

Bank Millennium Group

Presentation of 3rd Quarter 2011 Results

21st October 2011



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All data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with the 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.

Agenda

Financial performance

Business development

Appendixes

Main financial and business highlights of 1-3Q 2011

- Net profit of PLN 125 million in 3Q'11(+8% q/q)
- Net profit of PLN 341 million y-t-d (+60% y/y), ROE at 11%
- Core income* up 15% y/y
- Total costs up by 5.3% y/y and C/I improving at 58% in 3Q'11
- Cost of risk at comfortable 45 bps **
- Improved asset quality: impaired loan ratio below 5%
- Strong capitalization: Core Tier 1 at 11.4%, total CAR at 13.5%
- Liquidity influenced by strong CHF: Loan to Deposit ratio at 108% ***
- Sale of new retail current accounts exceeded 200,000 ytd
- Growth of deposits by 10% y/y
- Growth of loans by 15% y/y (or 4.5% excluding FX effect)

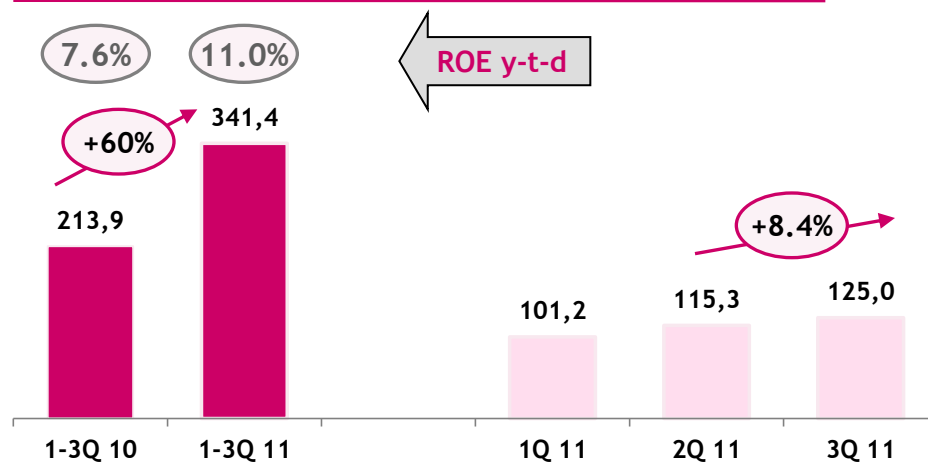
* Net Interest Income + Net Commissions Income

** Provisions divided by average net loans, on annualized basis

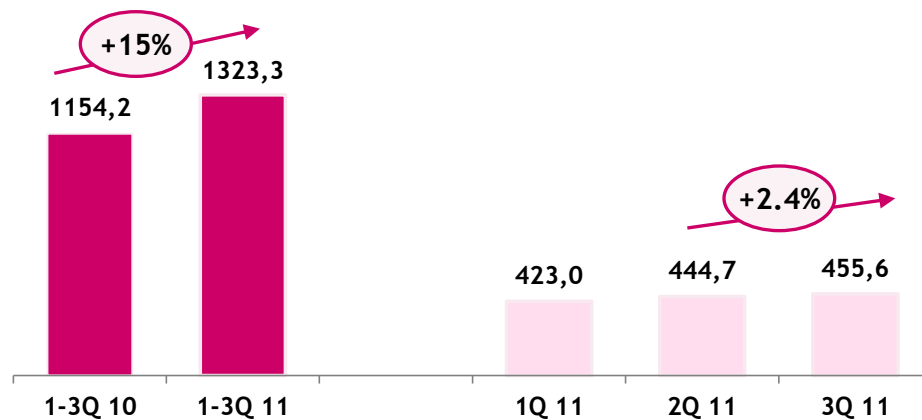
*** with retail bonds, repos and securitization of leasing

Profitability

Net profit - evolution (PLN million)



Core Income* - evolution (PLN million)

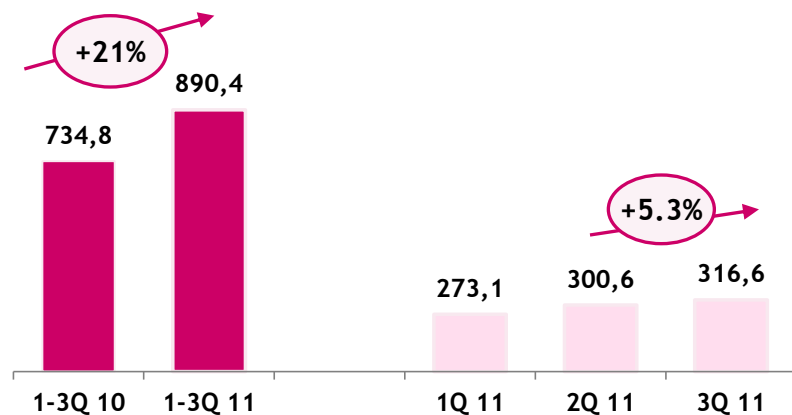


- Net Profit in 1-3Q'11 amounted to PLN 341,4 million and recorded high 60% growth compared to 1-3Q'10 thanks to improved Core Income* and lower cost of risk.
- In 3Q'11 Net Profit of the Group reached PLN 125 million, which means a visible 8.4% growth compared to the previous quarter.
- Core Income for 1-3Q'11 grew by 15% y/y. On quarterly basis the growth was 2.4% compared to 2Q'11, thanks to a further growth of net interest income.

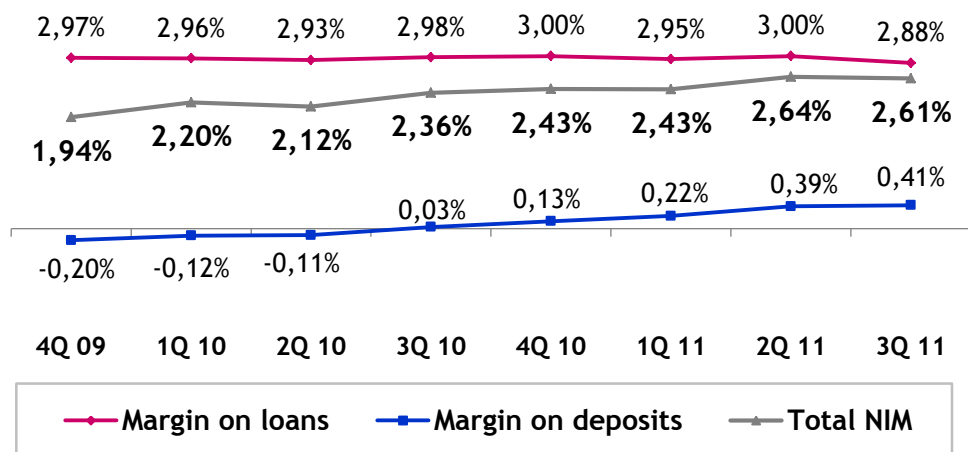
* Net Interest Income + Net Commissions Income

Net Interest Income

Net Interest Income* (PLN million)



NIM * evolution (quarterly) (%)

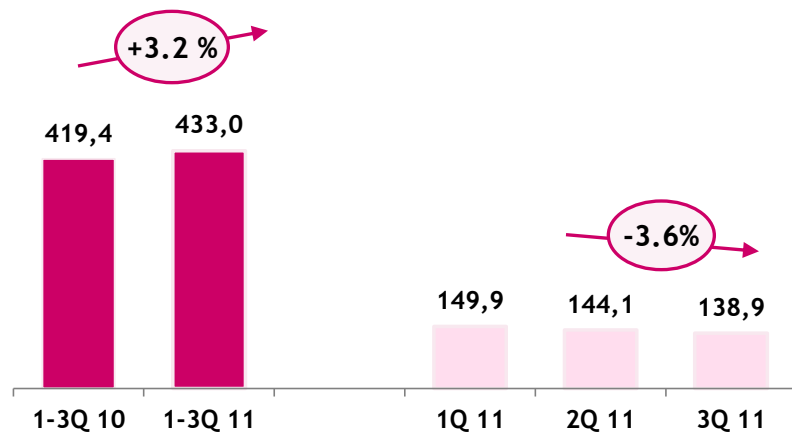


- Net Interest Income* in 1-3Q'11 amounted to PLN 890 million and grew remarkably by 21% compared to the corresponding period of 2010.
- On quarterly basis, Net Interest income grew by 5.3% and hit the record level in the Bank's history.
- Total Net Interest Margin in 3Q'11 was on similar level compared to 2Q'11 (slight decrease to 2.61%) due to lower spread on fixed interest loans caused by higher market interest rates.
- Year-to-date NIM increased to 2.56% from 2.23% for 1-3Q 2010.

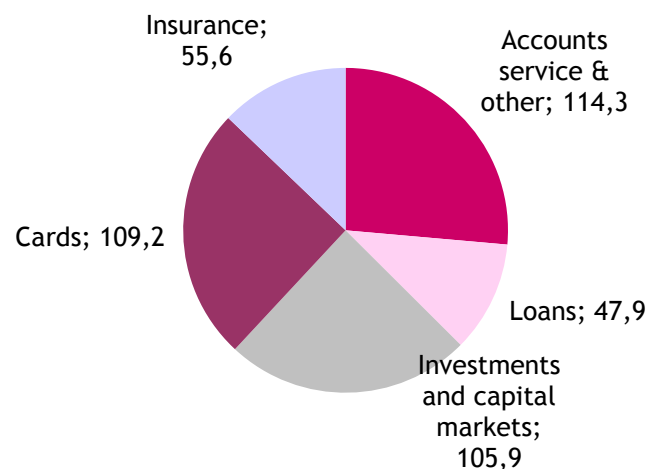
* Pro-forma data. Margin from all derivatives, including those hedging FX denominated loan portfolio, is presented in Net Interest Income, whereas in accounting terms part of this margin (PLN 46 million in 1-3Q'11 and PLN 60.3 million in 1-3Q'10) is presented in Result on Financial Operations.

Non-interest Income

Net Commission Income (PLN million)

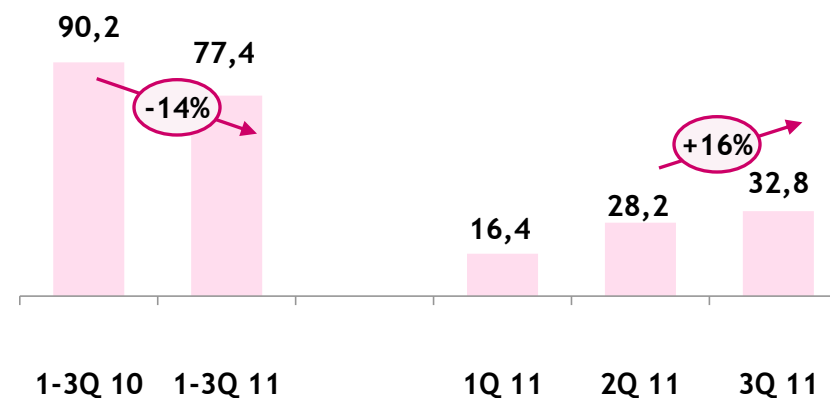


Net Commission split in 1-3Q 2011 (PLN million)



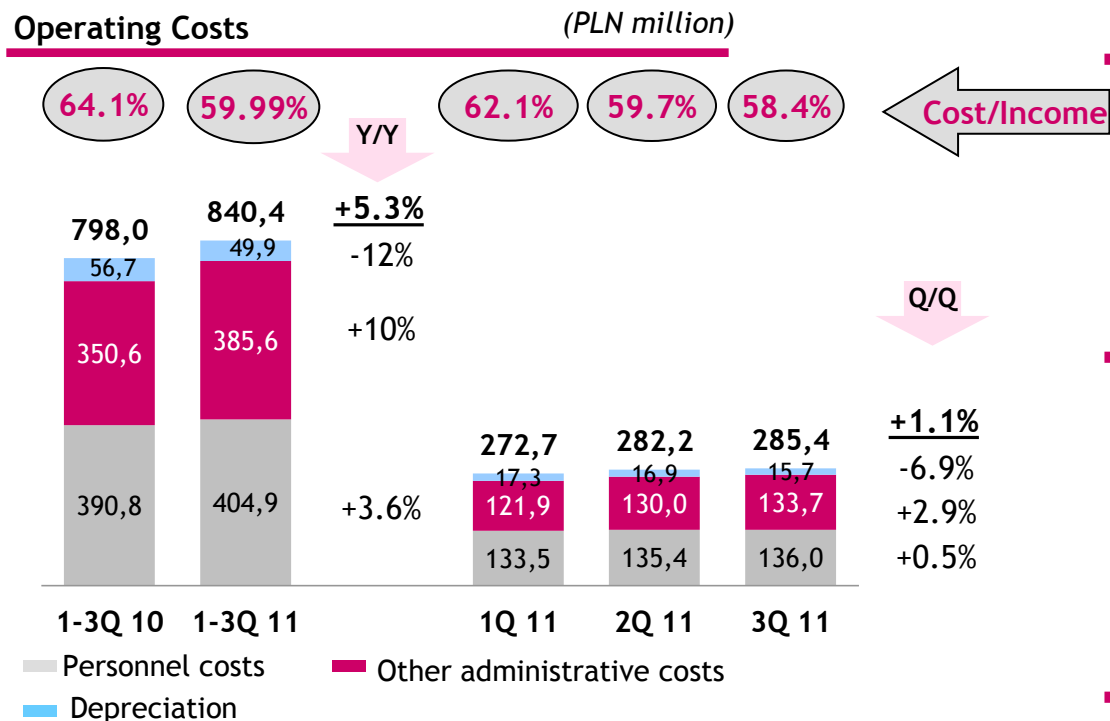
- Net Commissions grew by 3.2% in 1-3Q'11 compared to corresponding period of 2010. On a quarterly basis, Net Commissions recorded a decrease by 3.6% versus previous quarter, mostly due to lower capital market related commissions.
- Other non-interest income* grew 16% on a quarterly basis, although in 1-3Q'11 was lower by 14% than in 1-3Q'10.

Other non-interest Income* in 1-3Q 2011 (PLN million)



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

Operating Costs

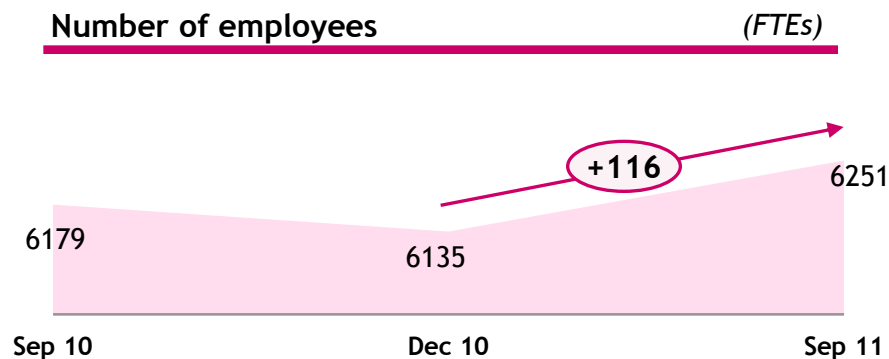


- Total costs grew by 5.3% in 1-3Q'11 reflecting good cost control executed by the Group. Cost-to-income in the 3Q'11 went clearly below the targeted 60% (58.4%) and so C/I ratio for 1-3Q'11 went already below 60%.

- Personnel costs increased in 1-3Q'11 only by 3.6% y/y despite generally improving business results and low base in 2010. In quarterly terms the growth was very low, i.e. +0.5% q/q. Higher number of employees was caused by the new project of co-operation with Makro Cash & Carry.

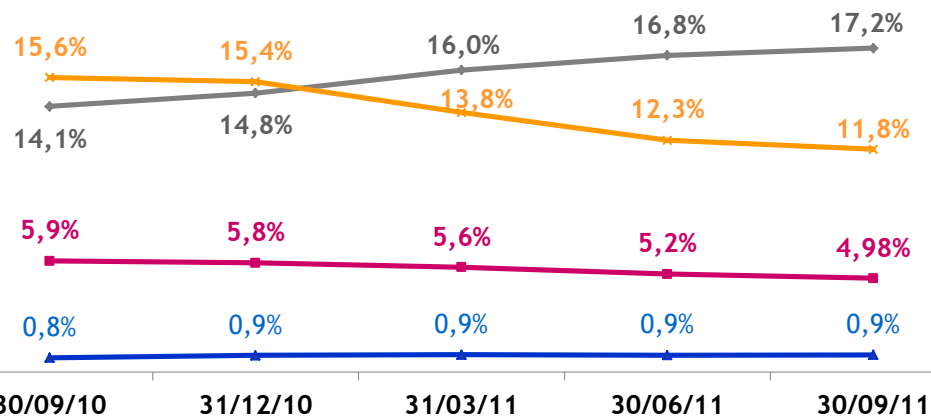
- Administrative costs grew in 1-3Q'11 by 10% y/y and by 2.9% q/q. Higher annual cost growth resulted from the increase of charges to Banking Guarantee Fund, FX impact on rental and some IT costs as well as higher marketing costs.

- Decreasing depreciation provide additional help to cost control efforts (-12% y/y).



Asset quality ratios

Impaired loans ratio by products [over Total loans]



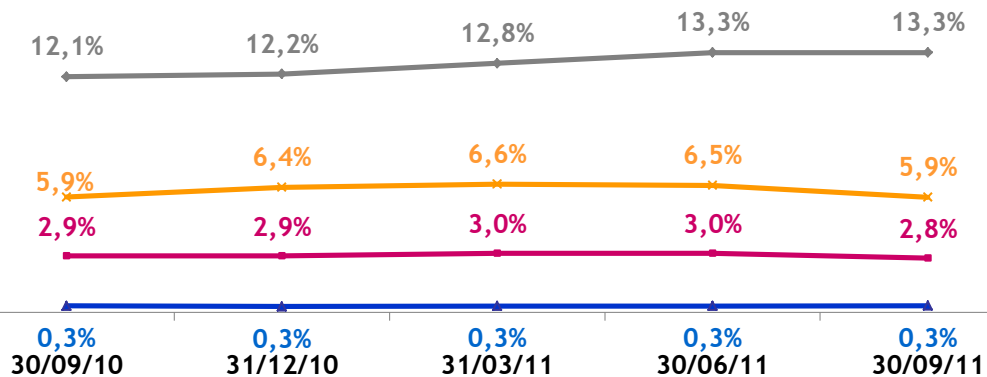
Coverage ratio *

Retail: 72%

Companies: 52%

Total: 60%

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



Coverage ratio *

Retail: 111%

Companies: 104%

Total: 107%

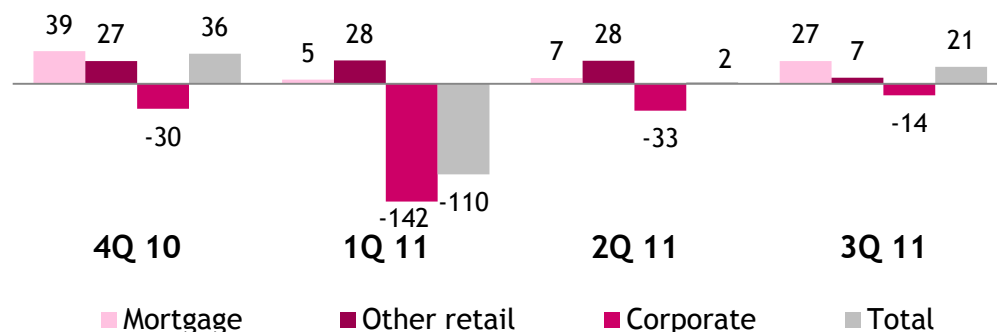
— Total loans — Mortgage — Other retail — Companies

- Continuation of improvement in asset quality: impaired loans ratio below 5% for the first time since June 2009.
- Improving quality of loans to companies and stable, good quality of mortgage loans.
- Ratio of loans past-due over 90 days for the total portfolio decreased to 2.8%.
- Coverage ratio of impaired loans by total provisions improved again by 1 p.p. to 60% compared to the end of June'11, especially in companies portfolio.

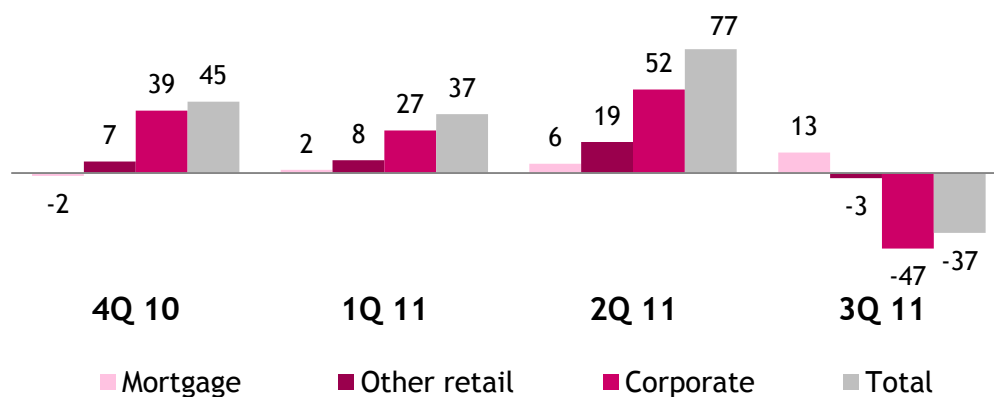
* Coverage of gross impaired and gross past-due 90 days loans by total provisions (incl. IBNR) as at 30.09.2011

Impaired and past-due loans

Evolution of impaired loans* - quarterly changes (PLN million)



Evolution of past-due 90 days loans* - quarterly changes (PLN million)

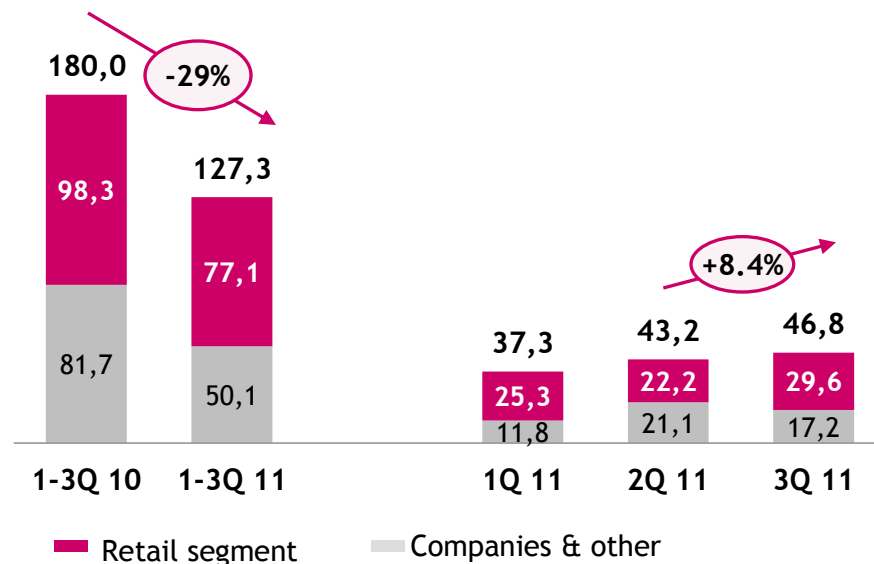


- Total impaired loans grew during 3Q'11 only by PLN 21 million, including FX impact of PLN 60 million.
- Visibly lower growth of impaired other retail loans (PLN 7 million) vs. previous quarters.
- Positive change of trend in past-due over 90 days exposure: net decrease by PLN 37 million in 3Q'11.
- Conservative criteria of classification of impaired loans: all restructured NPLs in retail and most in corporate are classified as impaired during time of restructuring plus a quarantine period.

* After write-offs: PLN 117 million since Sep. 2010 and PLN 47 million for 3Q'11

Cost of Risk

P&L impairment provisions - quarterly *(PLN million)*



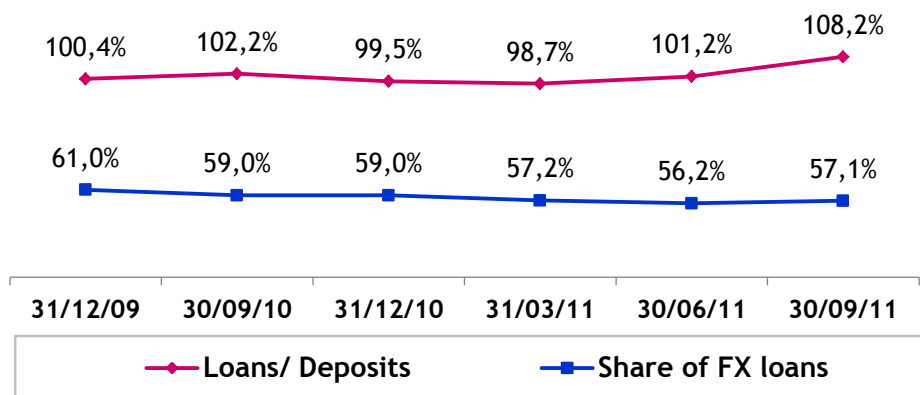
- Improving quality of loan portfolio allowed that impairment provisions created during 1-3Q'11 were lower by PLN 53 million (or 29%) than in 1-3Q'10.
- Average Cost of risk in 1-3Q'11 was kept at comfortable level of 45 bps year-to-date (47 bps annualised in 3Q'11 alone).

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

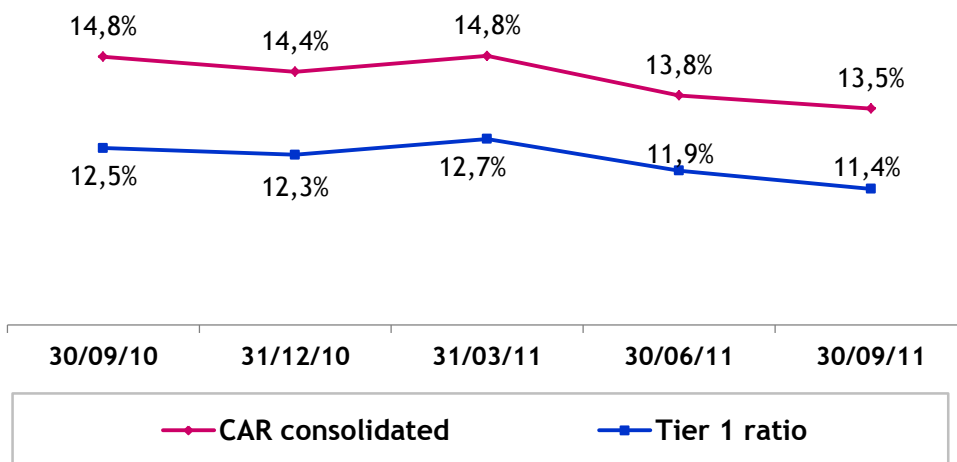
	1Q 10	2Q 10	3Q 10	1-3Q 10	4Q 10	1Q 11	2Q 11	3Q 11	1-3Q 11
COMPANIES	188	117	72	125	73	68	97	69	78
RETAIL	69	33	51	51	42	32	31	39	34
TOTAL	100	55	56	70	49	41	48	47	45

Liquidity and Capital adequacy

Loans to Deposits * and FX loans (%)



Capital Adequacy Ratio (%)



- Strong FX impact on FX denominated part of loan portfolio caused that Loans-to-deposits ratio increased during 3Q 2011 to 108%.
- Despite that, share of FX loans in the Group's total loan portfolio decreased during 2011 from 59% in Dec'10 to 57% currently, thanks to a consequent amortization of FX portfolio (decreased by equivalent of PLN 1.3 billion since December 2010).
- FX impact on loans has influenced also the capital adequacy ratios, which remain on very comfortable levels: consolidated CAR at 13.5% 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.

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Quality Improvement Project - visible results

The Project was launched in January 2011 with the following main goals:

- to improve customers satisfactions with service delivered,
- to increase customer's loyalty and cross-selling potential

and was conducted in four important areas:

Branch Network

Call Center

Internet

Claims management

ACHIEVEMENTS

Bank Millennium has **the best quality of service**, both in traditional branches and in internet *

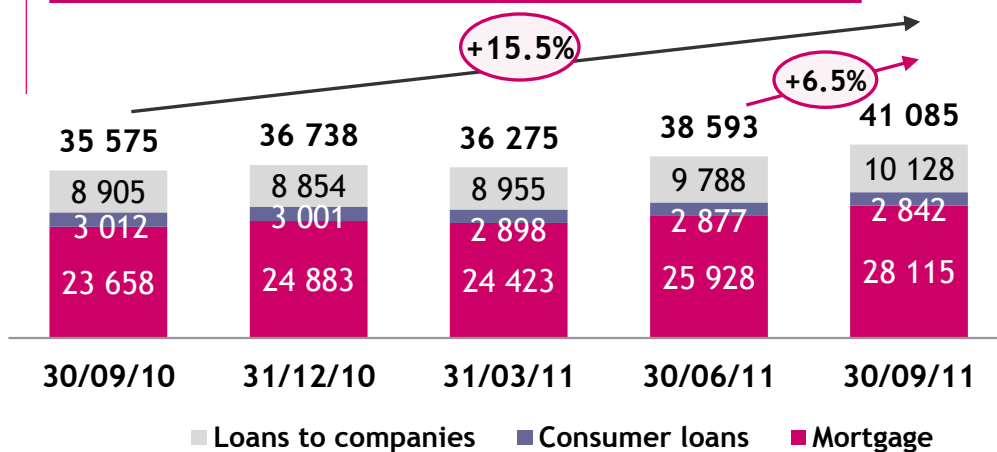
Bank Millennium is top 3 **the most friendly bank**, both in traditional branches and in internet *

Millennium Bank received **the 2011 Service Quality Emblem** **

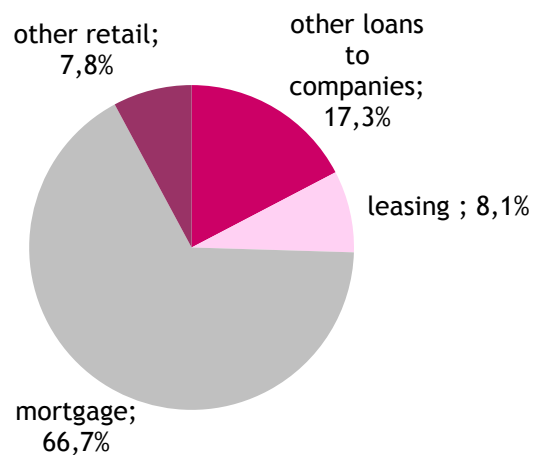
Millennium Bank is in top 3 in **the Best Bank for Companies** ranking (the highest 5 stars score) including the highest score in **quality and transparency** sub-ranking ***

Loan portfolio

Loan Portfolio (Net) (PLN million)

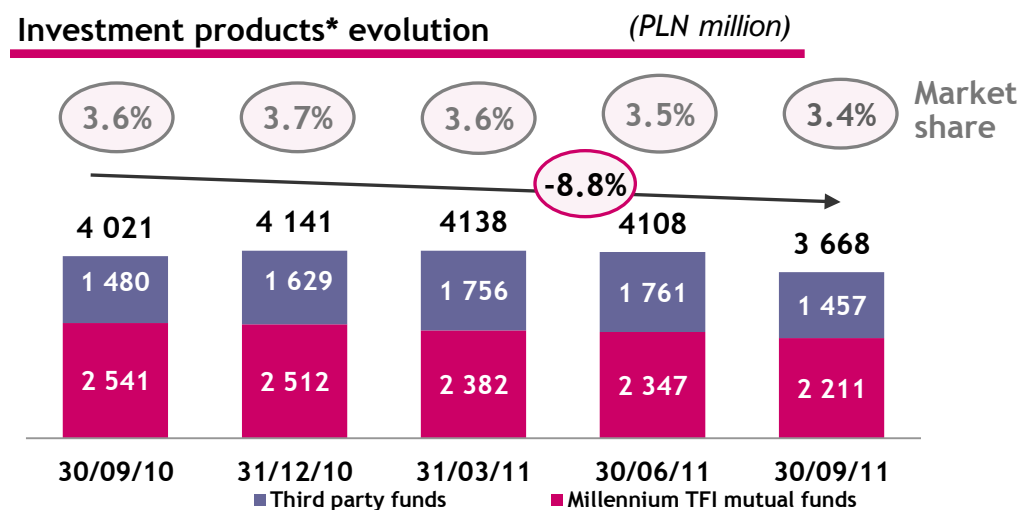
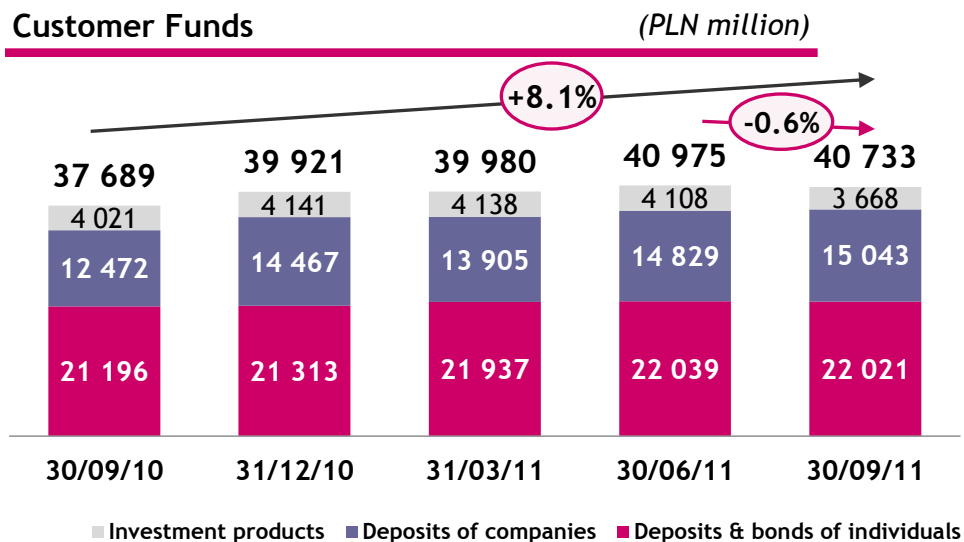


Structure of gross loan portfolio (%)



- Loan portfolio increased by 15.5% yearly and 6.5% quarterly, partially inflated by FX portfolio revaluation.
- Without FX effect, the total portfolio would grow 4.5% yearly and 1.1% quarterly.
- Share of FX loans in mortgage portfolio remains at 78% level despite strong appreciation of Swiss Franc (+9.5%).

Customer funds



- Total Customer Funds grew by 8.1% y/y, of which deposits with retail bonds grew 10.1% y/y, whereas investment products decreased by 8.8% y/y.

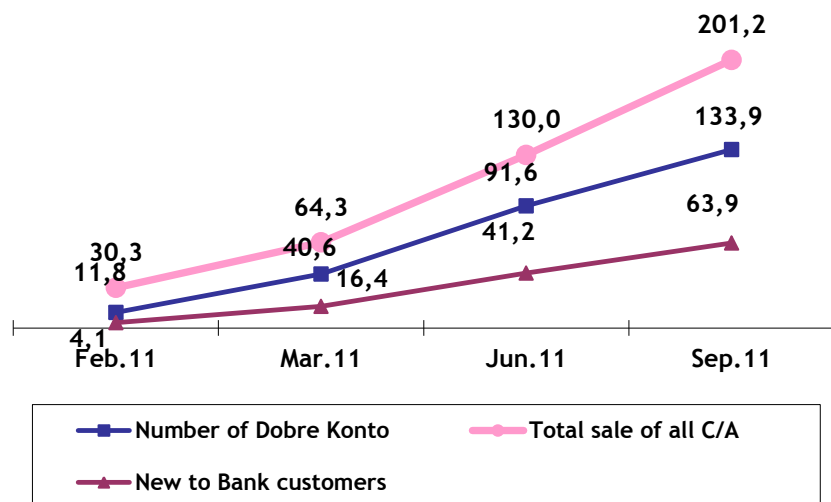
- In quarterly horizon, total deposits grew by 0.5% q/q but due to lower investment products (by -10.7%) total customer funds decreased by 0.6% q/q.

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

Retail business results

Retail indicators status	3Q 2011
Number of active customers	1 143 ths
Cross-sell ratio	3.69
Deposits market share	5.0%
Mutual funds mkt. share*	3.2%
Loans market share	6.6%
New mortgage mkt. share**	4.9%
Operating Income growth (ytd)	23.5%

Sale of current account (y-t-d since the beginning of 2011)



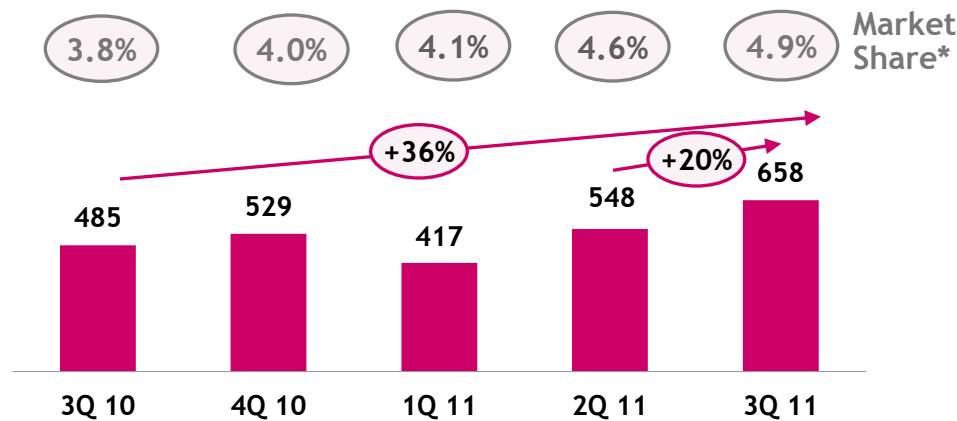
- Both total number of active Customers and cross-selling ratio are keeping growing trend.
- Total number of new current accounts in September exceeded 200.000 year-to-date. This result was strongly supported by the „Dobre Konto” campaign - started in February with strong media support.
- 48% of „Dobre Konto” clients joined Millennium this year, with a further 12% being customers who previously did not own a current account with the Bank.

* include third parties mutual funds sold to Millennium affluent Customers

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

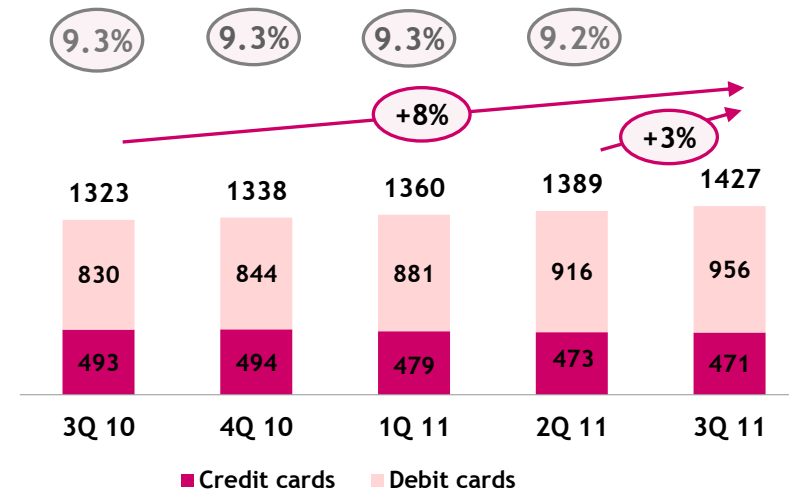
Retail business results - loans and cards

Mortgage new production (PLN mln)

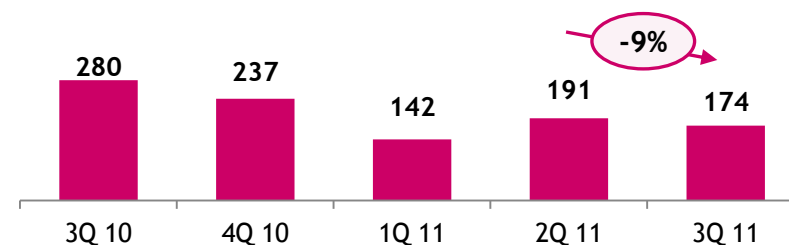


- Mortgage loans quarterly sales achieved planned monthly volume and reached PLN 658 million in 3Q, which allowed to get close to the medium-term target of 6% market share in new production (5.8% during 3Q alone).
- Another record sales of debit cards (40 ths. in the quarter); the result strongly supported by the new current account campaign.
- Lower level of cash loans sales during 3Q.

Number of Payment Cards (tsd)



Cash Loans Quarterly New Production (PLN mln)



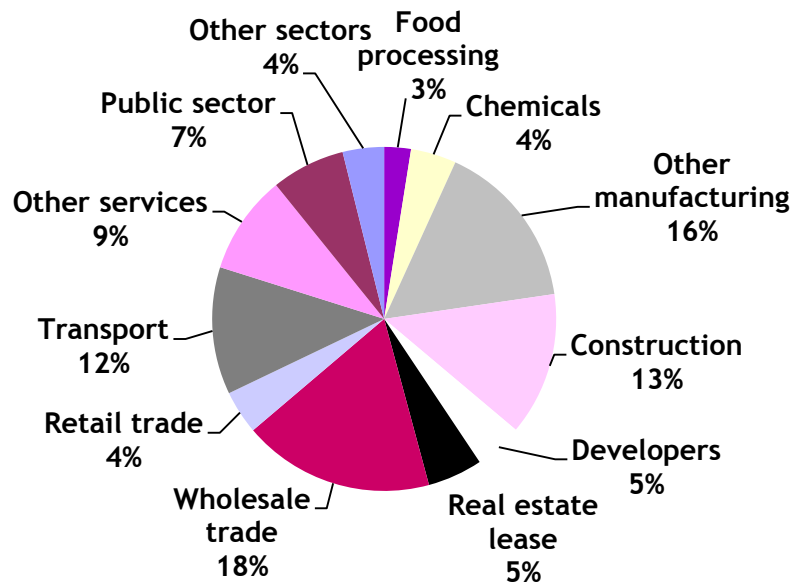
* Source: Polish Banks Association; market share year-to-date

** Based on NBP data on total cards spendings, market share year-to-date

Companies business results

Companies indicators status	3Q 2011
Number of active customers	9 196
Deposits market share	5.2%
Loans market share	3.0%
Leasing sales mkt. share*	7.5%
Factoring sales mkt. share**	6.6%
Operating Income growth (ytd)	16.4%

Loans to companies structure (gross)



- Growing number of active clients in corporate segment: 9 196 in the end of September 2011; 2/3 of them are representing SMEs.
- Intensive effort put in direct meetings with existing and potential customers: 15 regional meetings in co-operation with KIG***, 17 seminars promoting new EBRD's project (PolSEFF) and 11 other regional business meetings.
- Loans to companies and public sector grew by 13.7% yearly (3.5% q/q), whereas deposits grew by 20.6% yearly (1.4% q/q).

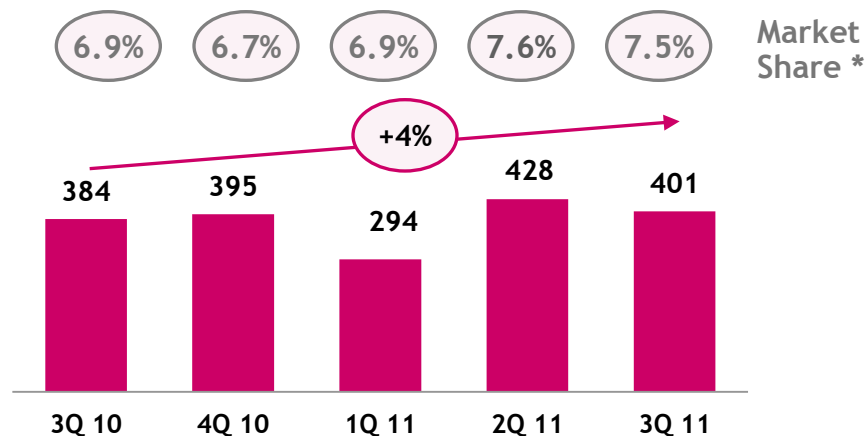
* own estimations based on ZPL data; market share in movables, year-to-date

** based on PZF and other banks data gathered by Parkiet daily; market share year-to-date for 6 months

*** National Chamber of Commerce

Companies business results - leasing and factoring

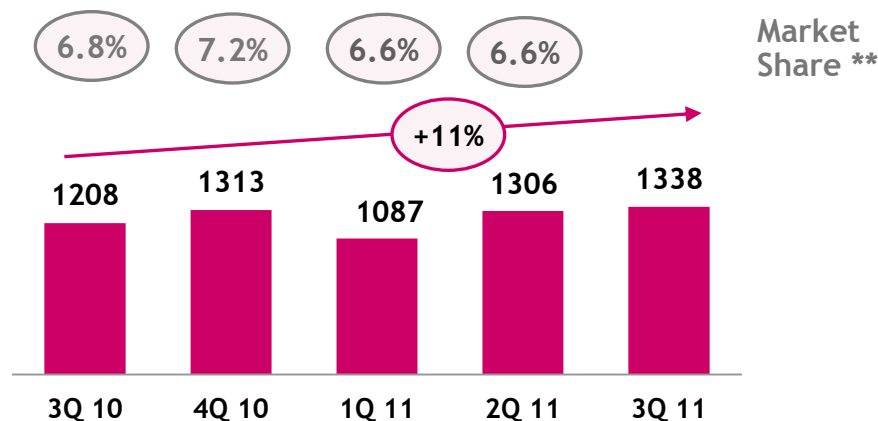
Leasing - quarterly new production *(PLN mln)*



- Bank Millennium Group maintains strong market share in leasing (4th position) despite lower quarterly sales.

- 88% of leasing exposure (and 99% of number of customers) connected to SME segment.

Factoring - quarterly turnover *(PLN mln)*



- Quarterly value of invoices turnover in factoring was higher by 11% compared to 3Q of last year.

* own estimations based on ZPL data (commitments); market share in movables year-to-date

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

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Macroeconomic forecasts

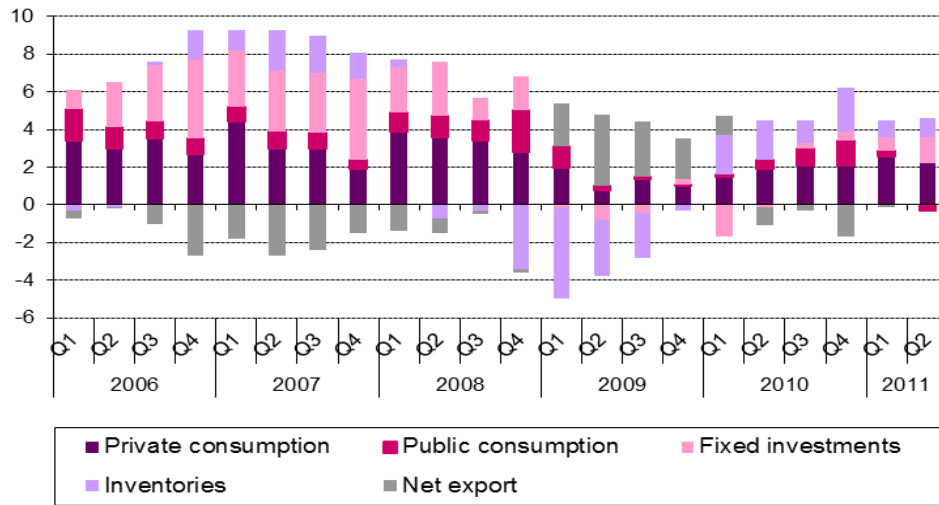
Bank Millennium Macroeconomic Bureau won **the most accurate economic forecasts** ranking, both for 3Q and 9 months of 2011. Bank Millennium macroeconomists were the best in forecasting such areas as inflation and labour market.

	2010	2011F	2012F
GDP	3.8	4.0	3.2
Private consumption	3.2	3.4	2.9
Investments	-1.0	6.5	4.4
Unemployment rate (end of period)	12.3	12.4	12.9
Inflation (average)	2.6	4.2	2.9
Wage growth (average)	3.5	5.0	4.3
Reference rate (end of period)	3.50	4.50	4.00
WIBOR 3M (end of period)	3.95	4.85	4.20
EURPLN (end of period)	3.94	4.22	4.06
USD/PLN (end of period)	2.95	3.17	2.94

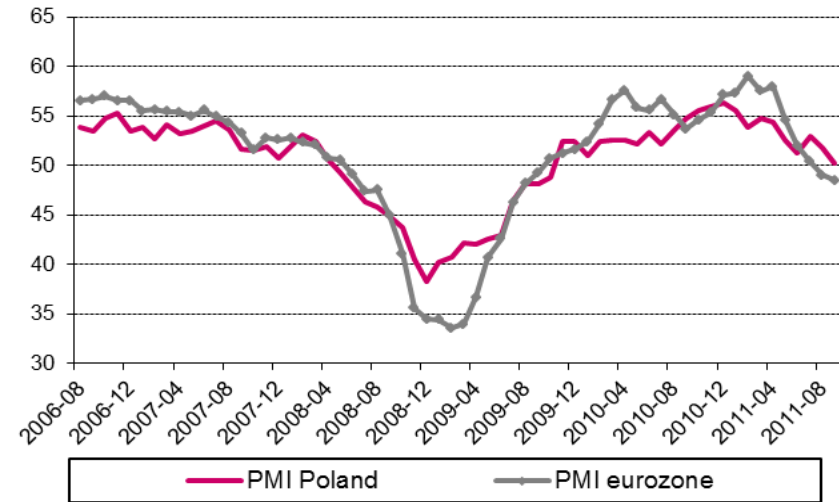
- Economic growth is expected to decelerate to 3.2% following deteriorating growth in the global economy.
- Labour market conditions are expected to deteriorate slightly. Unemployment rate should go up gradually during 2012 reaching 12.9% in Dec. 2012. In the same time wage dynamics should remain moderate.
- Inflation will decelerate in 2012 on the back of slower domestic demand and high statistical base from 2011. Consequently the central bank might cut interest rates by 50 bps during 2012.
- Zloty has limited potential to appreciate in coming months as fiscal crises in the peripheral EMU countries curbs investors' appetite for emerging market currencies. Zloty's depreciation will be limited by possible NBP's FX interventions.

Macroeconomic Overview

GDP growth and its decomposition [%]



Business sentiment indicators [PMI, pts.]



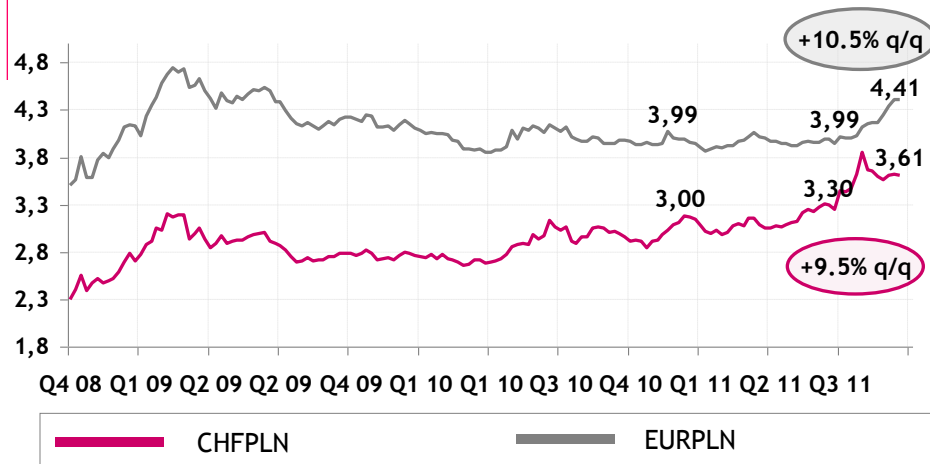
Unemployment [%] and wage growth in corporate sector [% y/y]



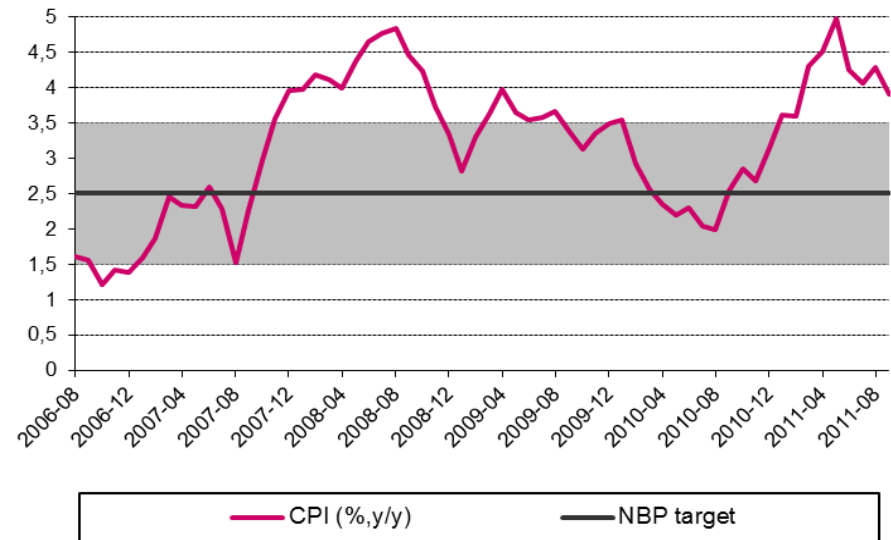
- Polish economy remained on the track of the ongoing growth in Q2 2011, however the latest macro indicators suggest deceleration in GDP growth following economic slowdown in the Eurozone.
- Unemployment rate stabilized in Q3 2011, however companies started to cut employment as economic prospects deteriorated in the recent months. Wage pressure remains moderate.

Macroeconomic Overview

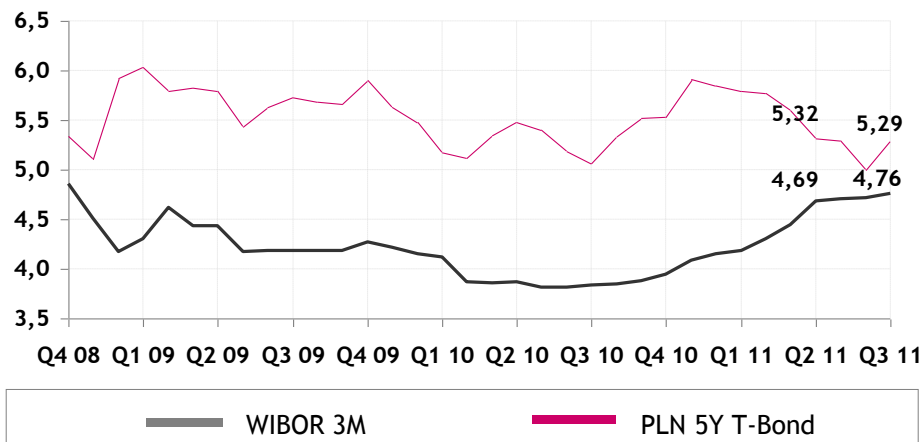
Evolution of FX rates [PLN]



Inflation in Poland [% yoy]



Interest rates in PLN [%]

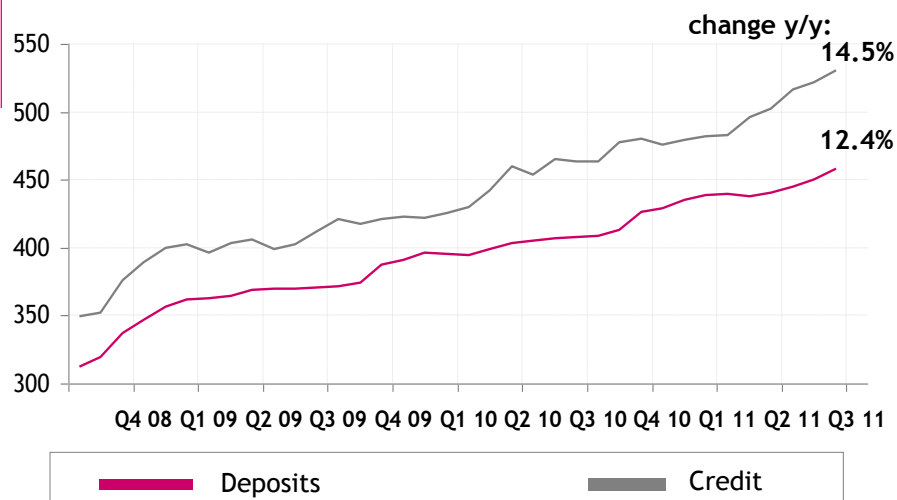


- Zloty depreciated much during Q3 2011 as fiscal crisis in the peripheral Eurozone increased risk aversion.
- Inflation decelerated slightly in Q3, although it remained above the upper band of the NBP's target. The central bank kept rates unchanged as prospects for the economy deteriorated in recent months. In our opinion, the monetary tightening cycle has ended.

Macroeconomic Overview

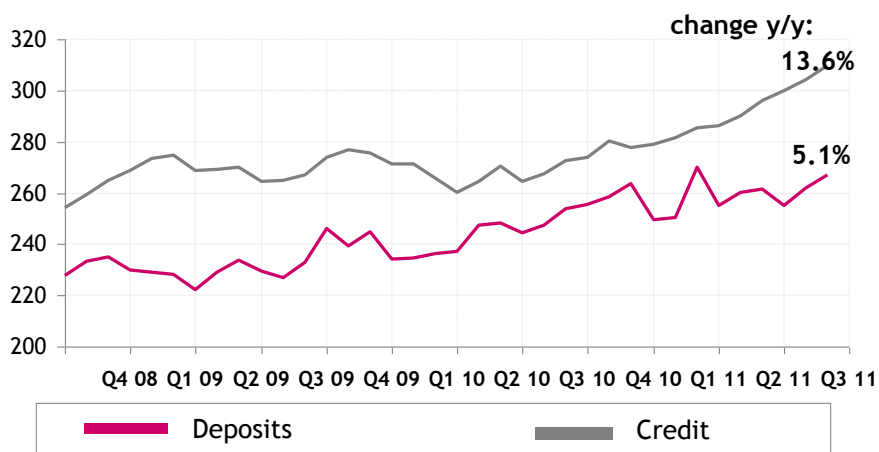
Households

(PLN bn)

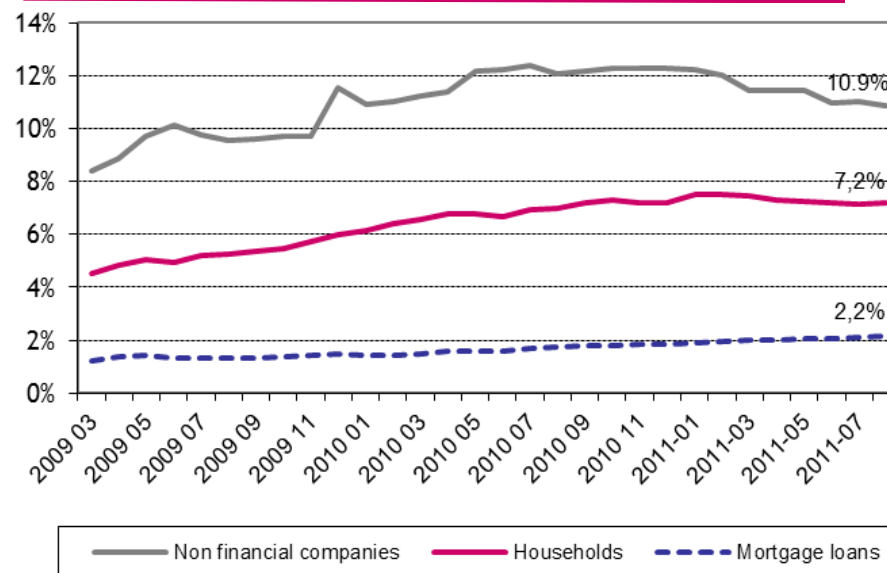


Corporate sector

(PLN bn)



Evolution of impaired loans [%]



- Deposits of households' and corporate sector continued to grow. Dynamics of loans to households and corporate sector accelerated driven partially by FX changes.
- Quality of asset portfolio stabilized in Q3 2011. NPL ratio for households and corporate sector decelerated modestly to respectively 10.9% and 7.2% in August.

Main recent product campaigns for retail



Second burst of *Dobre Konto* (Good account) campaign with a new cartoon commercial. The account has no fees for opening, debit card, ATMs and internet transfers and gives 3% cashback on shopping in grocery shops, supermarkets and petrol stations. The Bank has already opened 134,000 „Good accounts” thus reaching **200,000 new current accounts** this year.



Customers who take the *Balance Consolidation Urgent Loan* will get guaranteed lower interests rate (even 9.9% per annum) and possibility to obtain additional money. Minimum loan amount - 1000 PLN, maximum - depending on Client's credit ability and consolidated products. Fixed commission on the loan of 2%.



Bank Millennium has launched *Lokata Morze Zysków* (Deposit of Sea Profits) with daily capitalisation of interests. The deposit permits generating an attractive yield, even 5,67% per annum, which corresponds to 7% on a traditional deposit. Deposit is available for new money and may be set up for 2, 3 or 4 months.

Main recent campaigns and activities for companies

Bank Millennium continues advertising its Corporate Banking offer. The new campaign release, as was the case last year, features the Bank's Employees.

Bankowość Przedsiębiorstw

BIZNES NIE LUBI PRZESTOJÓW

Bankowość Przedsiębiorstw

Nasi specjaliści od **bankowości transakcyjnej** doradzą Ci, jak **zwiększyć obroty** i obniżyć koszty.

Oferta dla przedsiębiorców o przychodach ze sprzedaży powyżej 100 000 zł miesięcznie

Strefa Szybkiego Finansowania

Szybki dostęp do dodatkowych środków pieniężnych – nawet do 1,2 mln PLN

Millennium bank
Inspiruje nas życie

Millennium bank
Inspiruje nas życie

www.bankmillennium.pl

801 31 31 31

Millennium
bank

makro
Cash and Carry Polska S.A.

Bank Millennium and MAKRO Cash & Carry Polska have prepared a partnership proposal of financial products, which meet the needs of entrepreneurs shopping in MAKRO stores.

The proposal covers a broad spectrum of products both for business owners as well as their staff: cards (debit and credit), bank accounts, various types of loans and leasing. A key part of the Bank Millennium and MAKRO Cash & Carry offer are the co-branded MAKRO Millennium MasterCard cards, which combine the functionality of a payment card and an entrance card to MAKRO stores.



Major awards and achievements

The finalist of the best bank ranking according to the Newsweek and Forbes and the winner of the quality emblem

FINALISTA RANKINGU NAJLEPSZYCH BANKÓW
WEDEŁUG NEWSWEEKA I FORBESA
ORAZ ZDOBYWCA GODŁA JAKOŚĆ OBSŁUGI



Synthetic P&L account

(PLN million)	1-3Q 2010 pro-forma	1-3Q 2011 pro-forma	2Q 2011 pro-forma	3Q 2011 pro-forma
Net interest income*	734,8	890,4	300,6	316,6
Net commission income	419,4	433,0	144,1	138,9
Other non-interest income **	90,2	77,4	28,2	32,8
Operating Income	1 244,4	1 400,7	473,0	488,3
General and administrative costs	-741,3	-790,5	-265,4	-269,8
Depreciation	-56,7	-49,9	-16,9	-15,7
Total operating costs	-798,0	-840,4	-282,2	-285,4
Net provisions	-180,0	-127,4	-43,2	-46,8
Operating profit	266,4	433,0	147,5	156,0
Pre-tax profit	266,4	433,9	147,3	157,1
Income tax	-52,5	-92,5	-32,1	-32,2
Net profit	213,9	341,4	115,3	125,0

* 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 46.0 m in 1-3Q 2011 and PLN 60.3 m in 1-3Q 2010) is presented in Result on Financial Operations.

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

	1-3Q 2010	1-3Q 2011	2Q 2011	3Q 2011
Net interest income (reported under IAS)	674,5	844,4	287,9	300,6

Balance Sheet

ASSETS	<i>(PLN million)</i>	30/09/2010	31/12/2010	30/06/2011	30/09/2011
Cash and balances with the Central Bank		1 956	2 051	1 473	2 500
Loans and advances to banks		874	1 486	2 268	3 013
Loans and advances to customers		35 575	36 738	38 593	41 085
Amounts due from reverse repo transactions		239	55	73	243
Financial assets at fair value through P&L and hedging derivatives		1 763	1 510	1 010	994
Investments		3 756	4 520	4 096	1 415
Tangible and intangible fixed assets		278	272	241	237
Other assets		357	351	585	525
TOTAL ASSETS		44 797	46 984	48 340	50 012

LIABILITIES AND EQUITY	<i>(PLN million)</i>	30/09/2010	31/12/2010	30/06/2011	30/09/2011
Deposits and loans from banks		1 854	2 084	1 916	1 714
Deposits from customers		33 290	35 395	36 499	36 682
Liabilities from repo transactions		1 683	671	785	481
Financial liabilities at fair value through P&L and hedging derivatives		1 159	2 120	2 385	3 461
Liabilities from securities issued & securitisation		1 155	1 141	936	1 364
Provisions		21	21	20	23
Subordinated liabilities		924	912	918	1 025
Other liabilities		688	549	747	828
TOTAL LIABILITIES		40 775	42 893	44 205	45 578
TOTAL EQUITY		4 022	4 091	4 135	4 434
TOTAL LIABILITIES AND EQUITY		44 797	46 984	48 340	50 012

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