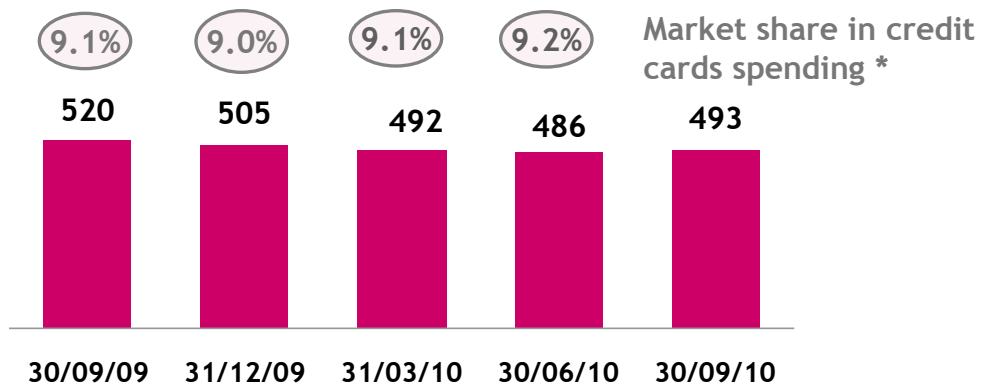
** include 3rd parties mutual funds sold to Millennium affluent customers

Retail business results - loans and credit cards

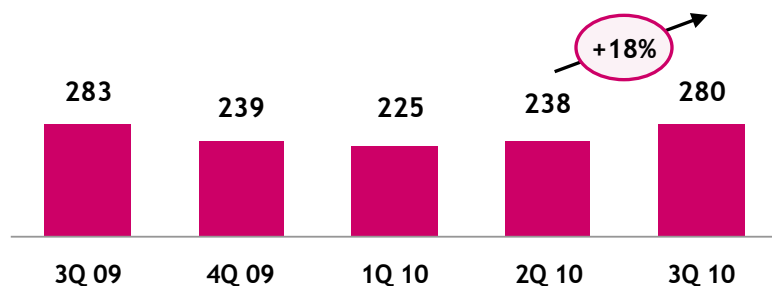
Mortgage and consumer loans portfolio (PLN mln)



Number of Credit Cards (tsd)



Cash Loans Quarterly New Production (PLN mln)

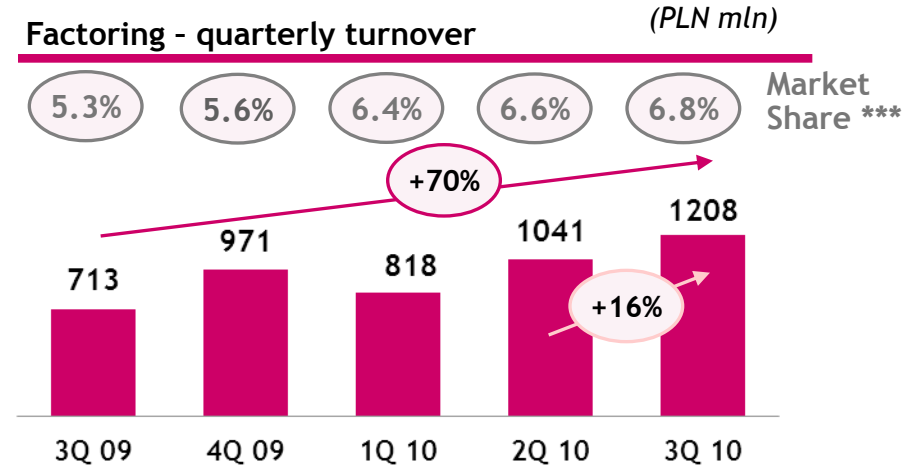


- Positive impact of the successful sale of a new product - Visa Impresja - allowed to increase number of credit cards despite negative trend observed on the Polish market. Share of the Bank in terms of number of cards was 5.1% whereas market share in credit cards spending was 9.2% (as on June 2010).
- Sale of cash loans during 3Q was visibly higher than the one achieved during previous quarters.

* Based on NBP data on total cards spendings

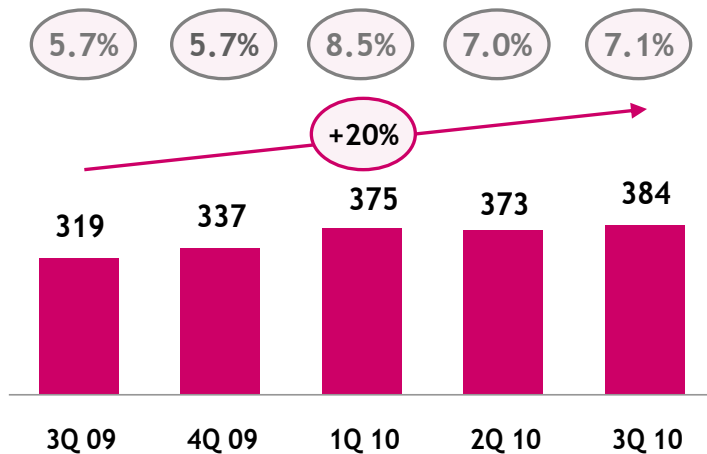
Companies business results

Companies selected figures	
Number of customers	9 142 *
Deposits market share	4.5%
Loans market share	3.0%
Leasing sales mkt. share	7.1%**
Factoring sales mkt. share	6.8%***



Leasing - quarterly new production (PLN mln)

Market Share **



- Strong rebound in leasing: fifth position on the market with 7.1% share in 1-3Q. The growth was recorded in both main product groups: means of transportation and machinery.
- Further growth in factoring: +16% q/q and 70% y/y. Strong sixth place on the market maintained with 6.8% market share.

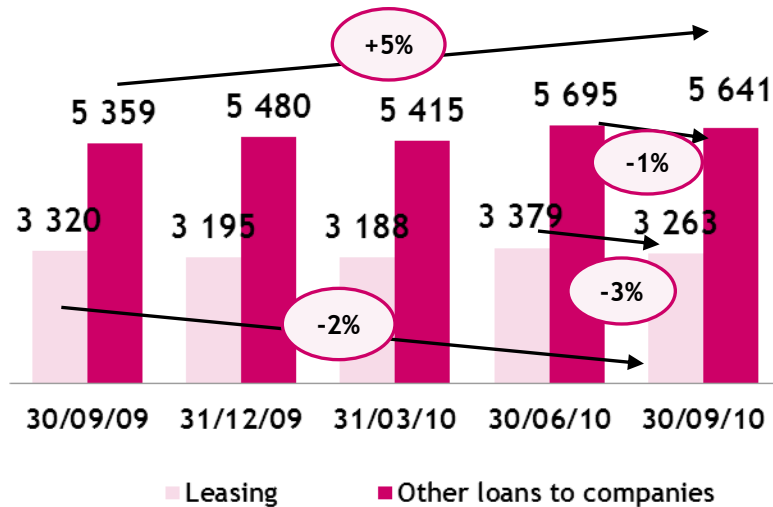
* drop due to migration of ca 500 customers to microbusiness segment

** own estimations based on ZPL data; market share YTD

*** based on PZF and other banks data gathered by Parkiet daily; market share YTD

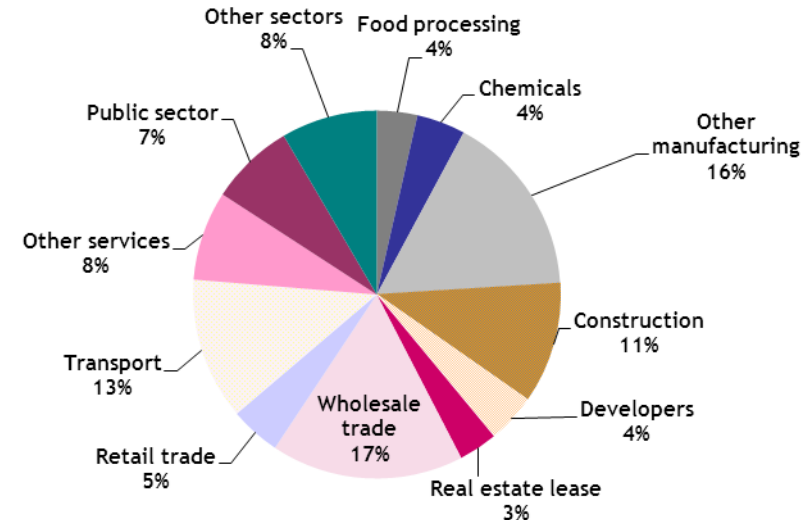
Companies loan portfolio

Loans to Companies (PLN million)



- Loans to companies (including leasing) decreased during 3Q'10 by 1.9%.
- The quarterly drop was fully caused by the appreciation of the Zloty against other currencies during this quarter.

Companies loan portfolio split by sectors (%)



- If excluding the sub-segment of large companies* the value of loans granted to other corporate clients in September 2010 increased by PLN 1.3 billion (+32%) compared to September 2009 and their share in corporate loan portfolio was 80%.

* companies with annual turnover above PLN 200 million

Financial performance

Business development

Appendixes

Major awards and achievements in 3Q 2010

Bank Millennium 2nd place in credit card ranking

- Millennium Visa Impresja credit card ranked second in the latest credit card ranking prepared by *Open Finance*. The ranking covered cards from 25 banks. Parameters crucial to customers were assessed, hence a third of the score was given for the cost of issuing and using the card. The end result was also affected by the interest rate on non-cash and cash transactions, duration of the grace period, minimum credit limit and income required to apply for the card.

Bank Millennium Among 'Top brands'

- In the "banks" category Bank Millennium was ranked 4th. The ranking was prepared by the *Press* monthly regarding brands with the best media profile in leading sectors.

Bank Millennium Among top mortgage offers

- In the ranking prepared by *Gold Finance* Millennium mortgage offer was classified as one of the best for borrowers interested in PLN loans with 20% down payment. The banks were evaluated based on instalment for a loan of PLN 280 ths, with 30 years lending period. Millennium scored high in two categories: 'Family at home' programme and standard mortgage offer.

Bank Millennium Online Account among the leaders

- In the ranking prepared by *Bankier.pl*, Bank Millennium Online Account scored highest, coming up on the top of the list. Moreover, in the ranking prepared by *Comperia* the same account was highly appreciated and ranked 2nd place.

Bank Millennium Macroeconomic analysts

- Macroeconomic Research Bureau of Bank Millennium obtained 2nd place in the ranking of the most accurate economic forecasts and Bank's analysts were third in the Q3 results. Ranking was prepared by the Polish daily *Parkiet* on monthly forecasts prepared by financial institutions, regarding such macroeconomic indicators, as: demand, prices, balance of payments and labour market.

(1) Main product campaigns

“It’s time to feel joy of having your own home” - the new mortgage campaign with well-known Polish singer Kasia Kowalska.

Millennium mortgage is an offer for all interested in purchase of their own flat or house on a primary/secondary market, building a DIY house or in mortgage refinancing. Mortgage can be also used to upgrade or redecorate your flat, as well as to refinance costs incurred for residential purposes in the last 12 months or to finance any housing needs. Mortgage borrowers are free to spend additional funds on any purpose (loan consolidation, furniture or vacation). The Bank also grants mortgage loans with government subsidies within 'Family at home' programme - the installment may be lower from standard as for first 8 years 50% of interest rates are covered by the State Treasury.

Kredyt Hipoteczny

JUŻ CZAS POCZUĆ RADOŚĆ,
JAKĄ DAJE DOM

0%
prowizji

**Niskie
raty**

Kasia Kowalska

Millennium
bank

Inspiruje nas życie

RRSP od 4,16% do 7,12% dla kredytów w PLN – stan na dzień 30.09.2010 r. Szczegółowe informacje są dostępne w placówkach oraz na stronie internetowej Banku Millennium S.A.

www.bankmillennium.pl 801 331 331

(2) Main product campaigns

Pilna Pożyczka Konsolidacja

WYCHODZI KORZYSTNIEJ

Zmień swoje kredyty na jeden z dodatkową gotówką

↓%
niższe oprocentowanie

+
dodatkowa gotówka

Millennium bank

Karty Kredytowe

KARTA Z KOBIECĄ DUSZĄ...

... I ZMYSEM ROBIENIA ZAKUPÓW

Zwracamy Ci 5% kwoty wydatków na zakupy w Twoich ulubionych sklepach – aż do 760 zł rocznie.

ADARX Carrefour ampik mizmax SEPHORA
Sony Centre TUI VENEZIA

kollektory COCCINELLE FRANCHISORIANA MARELLA MaMa PINNYOLACK POLLINI
ZARA Pullano Floor Massimo Dutti Bershka oyohe ZARA HOME

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Pakiet Lokat

ZYSKUJESZ NA STABILNYM KURSIE

8%
w stałym kursie przy spłacie w ratach i stałym oprocentowaniu

A DODATKOWO MOŻESZ ZAŁOŻYĆ
LOKATĘ PROMOCYJNĄ NA 5%

Millennium bank

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Urgent Loan - consolidation is a consumer loan for repayment of unsecured liabilities of the Customer to other banks. The product permits a Customer to consolidate many former payments into one lower payment on account of cash loans, credit cards, overdraft facility or instalment loans.

Millennium Visa Impresja credit card provides a 5% refund of the value of transactions done with the card at all Partners of the Programme - over 20 leading brands, which represent key product categories. **2nd place in credit card ranking prepared by Open Finance.**

Deposits Package - Bank Millennium has begun subscription of the 2nd edition of Lokata Inwestycyjna Stabilny Kurs deposit, which can be bundled with an attractive Lokata Promocyjna deposit. Lokata Inwestycyjna Stabilny Kurs may generate up to 8% yield per annum, while the bundled Lokata Promocyjna ensures 5% per year.

(3) Main product campaigns

Bank Millennium launched the next part of the **Corporate Banking advertising campaign**. Advertising is appearing in national dailies and weeklies; the campaign is also presented in the radio. The advertising effort will continue until December 2010.

Also in the coming months joint actions will be undertaken together with the *Rzeczpospolita* daily. Statements from Bank Millennium experts (in the Economy and Market sections as well as under Good Business) are published. On *Rzeczpospolita* website www.rp.pl/bankmillennium are available articles about corporate banking and experts from Bank Millennium are available to answer questions.

Bankowość Przedsiębiorstw

Co dzięki nam możesz wziąć w leasing?
Co chcesz.



Millennium Leasing zapewnia najkorzystniejszy sposób finansowania inwestycji Twojej firmy. To także bezpieczna i wygodna droga do jej rynkowej ekspansji! Polecamy też pozostałe rozwiązania z licznej drużyny produktów dla przedsiębiorstw: kredyty, faktoring, bankowość transakcyjną, platformę transakcyjną FX i inne.

Millennium
bank

Inspiruje nas życie

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Main macroeconomic highlights of Q3 2010

Low investment activity...
Better financial results of
companies...



...reduced demand for corporate loans
...increased corporate deposits

Lower unemployment...



...improved financial situation of households
...increased households' financial savings

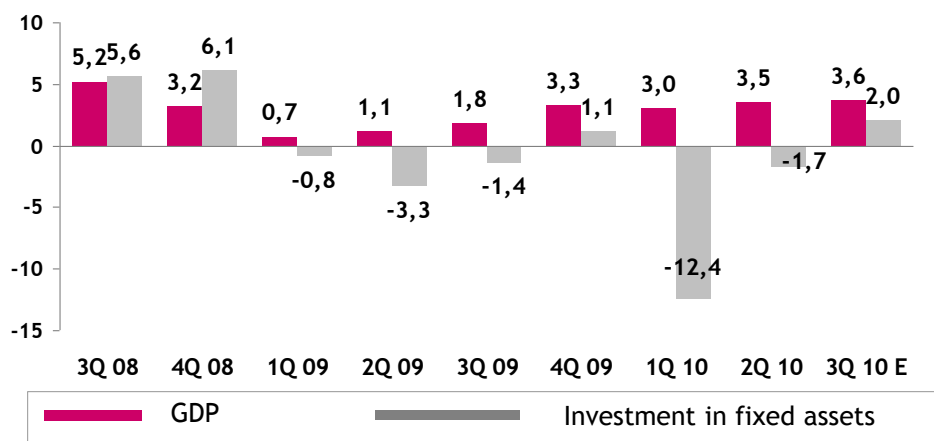
Modest PLN appreciation...



...reduced the PLN valuation of FX
denominated loans

Macroeconomic Overview

GDP and investment growth [% yoy]



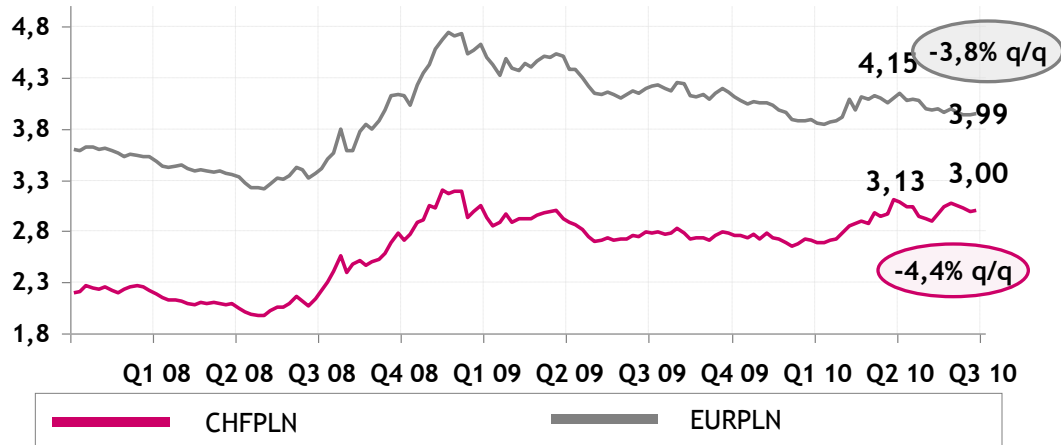
- Third quarter of 2010 showed further improvement of economic activity. Private consumption remained the main pillar of economic growth, while private investment outlays were still muted.
- Manufacturing sector was the main driver of economic expansion supported by growing exports and improving domestic demand.
- Business confidence indicators suggest that the economy should continue to grow despite expected slowdown in the Eurozone.
- Situation in the labour market improved in 3Q 2010 driven by both seasonal factors and improvement of economic sentiment. Companies kept increasing employment while the wage growth was moderate.

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

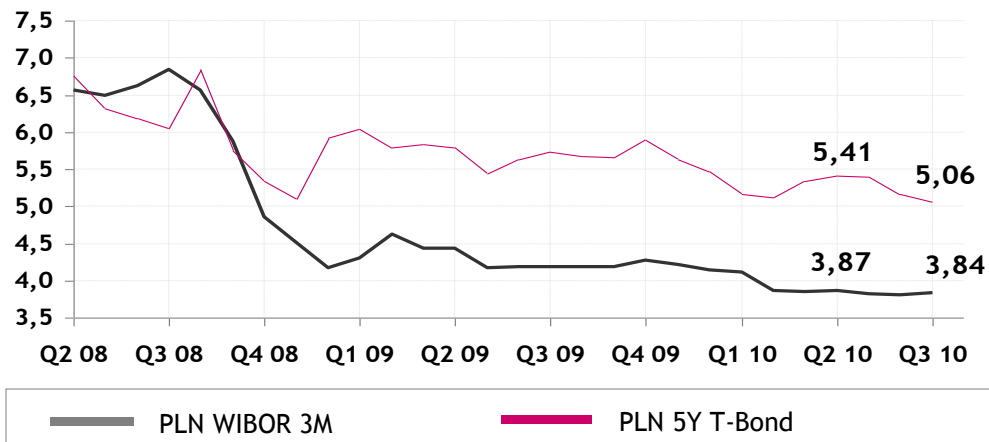


Macroeconomic Overview

Evolution of FX rates [PLN]



Interest rates in PLN [%]



Source: Reuters, Ecwin, NBP

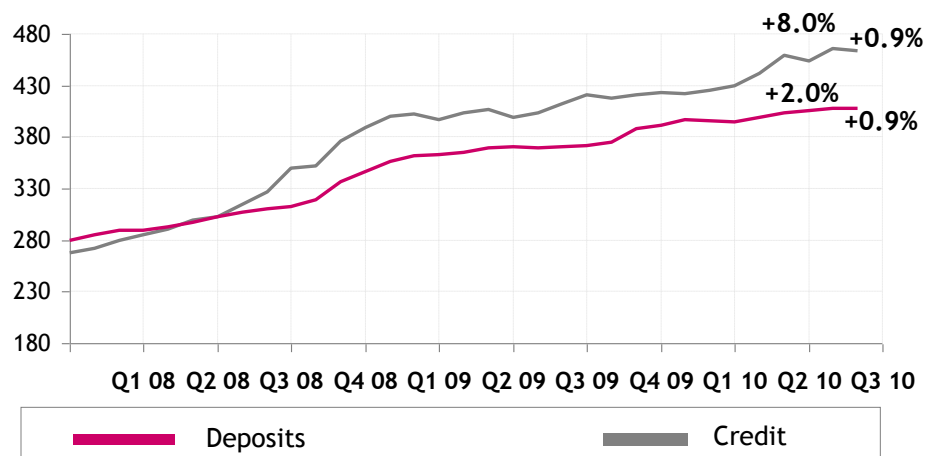
- Zloty appreciated during 3Q 2010 but the changes were not substantial despite strong macroeconomic figures from domestic economy and better market sentiment.
- Polish central bank kept interest rates unchanged during 3Q. However the expectations for monetary tightening this year prevail.
- 3Q 2010 showed a decrease in yields of Polish treasury papers that resulted from the inflow of foreign capital to Polish bond market and occurred despite expected rate hikes.

Macroeconomic Overview

Households

(PLN bn)

change q/q:

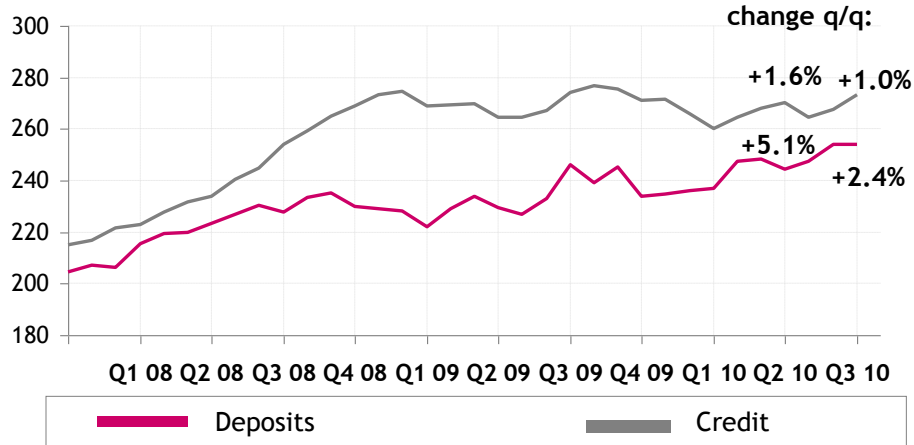


- Households' deposits slightly grew driven by higher wage dynamics and employment. At the same time deposits of non-financial companies went up supported by better financial results of companies.
- Growth of credit portfolio decelerated in 2Q driven by FX movements, especially in households' segment. Demand for corporate loans remains muted on the back of low investments activity in this sector.
- Impaired loans ratio stabilized during Q3, however in corporate sector NPL ratio already decreased from 12.2% in June to 12.1% in August (latest available data) whereas for households' loans it grew from 6.7% to 7.0%, mainly due to worse quality of consumer loans. Portfolio of mortgage loans remains still sound.

Non-financial corporations

(PLN bn)

change q/q:



Synthetic P&L account

(PLN million)	1-3Q 2009 pro-forma	1-3Q 2010 pro-forma	1Q 2010 pro-forma	2Q 2010 pro-forma	3Q 2010 pro-forma
Net interest income*	485,4	734,8	233,4	240,2	261,1
Net commission income	354,5	419,4	147,8	136,2	135,4
Other non-interest income **	196,9	90,2	42,3	26,9	21,0
Operating Income	1 036,8	1 244,4	423,5	403,3	417,6
General and administrative costs	-722,0	-741,3	-235,5	-250,3	-255,6
Depreciation & impairment of non-financial assets	-60,5	-56,0	-19,2	-18,6	-18,1
Total operating costs	-782,4	-797,3	-254,7	-268,9	-273,7
Net provisions	-344,7	-180,7	-83,3	-46,8	-50,7
Operating profit	-90,3	266,4	85,5	87,7	93,3
Pre-tax profit	-83,3	266,4	85,5	87,7	93,3
Income tax	17,3	-52,5	-17,4	-18,1	-17,0
Net profit	-66,0	213,9	68,1	69,5	76,3

* 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 60.3 m in 1-3Q 2010 and PLN 82.4 m in 1-3Q 2009) 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)

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

	1-3Q 2009	1-3Q 2010	1Q 2010	2Q 2010	3Q 2010
Net interest income (reported under IAS)	403,0	674,5	217,4	217,9	239,1

Balance Sheet

(PLN million)

ASSETS	30/09/2009	30/09/2010
Cash and balances with the Central Bank	1 293	1 956
Loans and advances to banks	705	874
Loans and advances to customers	33 703	35 575
Amounts due from reverse repo transactions	87	239
Financial assets at fair value through P&L and hedging derivatives	4 598	1 763
Investments	2 800	3 756
Tangible and intangible fixed assets	379	278
Other assets	399	357
TOTAL ASSETS	43 964	44 797

LIABILITIES AND EQUITY	30/09/2009	30/09/2010
Deposits and loans from banks	5 186	1 854
Deposits from customers	30 439	33 290
Liabilities from repo transactions	2 271	1 683
Financial liabilities at fair value through P&L and hedging derivatives	846	1 159
Liabilities from securities issued & securitisation	993	1 155
Provisions	26	21
Subordinated liabilities	980	924
Other liabilities	519	688
TOTAL LIABILITIES	41 259	40 775
TOTAL EQUITY	2 704	4 022
TOTAL LIABILITIES AND EQUITY	43 964	44 797

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