



Bank Millennium Group

Results of 2011 Financial Year

31st January 2012

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All data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with the Financial Statement with the exception of 2011 data (non-audited) and pro-forma data described below. Audited financial information will be included in the Consolidated Financial Statements for 2011, which will be published on 29th February 2012.

From 1st January 2006, the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps. From 1st April 2009, the Bank extended hedge accounting principles to FX swaps. According to the accounting principles the margin from these operations is reflected in Net Interest Income. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides **pro-forma data**. The pro-forma statement presents all interests from derivatives included in Net Interest Income, which in the Bank's view allows better understanding of the economic evolution of this item.

Agenda

Financial performance

Business development

Appendixes

Summary of 2011 year

- Poland had a very positive economic performance in 2011, clearly above initial market expectations, which supported overall improvement of performance of banks, despite international markets turmoil.
- Improvement in the economy translated into better asset quality and much lower cost of risk compared to 2010 and allowed for relevant growth in mortgages and loans to companies.
- Deposit market grew very well, but become increasingly competitive, especially during the fourth quarter, but not comparable to 4Q 2008/1Q 2009 period.

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

Main financial and business highlights of 2011

The Bank became more profitable and more efficient

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

Improved asset quality and low cost of risk

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

Strong capitalisation and strict liquidity management

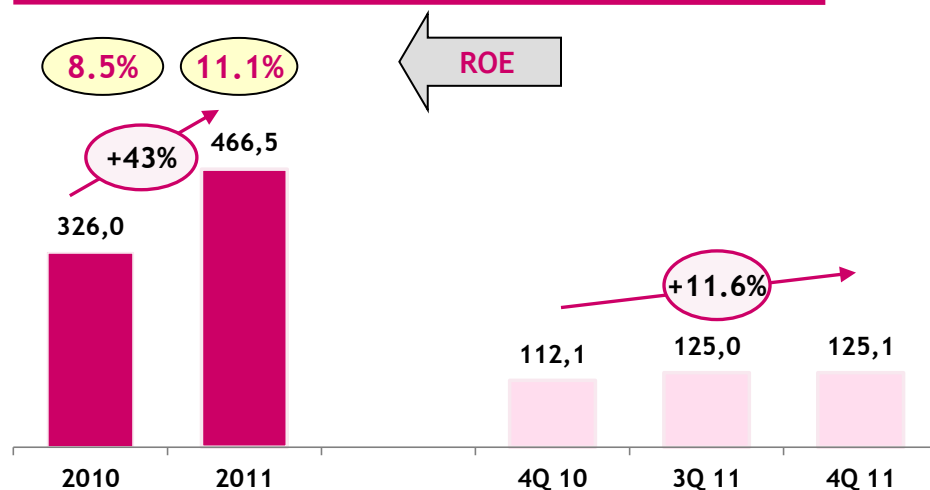
- Core Tier 1 at 11.4%, total CAR at 13.2%
- Loan to Deposit ratio at 106.8% (influenced by weak PLN)

Building new drivers of long-term business growth

- Number of new customers acquired in retail: 220,000 y-t-d
- Number of new „Dobre konto” current accounts: 180,000 y-t-d
- Growth of deposits by 5.7% y/y (of which retail by 10%)
- Rebound in loans to companies: 16% growth y/y

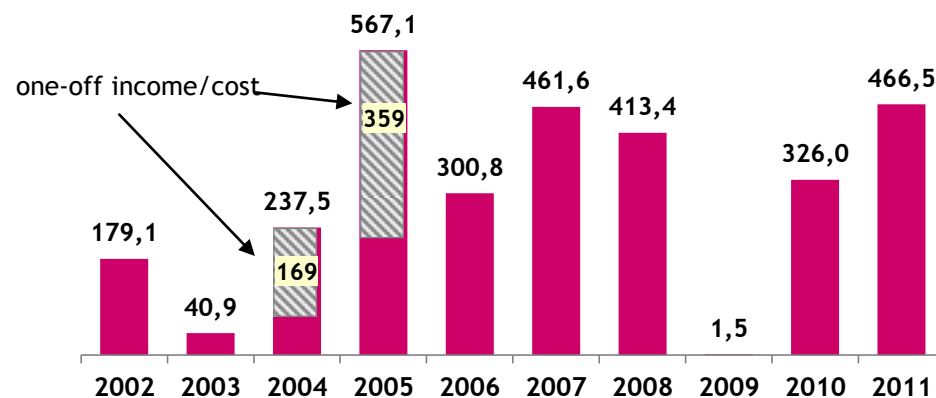
Profitability

Net profit - evolution (PLN million)



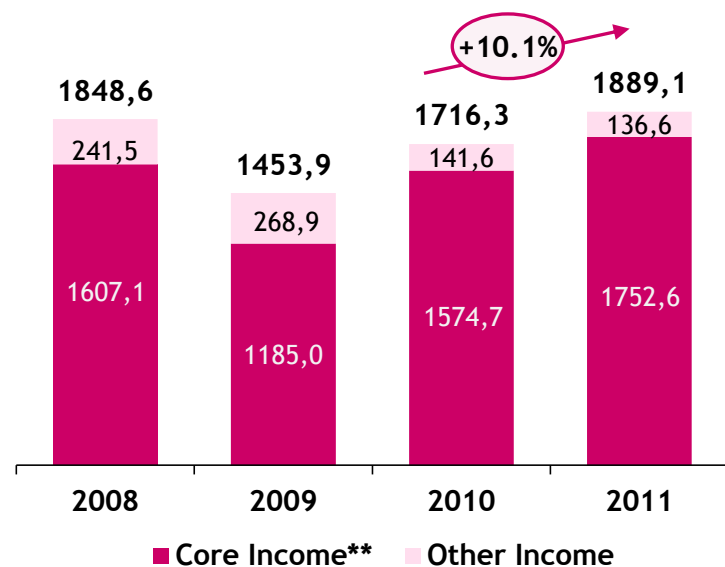
- Net Profit in 2011 reached PLN 466,5 million - the highest result in the Group's history (excluding one-offs).
- 4Q'11 net profit was similar to 3Q level but 12% higher than the corresponding quarter one year ago. Full 2011 net profit was 43% higher than in 2010.

Group's net profit - last 10 year evolution (PLN million)

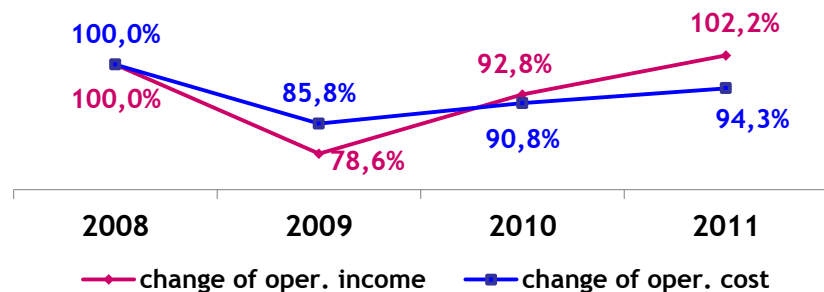


Operating efficiency

Operating Income* - evolution (PLN million)

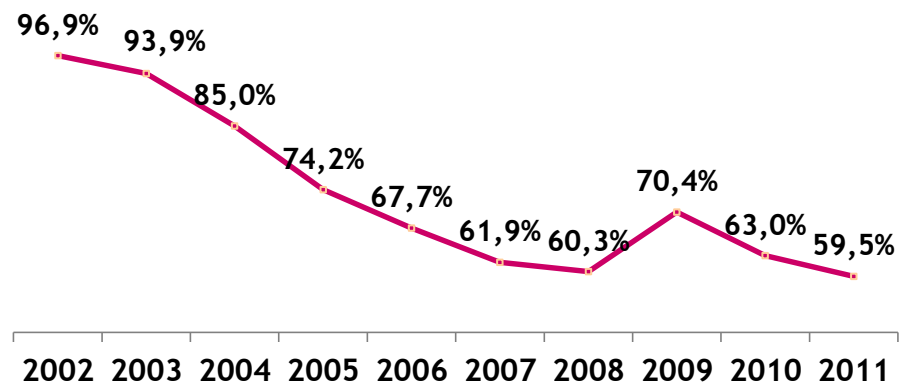


Operating Income & Cost (the level of 2008=100%)



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

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

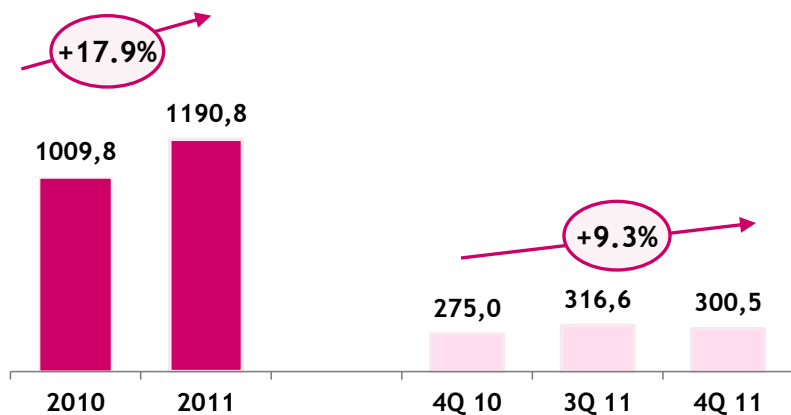


* Including net other operating income and cost
 ** Net Interest Income + Net Commissions Income

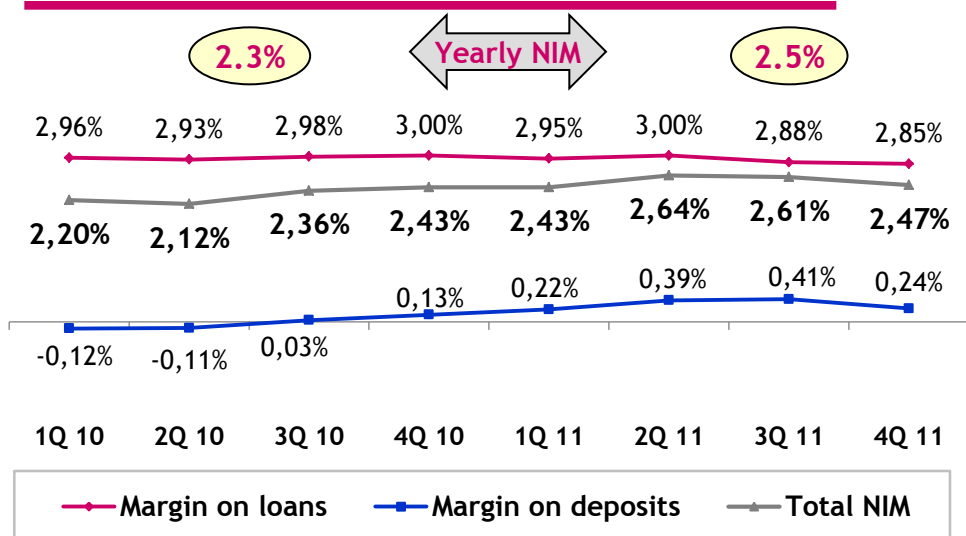
*** Without extraordinary gains (like sale of PZU shares) and losses (like impairment of FX derivatives done through trading income)

Net Interest Income

Net Interest Income* (PLN million)



NIM * evolution (quarterly) (%)

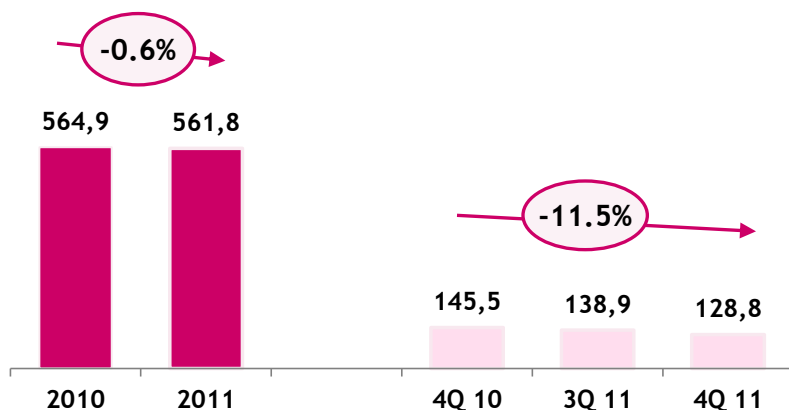


- Net Interest Income* in 2011 reached PLN 1,191 million, a record level in the Group's history, and strongly grew by 18% compared to 2010.
- Net Interest Margin in entire 2011 amounted to 2.5% i.e. 0.2 p.p. higher than in 2010.
- The deposit spread was still higher by 0.11 p.p. in 4Q'11 compared to 4Q'10.

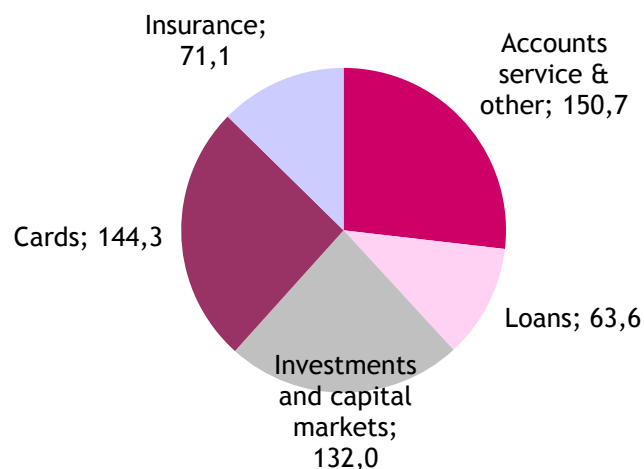
* Pro-forma data. Margin from all derivatives, including those hedging FX denominated loan portfolio, is presented in Net Interest Income, whereas in accounting terms part of this margin (PLN 48.9 million in 2011 and PLN 82.3 million in 2010) is presented in Result on Financial Operations.

Non-interest Income

Net Commission Income *(PLN million)*

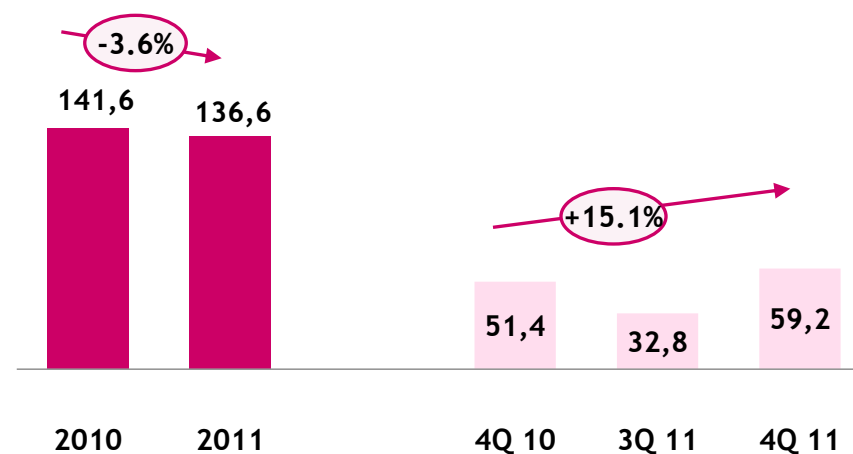


Net Commission split *(PLN million)*



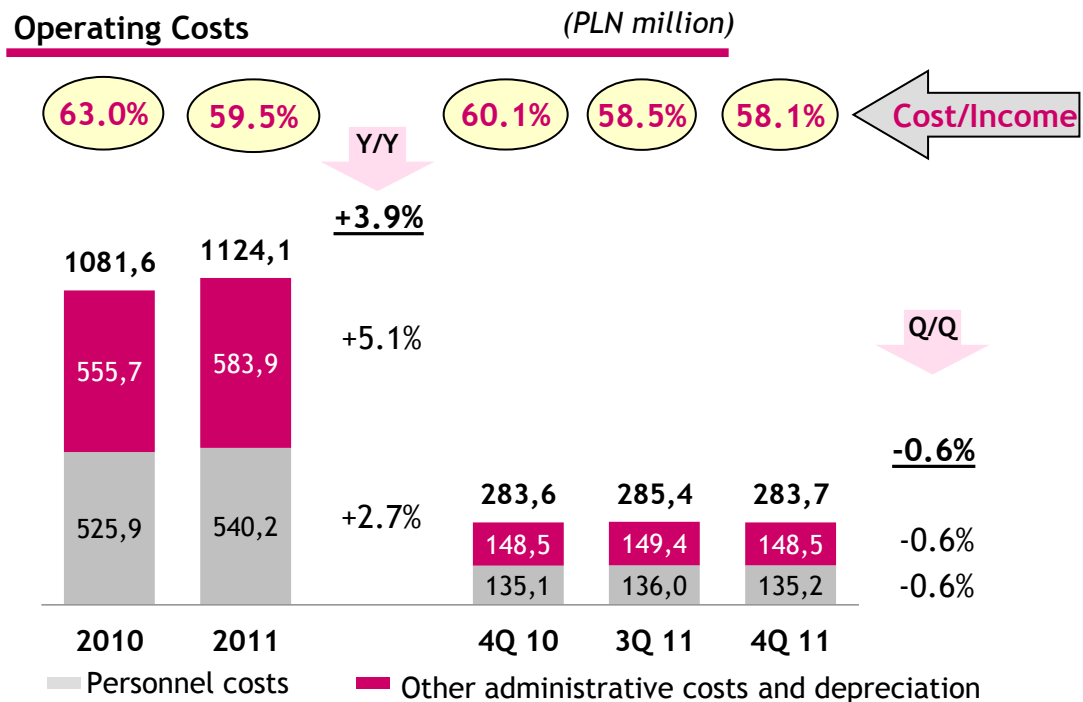
- Net Commissions in 2011 reached PLN 562 million and were on similar level as in the previous year. During the year commissions income was in a negative trend due to adverse conditions on capital markets.
- Other non-interest income* decreased by 3.6% yearly but reached a high level of PLN 59.2 million in 4Q, supported by gradual increase in FX gains and positive impact of swaps valuation.

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



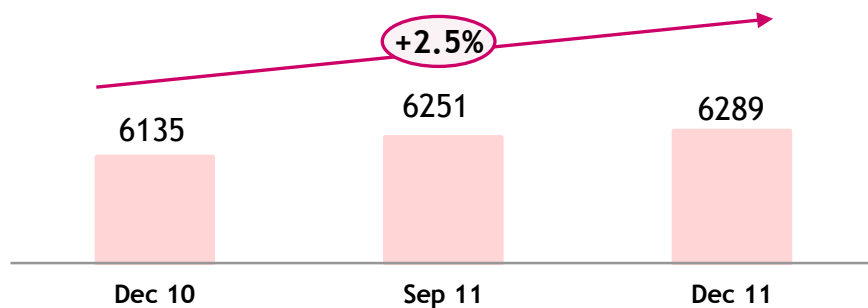
* On pro-forma basis, including FX income, result on financial operations, dividends and other operating income and costs.

Operating Costs



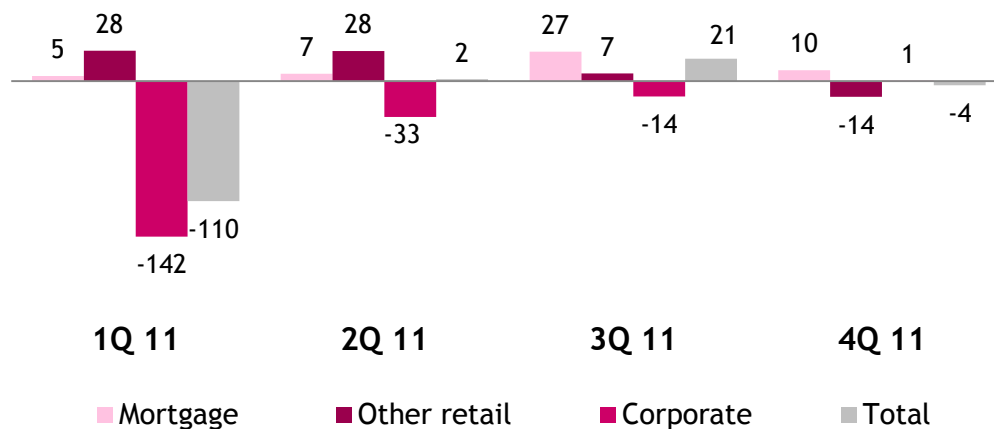
- Total costs in 2011 grew by 3.9% yearly and reached PLN 1,124 million, i.e. still lower than in 2008 year. Stable evolution of costs, both personnel and other, during the year reflects good cost control by the Group.
- Personnel costs increased in 2011 only by 2.7% y/y. Total number of employees increased due to recruitment in sales areas.
- Administrative costs (incl. depreciation) grew by 5.1% y/y and were 0.6% lower q/q. Annual cost growth resulted from the increase of charges to Banking Guarantee Fund and FX impact on some cost items.

Number of employees (FTEs)

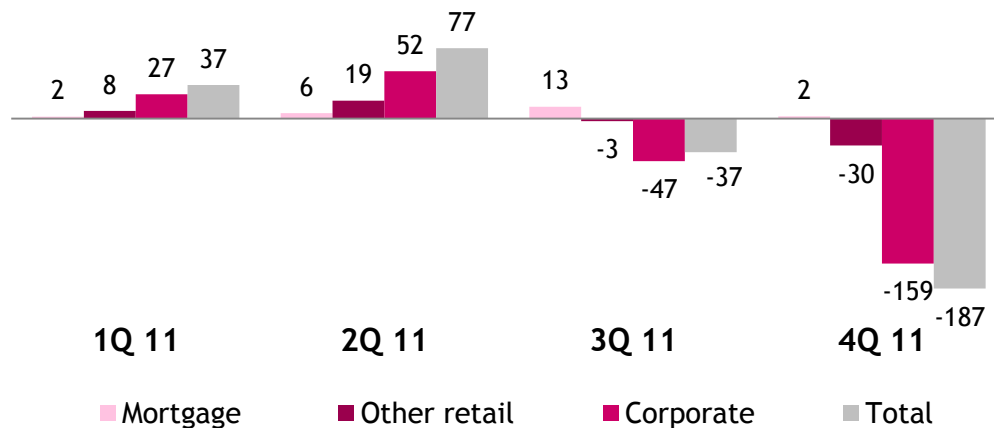


Impaired and past-due loans

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



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

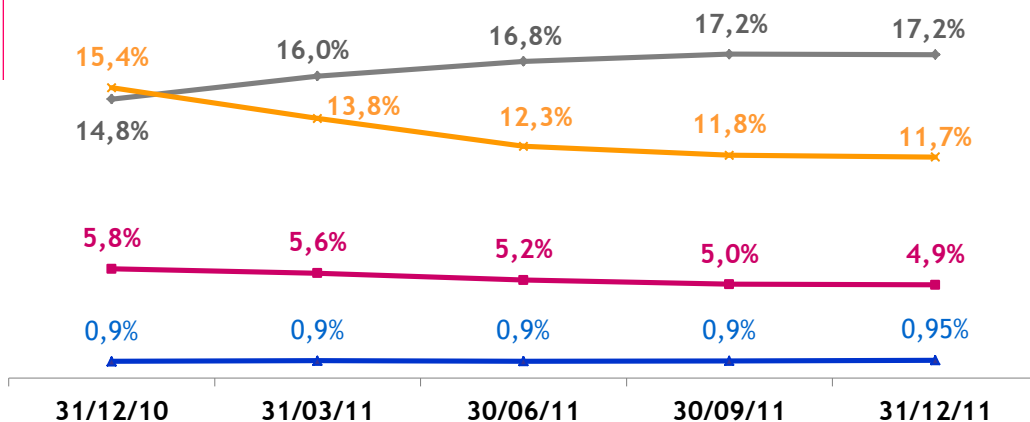


- Total impaired loans decreased by 4 million PLN during 4Q due to sale of corporate and retail NPLs (PLN 44.8 million and PLN 19.4 million of balance sheet exposure respectively).
- Strong reduction of exposures past-due over 90 days: PLN 187 million less, mainly in companies segment. Total past-due exposures over 90 days dropped to PLN 990 million level.

* After write-offs: PLN 114 million y-t-d in 2011 and PLN 36 million for 4Q'11

Asset quality ratios

Impaired loans ratio by products [over Total loans]



Coverage ratio *

Retail: 71%

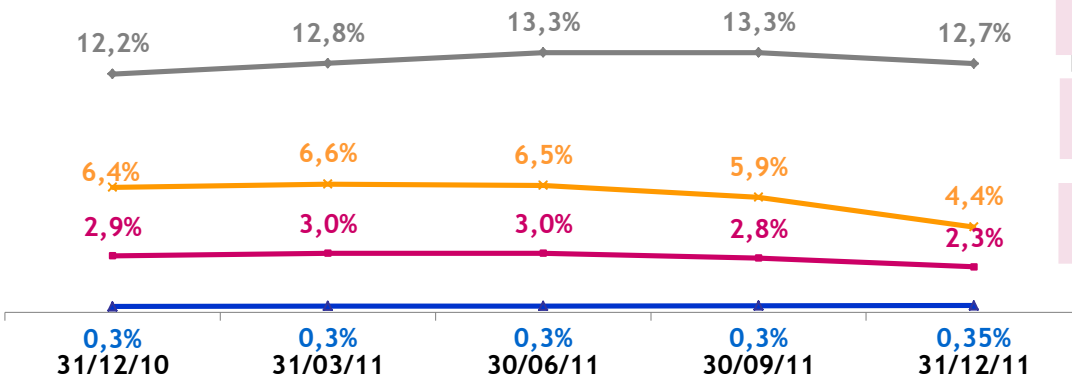
Companies: 49%

Total: 58%

- Continued improvement in asset quality: impaired loans ratio at 4,9% and past-due 90 days dropped to 2,3%.

- Coverage ratios keep adequate levels; visible improvement of coverage of past-due 90 days exposures to 123%, especially in companies segment.

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



Coverage ratio *

Retail: 115%

Companies: 132%

Total: 123%

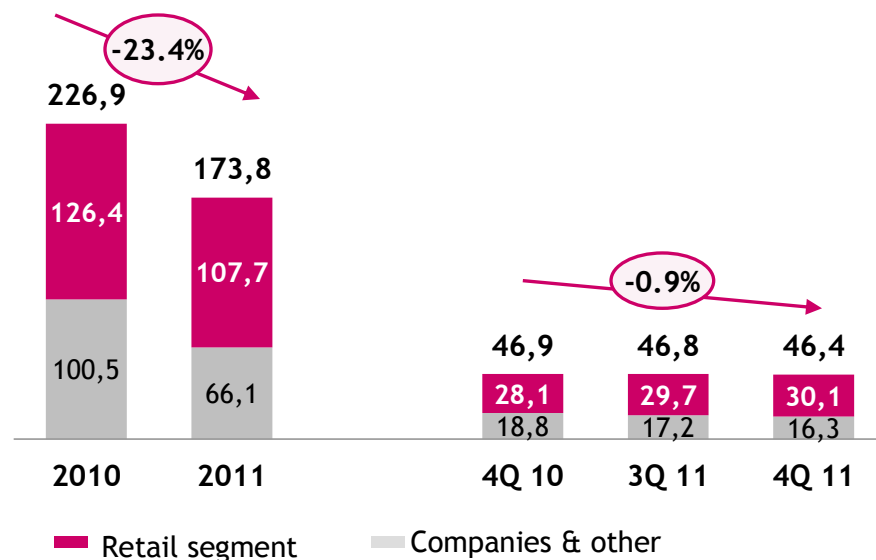
- In 4Q'11 the sale of corporate and retail NPLs contributed to improvement in assets quality ratios, however caused slight decrease in overall impaired coverage ratio.

— Total loans — Mortgage — Other retail — Companies

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

Cost of Risk

P&L impairment provisions - quarterly (PLN million)



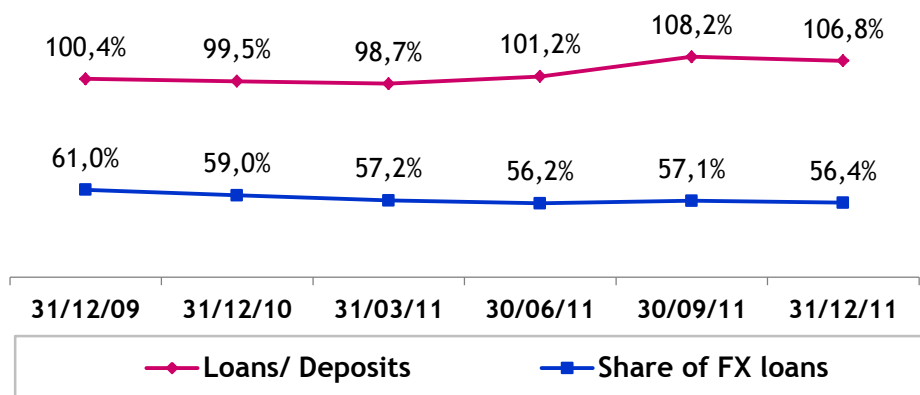
Cost of Risk - over average net loans (in bps, annualised)

	2010	1Q 11	2Q 11	3Q 11	4Q 11	2011
COMPANIES	112	68	97	69	78	78
RETAIL	49	32	31	39	34	34
TOTAL	65	41	48	47	45	45

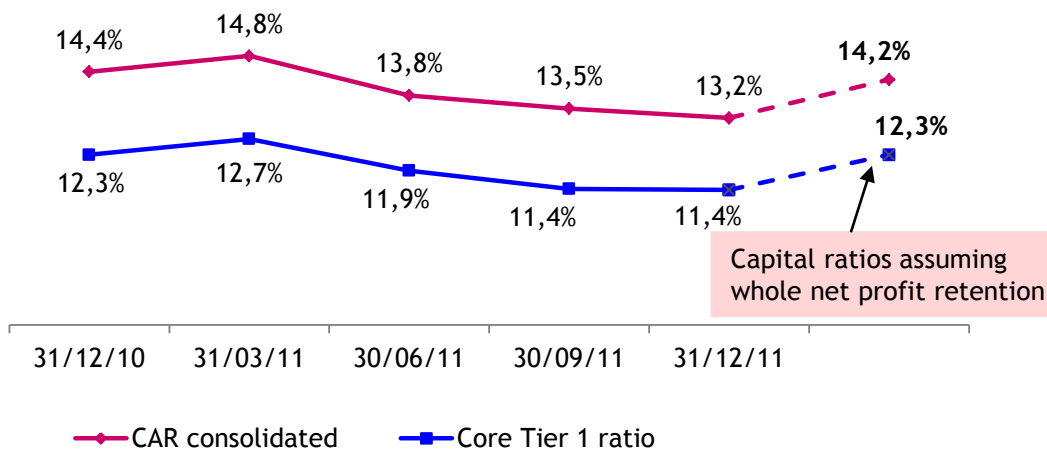
- Total provisions in 2011 were 23% lower than provisions created in 2010. This was possible thanks to a significant improvement in asset quality, especially in companies, and stable, good quality of mortgage portfolio.
- P&L impairment provisions in 4Q'11 were positively impacted by PLN 9.7 million gross result from sale of NPL portfolio.
- Average Cost of risk in 2011 (45 bps) stood below initially expected 50 bps over total loans, compared to 65 bps during 2010.

Liquidity and Capital adequacy

Loans to Deposits * and FX loans (%)



Capital Adequacy Ratio (%)



- Loans-to-deposits ratio improved in 4Q but remained above 100%, due to weak zloty.
- Share of FX loans in the Group's total loan portfolio decreased during 2011 from 59% to 56%.
- In the same period, the total nominal exposure to FX denominated loans was reduced by PLN 1.6 billion (excluding FX impact), which corresponds to 6.4% of their balance at the beginning of 2011.
- Capital adequacy ratios remain on very comfortable levels: consolidated CAR at 13.2% and Core Tier 1 ratio at 11.4%.
- Bank Millennium has a dividend policy of distributing 35% to 50% of net profit as dividend. However, following to the Financial Supervision Commission's (KNF) recommendation, the Management Board of the Bank will propose to retain entire 2011 profit, which will add 0.9 p.p. to Core Tier1 and CAR.

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

Agenda

Financial performance

Business development

Appendixes

Main business highlights

Great progress in service quality and perception of innovative products

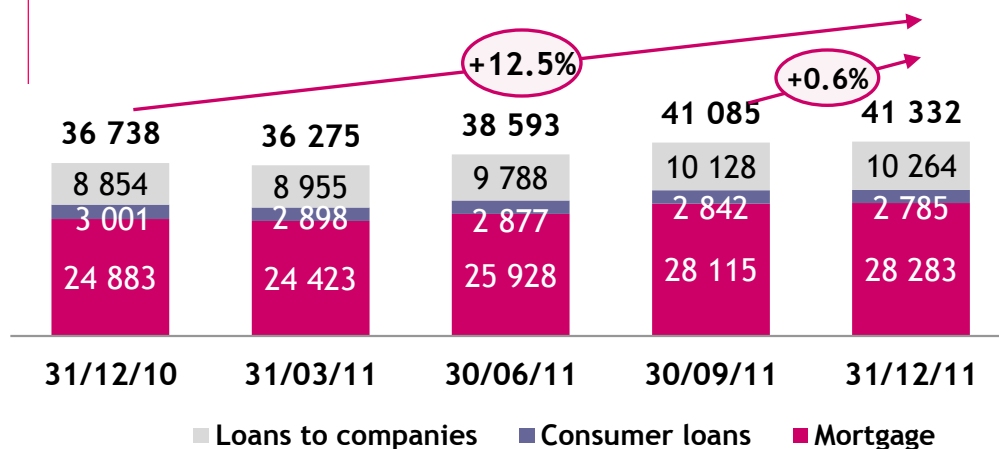
Strong acquisition of clients - building a long term foundation

Visible improvement in business with companies

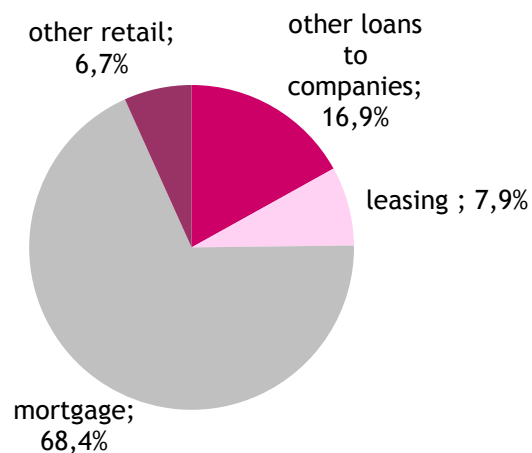
- Best quality of service (from Newsweek); Service Quality Emblem 2011 (from *jakoscobslugi.pl*)
 - Dobre Konto - the best offer in European Public News Trophies.
 - Impresja - the best new proposition in Visa Europe Awards 2011 and Master Card World Signia - the best card for affluent clients (by Forbes).
-
- Over 280 ths new current accounts opened in 2011 including 180 ths of „Dobre Konto” C/A; over 1 million of debit cards used by customers.
 - Upward trend in net clients growth supported by 220 ths new customers acquired.
 - Introduction of Private Banking offer.
 - Significant growth of retail deposits (10% y/y).
 - 44% growth in gross profit of retail segment
-
- The best offer for small business (by Forbes).
 - 16% yearly growth in loans to companies.
 - 20% yearly growth of FX income; more than 1000 users of the new FX platform.
 - 60% growth in gross profit of companies segment

Loan portfolio

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

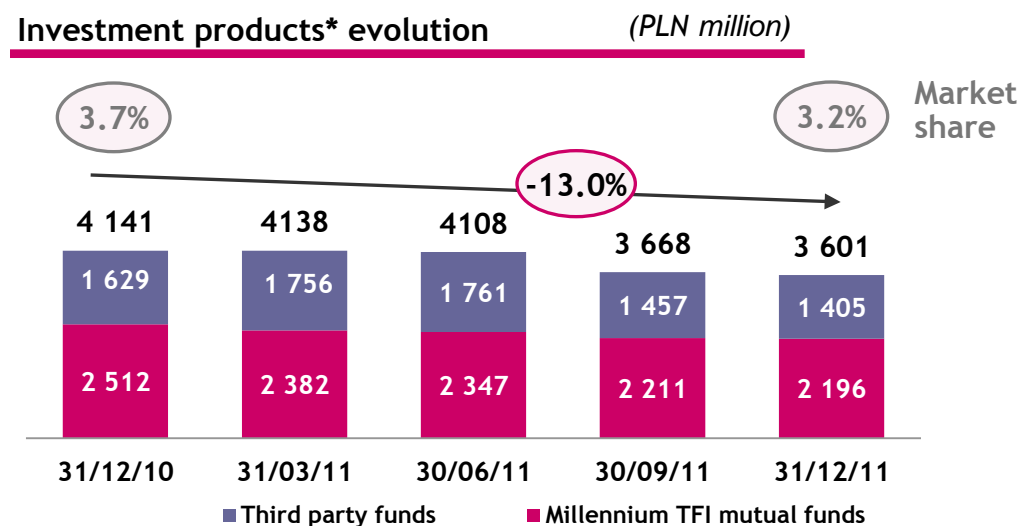
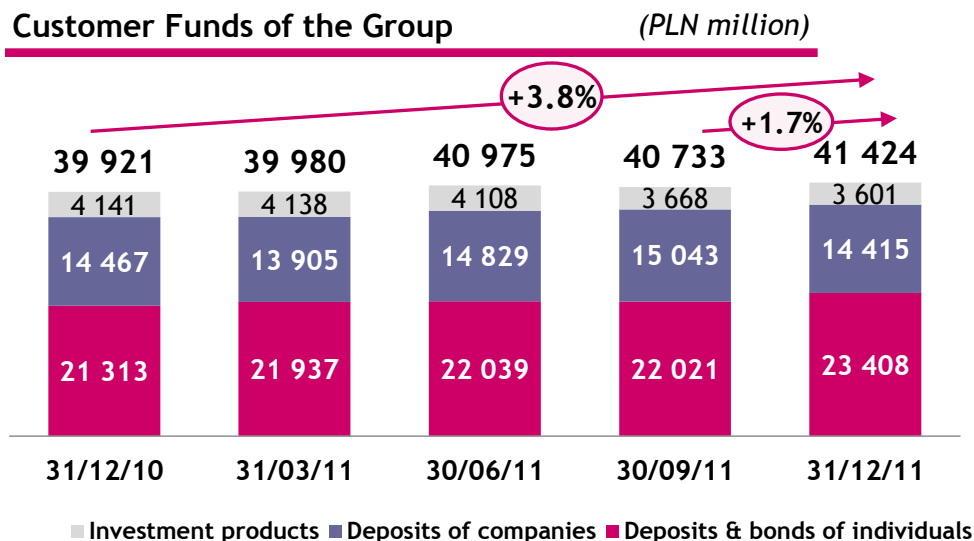


Structure of gross loan portfolio (%)



- Loan portfolio increased by 12.5% yearly partially inflated by FX portfolio revaluation. On quarterly basis the growth was 0.6%.
- Without FX effect, the total portfolio would grow 4.3% yearly and 0.3% quarterly.
- Share of FX loans in mortgage portfolio decreased to 76%.

Customer funds



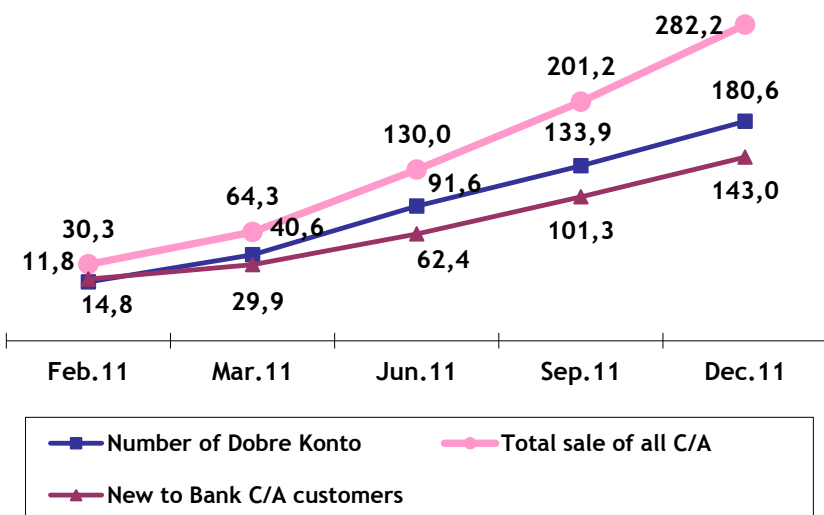
- Total deposits grew 5.7% yearly, of which in retail segment by 10% y/y. Investment products decreased by 13% y/y thus total customer funds grew by 3.8% y/y.
- In quarterly terms, total deposits grew by 2.0% q/q, including strong growth of retail deposits (6.3%) supported by promotion of savings account.

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

Retail business results

Main indicators	31/12/2011
Number of active customers	1 164 ths
Cross-sell ratio	3.71
Deposits market share	5.0%
Mutual funds mkt. share*	3.2%
Loans market share	6.5%
New mortgage mkt. share**	4.7%
Net revenue growth (ytd)	14.0%
Gross profit growth (ytd)	43.7%

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



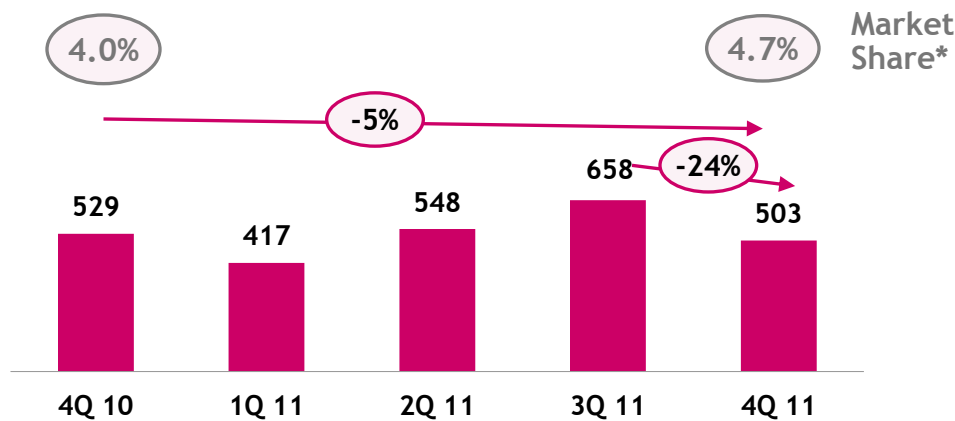
- Number of new active Customers grew during 4Q by 21,000. Cross-selling ratio increased again to 3.71 products-per-customer level.
- Total number of new current accounts in December reached 282 thousand year-to-date, of which 143 ths to new customers. This result was strongly supported by „Dobre Konto” campaign started in February (180 ths accounts sold).
- Deposits in retail segment grew by 10% yearly and loans by 11.4% (strong FX impact).
- Net revenue of retail segment increased by 14 % yearly and gross profit by 43.7% yearly.

* include third parties mutual funds sold to Millennium affluent Customers

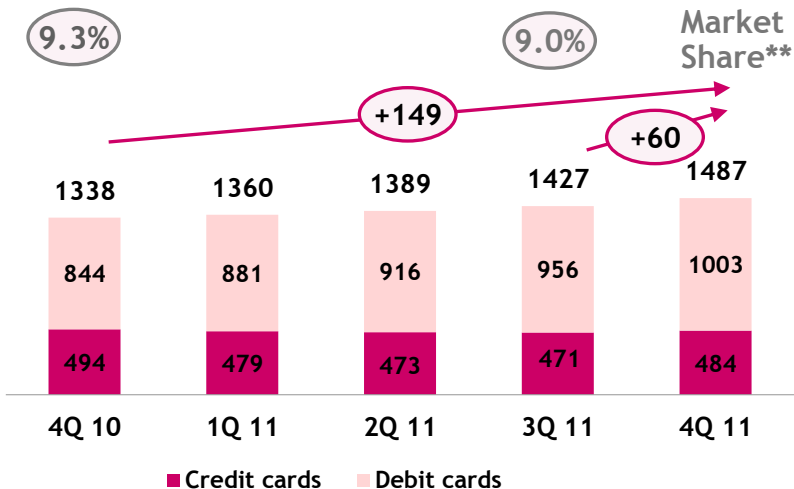
** Source: Polish Banks Association, market share year-to-date

Retail business results - loans and cards

Mortgage new production (PLN mln)

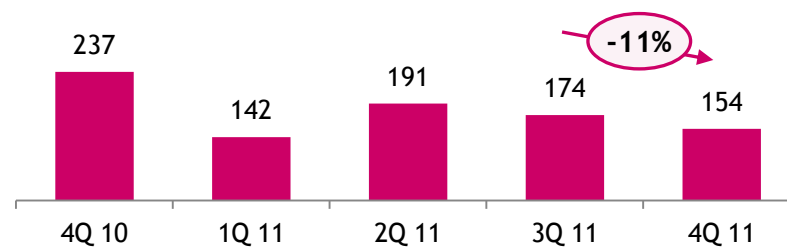


Number of Payment Cards (tsd)



- Mortgage loans sales in 2011 were at the highest level since 2008 (PLN 2125 million) and market share in new production reached 4.7%.
- Strong growth of debit & credit cards (+149,000 in 2011 and +60,000 just in 4Q); the result strongly supported by the new current account campaign. More than 1 million debit cards issued.
- Lower level of cash loans sales during 2011 resulted from recommendation T implementation and market contraction trend.

Cash Loans Quarterly New Production (PLN mln)



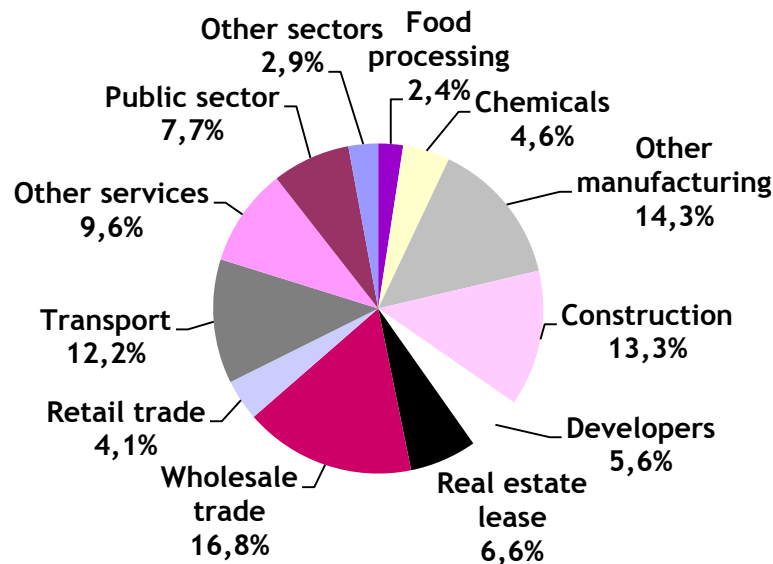
* Source: Polish Banks Association; market share year-to-date

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

Companies business results

Main indicators	31/12/2011
Number of active customers	9 409
Deposits market share	4.6%
Loans market share	2.9%
Leasing sales mkt. share*	7.1%
Factoring sales mkt. share**	6.6%
Net revenue growth (ytd)	10.3%
Gross profit growth (ytd)	59.8%

Loans to companies structure (gross) (on 31.12.2011)

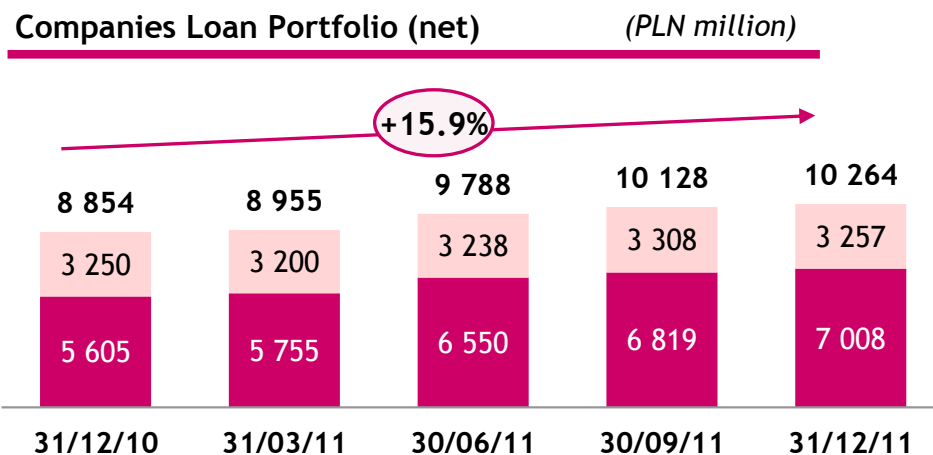


- Steady growth of number of active clients in corporate segment: 9 409 in the end of December 2011, which means an increase by 213 customers quarterly.
- Strong rebound in loans to companies: 15.9% yearly growth.
- 20% yearly growth of FX income from companies, more than 1000 active users of the new FX trading platform at the year-end.
- Net revenue generated by companies segment increased by 10.3% yearly and gross profit by 59.8% yearly.

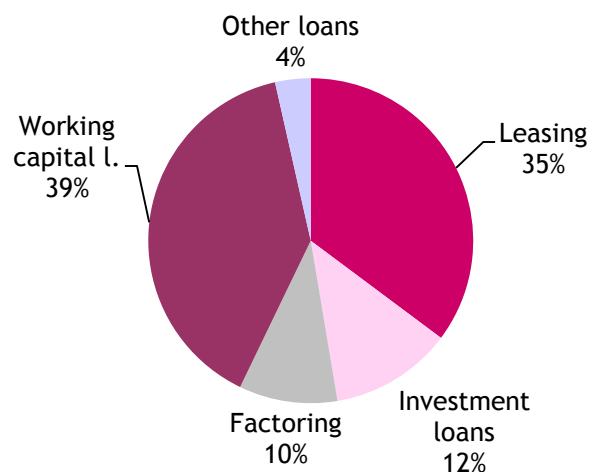
* own estimations based on ZPL data; market share in movables, year-to-date

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

Companies business results - growth of loan portfolio



Corporate* loans structure (gross) (on 31.12.2011)

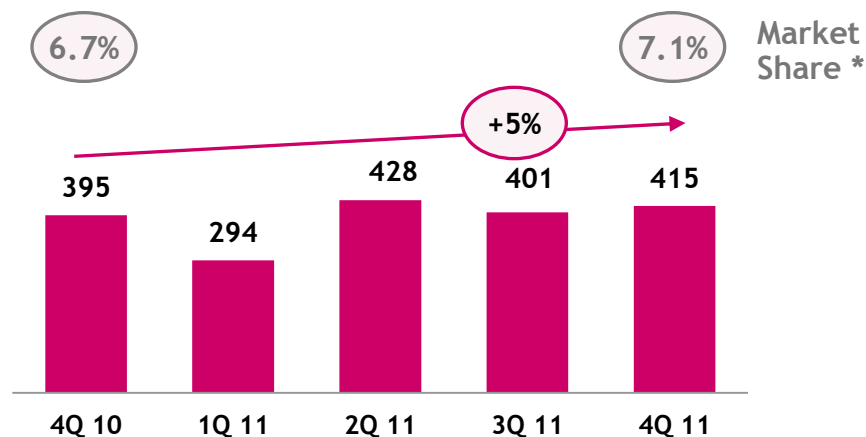


- Loan portfolio to companies segment (including public sector) increased by 15.9% yearly.
- Excluding leasing, loans to companies grew 25% y/y.
- Well diversified loans structure: similar share of investments products (including leasing) and working capital financing (including factoring).

* without micro-business, being part of Retail segment

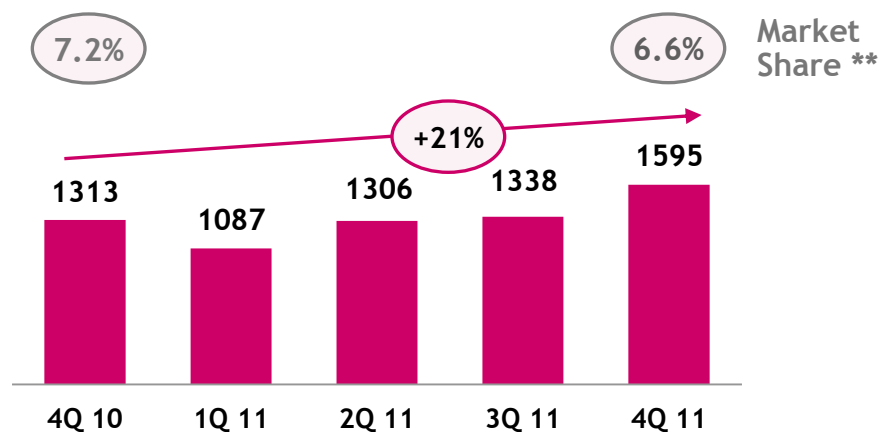
Companies business results - leasing and factoring

Leasing - quarterly new production *(PLN mln)*



- Bank Millennium Group maintains strong market share in leasing (4th position) with market share exceeding 7%.
- Almost 90% of leasing exposure is connected to SME segment.
- Quarterly value of invoices turnover in factoring was higher by 21% compared to 4Q of last year.

Factoring - quarterly turnover *(PLN mln)*



* 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 year-to day

Agenda

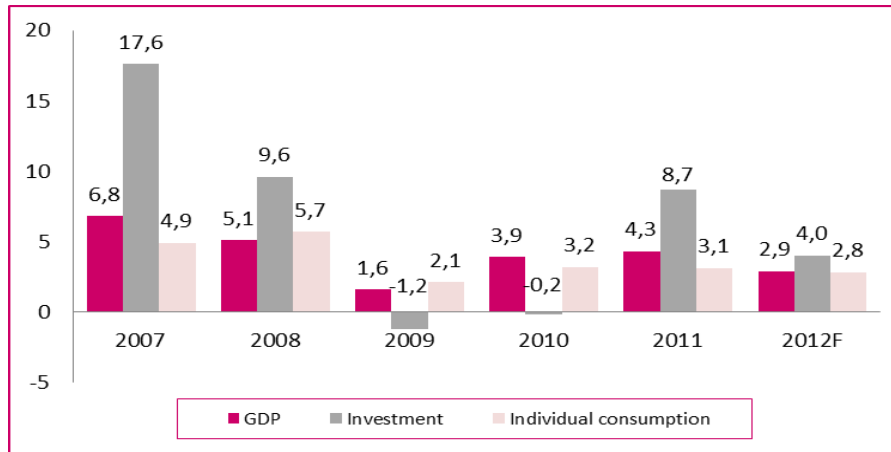
Financial performance

Business development

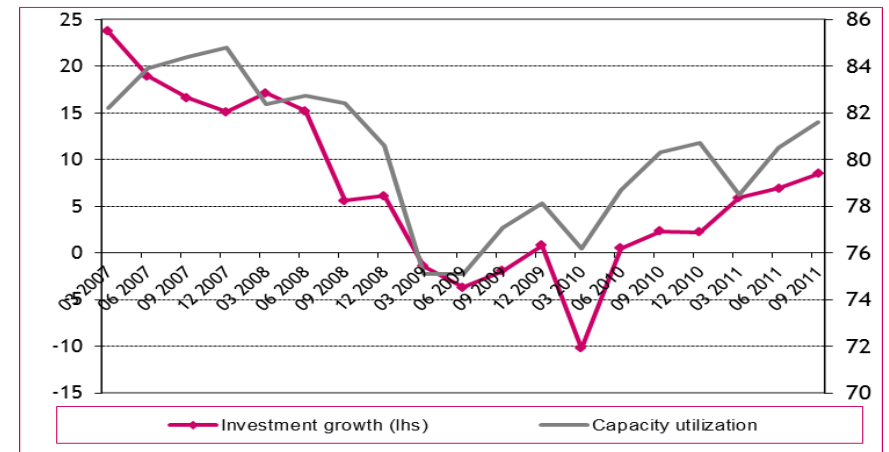
Appendixes

Macroeconomic Overview (1)

GDP growth and its components [% y/y]



Capacity utilization [%] and investment [% y/y]



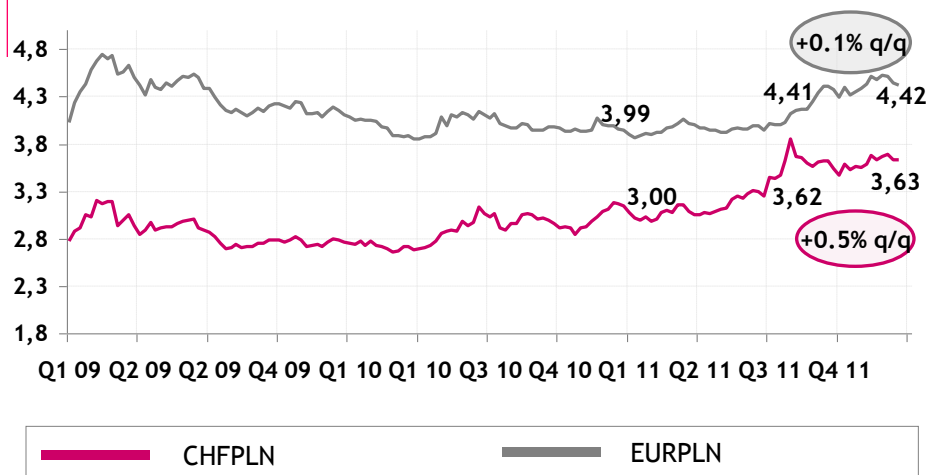
Employment and wage growth in corporate sector [% y/y]



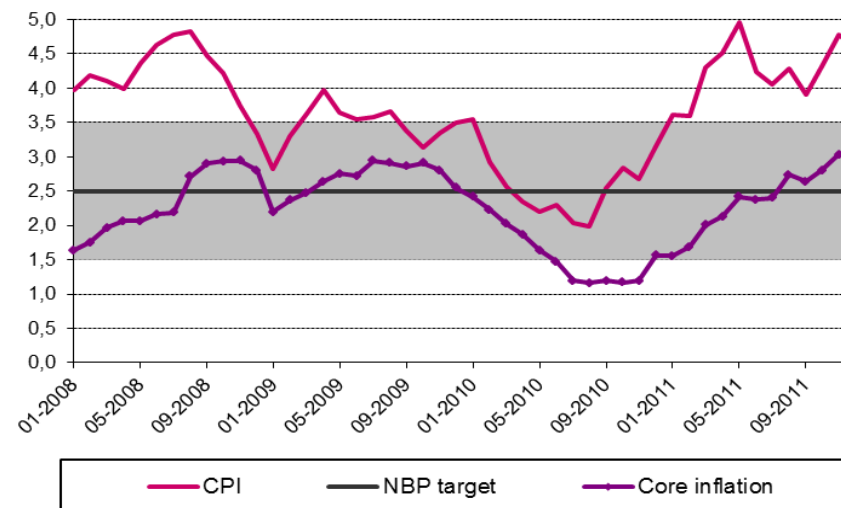
- Polish economy grew 4.3% in 2011 and remained resilient to global economic slowdown. Investments rebounded during 2011 supported by improved financial condition and growing capacity utilization. The latest business sentiment indicators suggest deceleration in GDP growth, though its scale should be not substantial.
- Labour market conditions deteriorated slightly during 2011 as companies stopped increase employment because of uncertainty about the global economy.

Macroeconomic Overview (2)

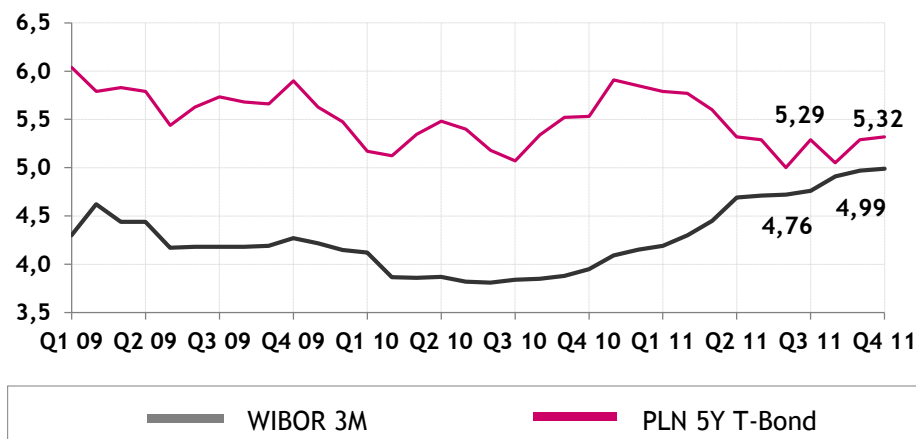
Evolution of FX rates [PLN]



Inflation in Poland [% yoy]



Interest rates in PLN [%]

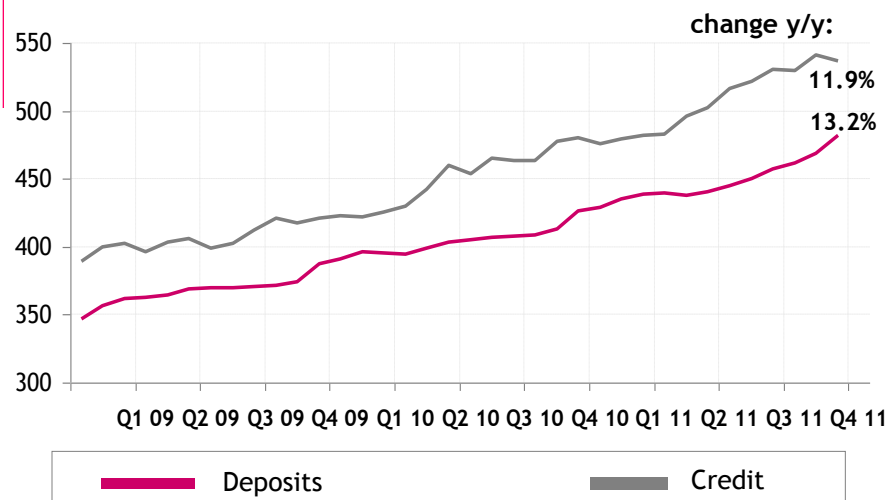


- Zloty stabilized in Q4 2011 supported by FX intervention by the NBP and BGK*. Polish currency was mainly influenced by the global sentiment driven by the fiscal crisis in some EMU countries.
- Inflation accelerated in Q4 and stayed much above the central bank's target. Domestic prices were driven by food and fuel prices as well as hikes of some administrated prices.

Macroeconomic Overview (3)

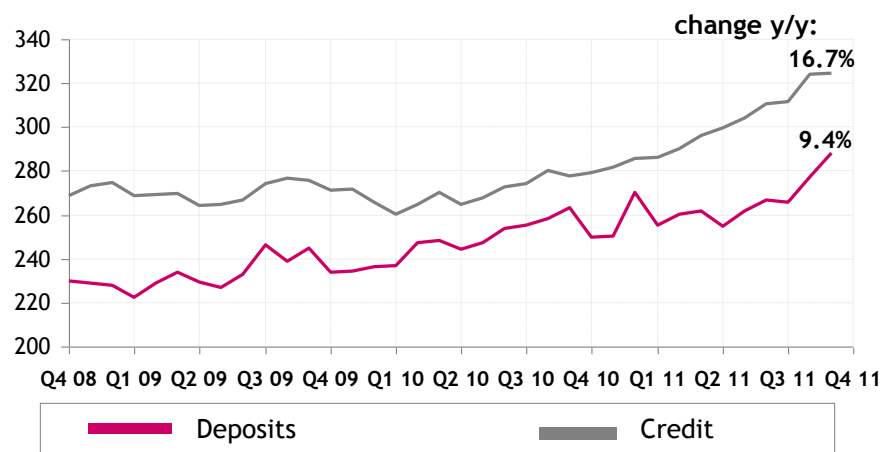
Households

(PLN bn)

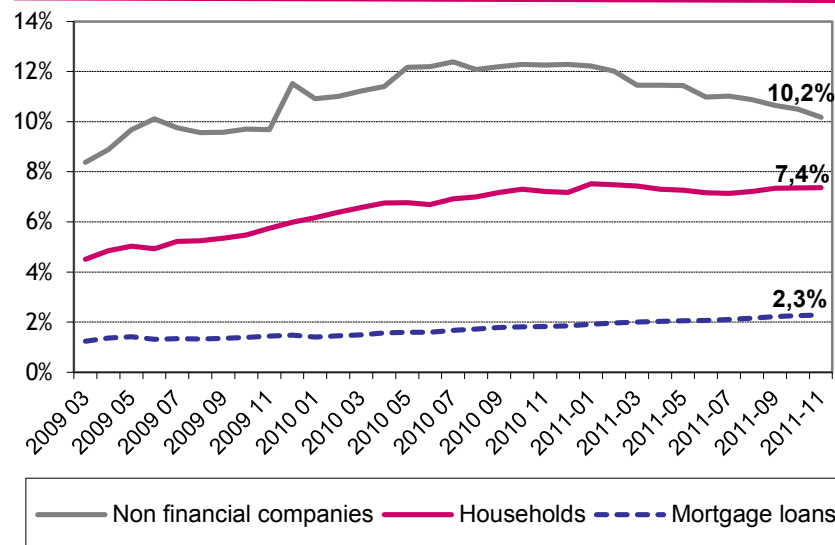


Corporate sector

(PLN bn)



Evolution of impaired loans [%]



- Deposits of households' and corporate sector continued to grow at a solid pace. Dynamics of loans to corporate sector accelerated substantially which might reflect an increase in investment activity.
- Quality of asset portfolio improved slightly in Q4 2011. NPL ratio for corporate sector decelerated modestly to 10.2% while for households' sector it jump up to 7.4% in November.

Main recent product campaigns for retail



Second burst of *Dobre Konto* (Good account) campaign with a new cartoon TV 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 180 000 „Good accounts”.



Each Client who sets-up an annual *Lokata Inwestycyjna Stały Kurs* (Annual Fixed Rate Deposit) deposit in January, will be able to set-up a monthly *Lokata Promocyjna* (Promotional Deposit) deposit with guaranteed 10% yield. The deposits tandem combines the advantages of a long-term investment with a guarantee of quick yield.



Bank Millennium has launched *Czas na pożyczkę* (Time for a loan) - an exceptionally simple loan with short time decision, low monthly payment (from PLN 18.36 per PLN 1,000), interest rate individually determined (from 7.90% p.a.), fee from 3%, flexible loan term up to as long as 72 months and free choice of monthly loan payment date.

Bogusław Kott winner of the award „The Vector of 20 Years ”



Bogusław Kott, CEO of Bank Millennium, was awarded the „**The Vector of 20 Years**„. This is a special award of Employers Association of Poland. The award was given „*for personal and creative contribution to the transformation of the Polish economy, for consistently building a modern banking system in Poland and for concern for customers and shareholders.*”

The "Vectors" are being awarded since 2002, and the prize is a statuette symbolizing a man striding, his head raised, braving the obstacles and hardships of fate. Association of Employers of Poland is an organization which represents over 7000 largely private companies, employing more than 3 million staff.



Major awards and achievements in 2011 (1)

Bank Millennium Friendly bank and the best quality of service



- Bank Millennium is among top three *Newsweek* most **Friendly Banks** and won in the **Quality of Service** sub-category. Bank Millennium's jump to the third place was the highest move among all the banks involved and comes as a result of very important project realized in 2011: Service quality improvement and increasing Customer satisfaction.

Bank Millennium Dobre konto the best in personal account ranking



- Millennium Bank took **1st place in the ranking of personal accounts** of *Gazeta* daily and website Kontomierz.pl in category the cheapest account. Additionally, on Publi-News Trophée for Innovative Cards awards in Paris, „Good Account” together with its debit card received a "Special Award From The Jury" for outstanding payment cards achievements.

Bank Millennium



- Millennium Bank received a **Service Quality Emblem 2011**. The award is based on customer feedback: Internet users who express their opinion at portal jakoscobslugi.pl

Bank Millennium Visa Impresja once again awarded



- Millennium Visa Impresja credit card won the international competition of the Visa Europe Member Awards 2011 in category **The Best New Customer Proposition**. Visa Europe Member Awards is an international competition, which awards the most innovative projects and card products in Europe. Cards nominated for the award in this year's competition have been selected from 110 nominations across the Europe in seven thematic categories.

Major awards and achievements in 2011 (2)

Bank Millennium The best for the companies



- Millennium Bank took 1st place in the ranking of *Forbes magazine* for the **Best Bank for Companies**. Banks have been assessed in 4 categories: fees level, loan offer, deposits offer and quality of service.

Bank Millennium Customer Laurel 2011 emblem for factoring



- "**Customer Laurel**" is a nationwide project whose goal is to identify the most popular products and brands in hundreds of categories. In each category an opinion poll is conducted on a group of min. 800 respondents. This year was the seventh edition of the competition and this award was granted to the Bank for the first time.

Bank Millennium In RESPECT Index



- Bank Millennium **was again confirmed in the composition of RESPECT Index** of WSE - the first socially responsible companies index in CEE region. The Bank views its selection to the RESPECT index as a confirmation of the very high standards followed in terms of corporate social responsibility and investor relations.

Bank Millennium 2nd place for macroeconomic forecasts

- Macroeconomic Research Bureau of the Bank obtained 2nd place in the ranking of **the most accurate economic forecasts** in 2011 in overall. In particular category the Bank Millennium macroeconomists were the best in forecasting labour market and took 2nd place in inflation forecasts and 3rd place in balance of payments forecasts. The ranking was prepared by the Polish daily *Parkiet* on monthly forecasts prepared by all main banks.

Synthetic P&L account

(PLN million)	2010	2011	3Q 2011	4Q 2011
	pro-forma	pro-forma	pro-forma	pro-forma
Net interest income*	1 009,8	1 190,8	316,6	300,5
Net commission income	564,9	561,8	138,9	128,8
Other non-interest income **	141,6	136,6	32,8	59,2
Operating Income	1 716,3	1 889,1	488,3	488,4
General and administrative costs	-1 007,0	-1 059,2	-269,8	-268,7
Depreciation	-74,6	-64,8	-15,7	-15,0
Total operating costs	-1 081,6	-1 124,1	-285,4	-283,7
Net provisions	-226,9	-173,8	-46,8	-46,4
Operating profit	407,8	591,3	156,0	158,3
Pre-tax profit	407,8	591,1	157,1	157,2
Income tax	-81,8	-124,6	-32,2	-32,1
Net profit	326,0	466,5	125,0	125,1

* Pro-forma data. Margin from all derivatives, including those hedging FX denominated loan portfolio, is presented in Net Interest Income, whereas in accounting terms part of this margin (PLN 48.9 million in 2011 and PLN 82.3 million in 2010) is presented in Result on Financial Operations.

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

	2010	2011	3Q 2011	4Q 2011
Net interest income (reported under IAS)	927,5	1 141,9	300,6	297,5

Balance Sheet

ASSETS	<i>(PLN million)</i>	31/12/2010	30/09/2011	31/12/2011
Cash and balances with the Central Bank		2 051	2 500	2 018
Loans and advances to banks		1 486	3 013	2 660
Loans and advances to customers		36 738	41 085	41 332
Amounts due from reverse repo transactions		55	243	2
Financial assets at fair value through P&L and hedging derivatives		1 510	994	860
Investments		4 520	1 415	3 145
Tangible and intangible fixed assets		272	237	245
Other assets		351	525	576
TOTAL ASSETS		46 984	50 012	50 838

LIABILITIES AND EQUITY	<i>(PLN million)</i>	31/12/2010	30/09/2011	31/12/2011
Deposits and loans from banks		2 084	1 714	1 832
Deposits from customers		35 395	36 682	37 428
Liabilities from repo transactions		671	481	1 607
Financial liabilities at fair value through P&L and hedging derivatives		2 120	3 461	2 872
Liabilities from securities issued & securitisation		1 141	1 364	1 071
Provisions		21	23	35
Subordinated liabilities		912	1 025	663
Other liabilities		549	828	744
TOTAL LIABILITIES		42 893	45 578	46 252
TOTAL EQUITY		4 091	4 434	4 586
TOTAL LIABILITIES AND EQUITY		46 984	50 012	50 838

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