



Bank Millennium Group

Results of 1st Quarter 2012

27th April 2012

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All data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with published Financial Statements of the Group (available on Bank's website at www.bankmillennium.pl). The only exception are 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 highlights of 1Q 2012

Yearly growth of profitability

- Net Profit at PLN 110 million, up 9% y/y
- Core income* grew by 1.2% y/y and was stable q/q
- ROE at 10% due to higher equity base

Operating costs under control

- Operating costs stable during last 4 quarters
- Yearly growth of 3.6% y/y due to low base effect
- C/I decreased to 61.8% y/y (by 0.3 p.p.)

High asset quality and low risk charges maintained

- Impaired loan ratio at 5%
- Past-due 90 days ratio at 2.5%
- Impairment charges at the same level as year ago

Stronger capitalisation and improved liquidity

- Core Tier 1 at 12.5%, total CAR at 14.3% after decision of retaining entire 2011 profit in equity
- Improved Loan to Deposit** ratio at 103.6%
- Share of FX denominated loans dropped to 54%

* Net Interest Income + Net Commissions Income

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

Profitability

Net profit - evolution (PLN million)



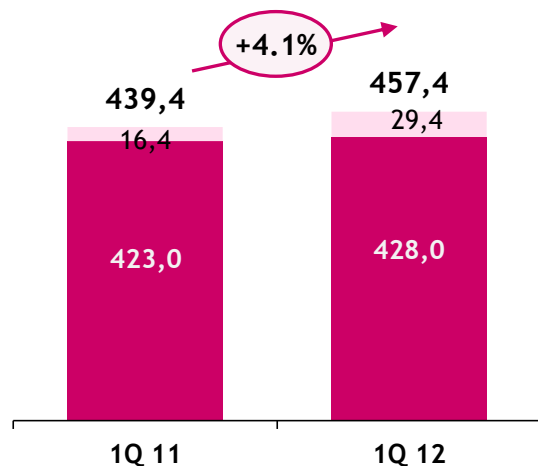
- Net Profit in 1Q'12 increased by 8.8% compared to the level of 1Q'11 and reached PLN 110.1 million. The growth was driven by positive core revenue evolution as well as strict cost control and stable level of provisions.

- Operating income* grew in 1Q'12 by 4.1% compared to the level of 1Q'11 and reached PLN 457.4 million.

- Core income** grew by 1.2% y/y and stood at the same level of the previous quarter

- ROE at 9.7% was similar to the corresponding quarter of the previous year and decreased slightly versus entire 2011 due to higher equity base (no dividend payment).

Operating Income* - evolution (PLN million)



■ Core Income** ■ Other Income

* Including net other operating income and cost

** Net Interest Income + Net Commissions Income

Net Interest Income

Net Interest Income* (PLN million)



- Net Interest Income* in 1Q'12 reached PLN 295.4 million, i.e. higher by 8.2% compared to 1Q'11 despite stable net interest margin.
- Net Interest Margin in 1Q'12 of 2.43% was on the same level as in 1Q'11 and 4Q'11.

NIM * evolution (%)

	1Q 11	1Q 12
Total NIM	2.43%	2.43%
Margin on loans	2.95%	2.87%
Margin on deposits	0.22%	0.19%

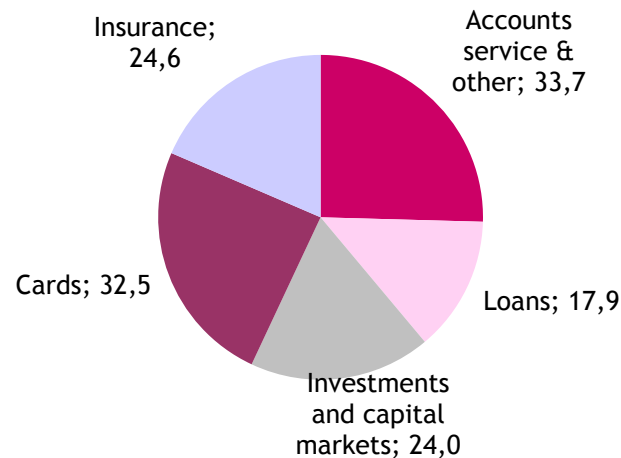
* Pro-forma data. Margin from all derivatives, including those hedging FX denominated loan portfolio, is presented in Net Interest Income, whereas in accounting terms part of this margin (PLN -0.5 million in 1Q'12 and PLN 17.2 million in 1Q'11) is presented in Result on Financial Operations.

Non-interest Income

Net Commission Income *(PLN million)*

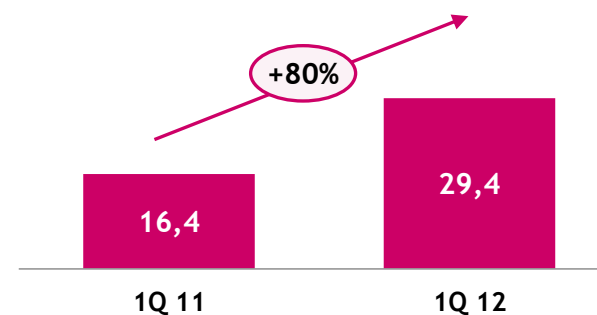


Net Commission split *(PLN million)*



- Net Commissions in 1Q'12 reached PLN 132.6 million which means a decrease of 11.6% yearly but a growth of 2.9% quarterly. The yearly decrease resulted mainly from lower investment products and capital markets related fees (PLN -15.8 million).
- Other non-interest income* amounted to PLN 29.4 million in 1Q'12 and was affected by negative impact of FX swaps valuation, however smaller than in 1Q'11.

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

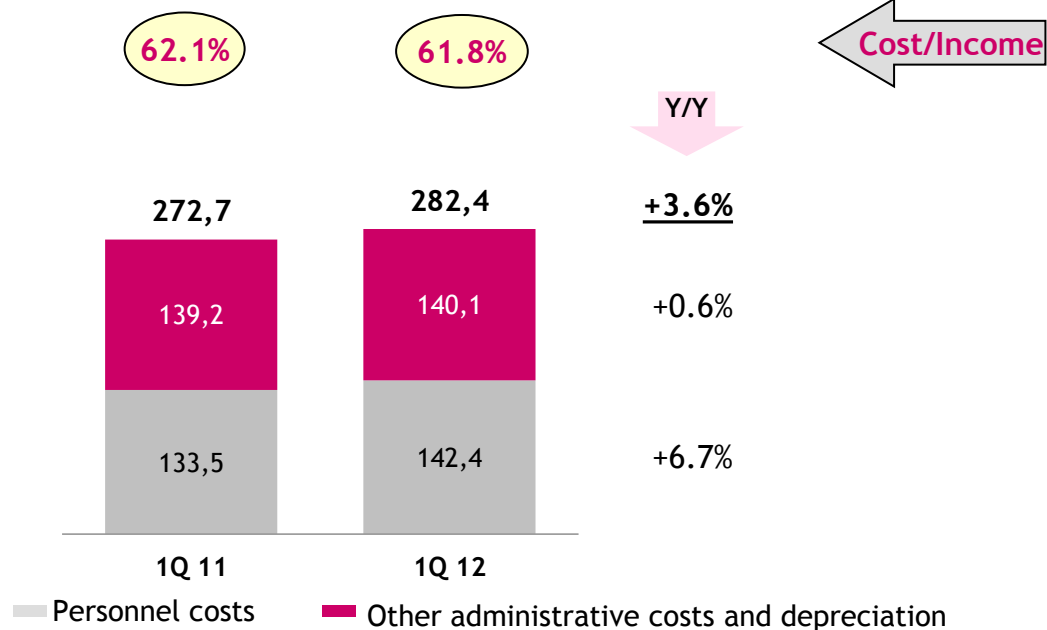


* On pro-forma basis, including FX income, result on financial operations, dividends and other operating income and costs.

Operating Costs

Operating Costs

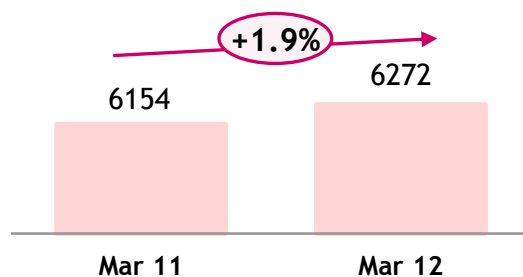
(PLN million)



- Total costs in 1Q'12 grew only by 3.6% yearly and reached PLN 282.4 million, i.e. level comparable to the last 3 quarters.
- Personnel costs increased in 1Q'12 by 6.7% y/y, mainly as a result of higher social security charges and low base of 1Q'11. Total number of employees is relatively stable in annual horizon (increase by 1.9% y/y).
- Administrative costs (incl. depreciation) recorded insignificant growth of 0.6% y/y showing tight cost discipline.

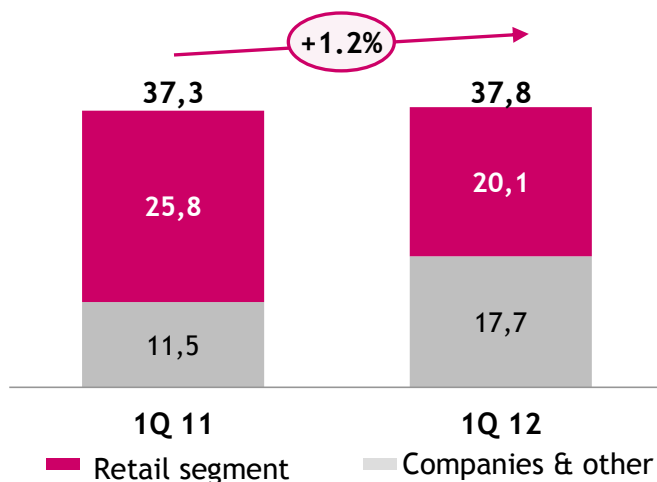
Number of employees

(FTEs)



Cost of Risk

P&L impairment provisions *(PLN million)*



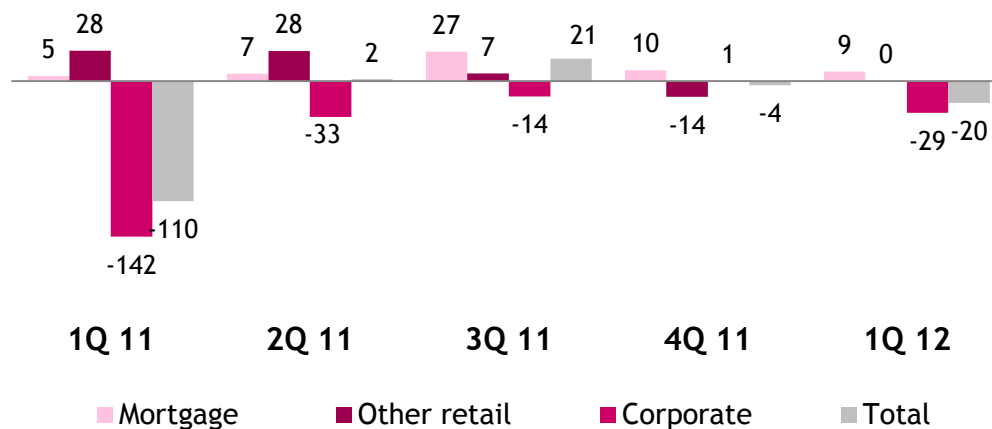
- Total P&L provisions in 1Q'12 were on similar level as in the corresponding period of 2011 (growth by 1.2%) reflecting stabilisation in asset quality.
- Average quarterly cost of risk in 1Q'12 represented 37 b.p. of average net loans.

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

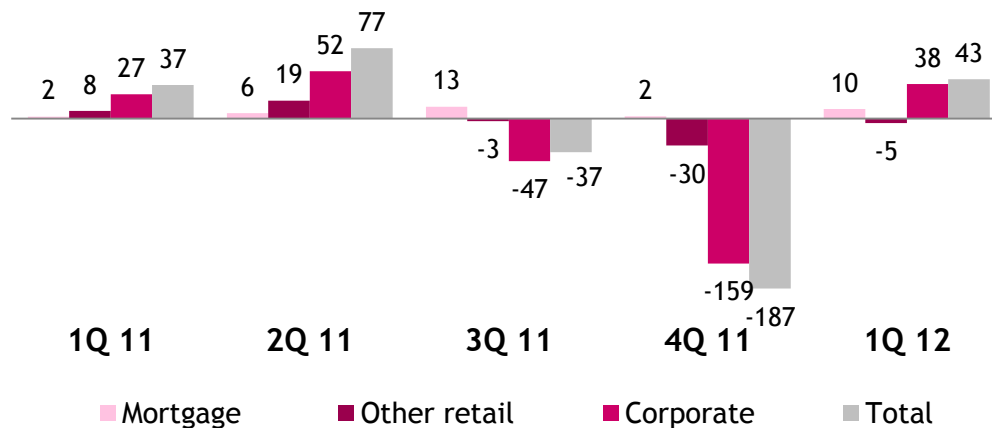
	1Q 11	1Q 12
COMPANIES	68	84
RETAIL	32	26
TOTAL	41	37

Impaired and past-due loans

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



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



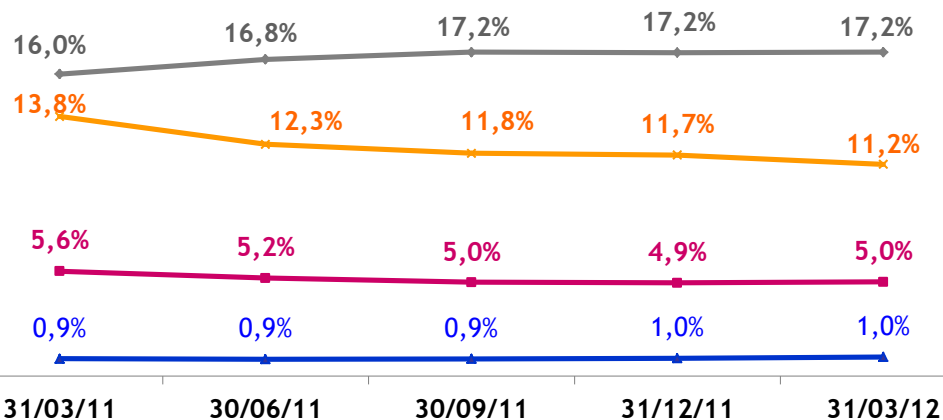
- Total impaired loans decreased by 20 million PLN during 1Q'12 due to the decrease in corporate segment by PLN 29 million.
- Mortgage impaired loans recorded minor growth of PLN 9 million and exposures past-due over 90 days grew by PLN 10 million during 1Q.
- Impaired consumer loans (other than mortgage) stayed on the same level as quarter ago .

* After write-offs: PLN 114 million y-t-d in 2011 (of which PLN 36 million for 4Q'11) and PLN 19 million in 1Q'12

Asset quality ratios

Impaired loans ratio by products [over Total loans]

Coverage ratio *



Retail: 71%

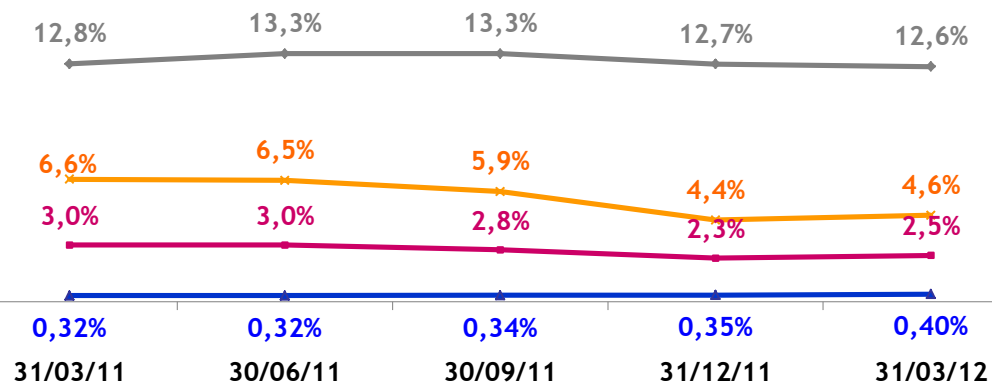
Companies:
51%

Total: 59%

- Stabilisation of impaired loans ratio at about 5%; past-due more than 90 days loans at 2.5% - lower by 0.5 p.p. compared to the end of March 2011.

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

Coverage ratio *



Retail: 114%

Companies:
123%

Total: 119%

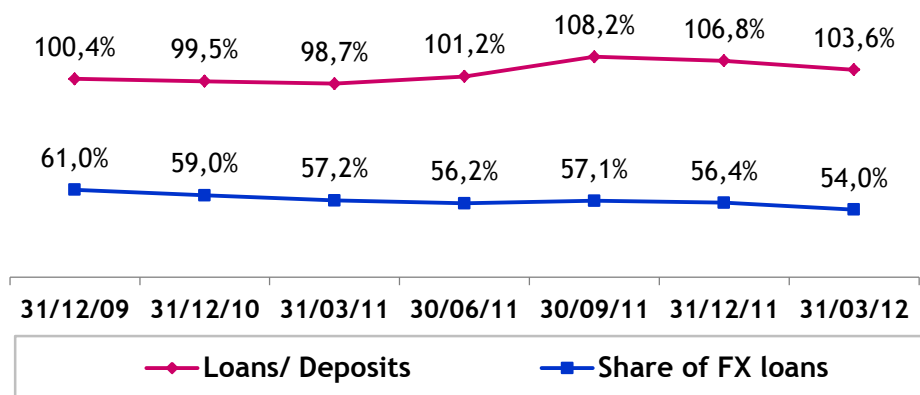
- Coverage ratio of impaired loans grew to 59% and coverage of past-due 90 days loans remains on adequate level of 119%.

— Total loans — Mortgage — Other retail — Companies

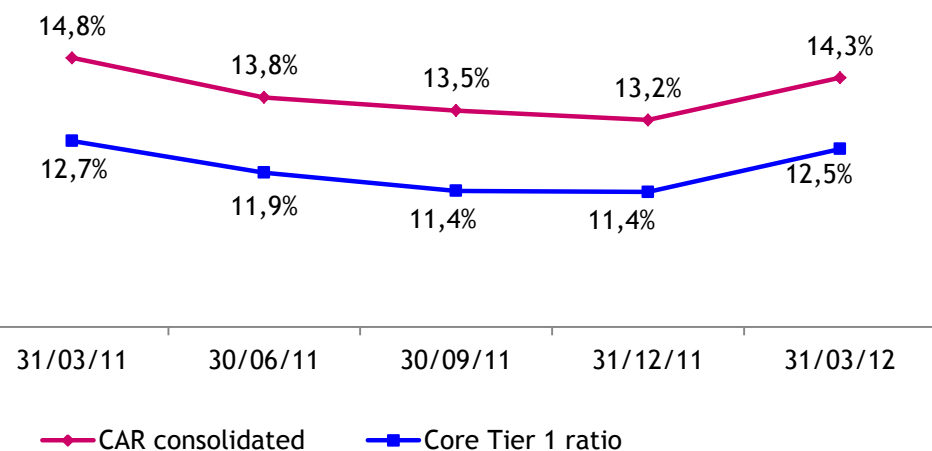
* Coverage of gross impaired and gross past-due 90 days loans by total provisions (incl. IBNR).

Liquidity and Capital adequacy

Loans to Deposits * and FX loans (%)



Capital Adequacy Ratio (%)



- Loans-to-deposits ratio improved in 1Q'12 moving back to level close to 100%, in line with strengthening zloty.
- Share of FX loans in the Group's portfolio has been gradually decreasing and stood at 54% at the end of March'12.
- After decision of retaining entire 2011 profit in equity, capital adequacy ratios strongly increased: consolidated CAR to 14.3% and Core Tier 1 ratio to 12.5%.

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

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Main business highlights

Increase in customer funds partially driven by strong rebound in mutual funds

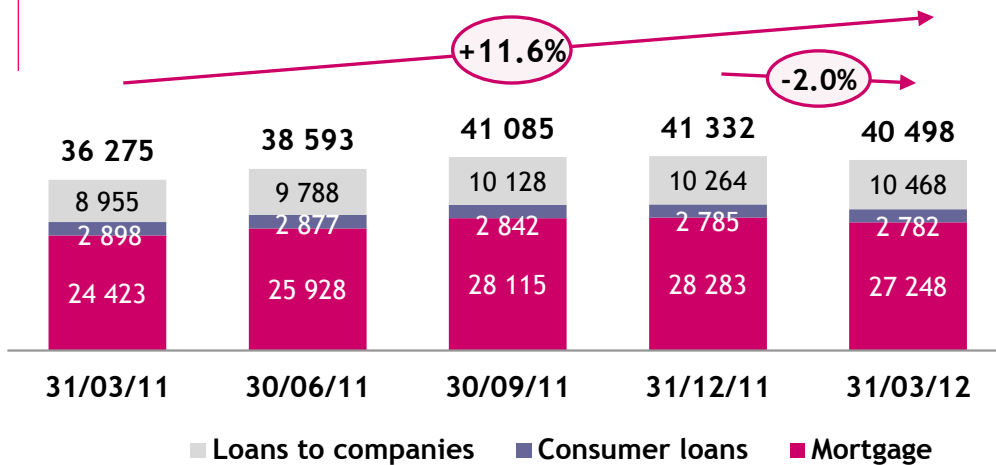
Good sale of loans with decrease of portfolio in 1Q only due to FX effect

- Total customer funds grew by 7% y/y and 3.2% q/q
- Strong 32% q/q rebound in Millennium mutual funds allowing 22% yearly growth
- Total number of individuals current accounts grew by almost 200 ths yearly to 1,676 ths thanks to „Dobre konto” campaign.
- 1860 newly acquired active corporate Customers during 12 months

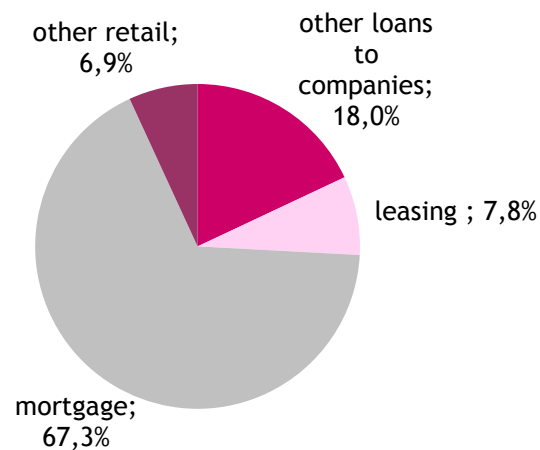
- PLN 441 million of new mortgages and PLN 209 million of cash loans sold in 1Q'12
- Strong growth of loans to companies kept (17% y/y)
- 12% yearly growth of loan portfolio but 2% drop during 1Q 2012 due to FX fluctuation.

Loan portfolio

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

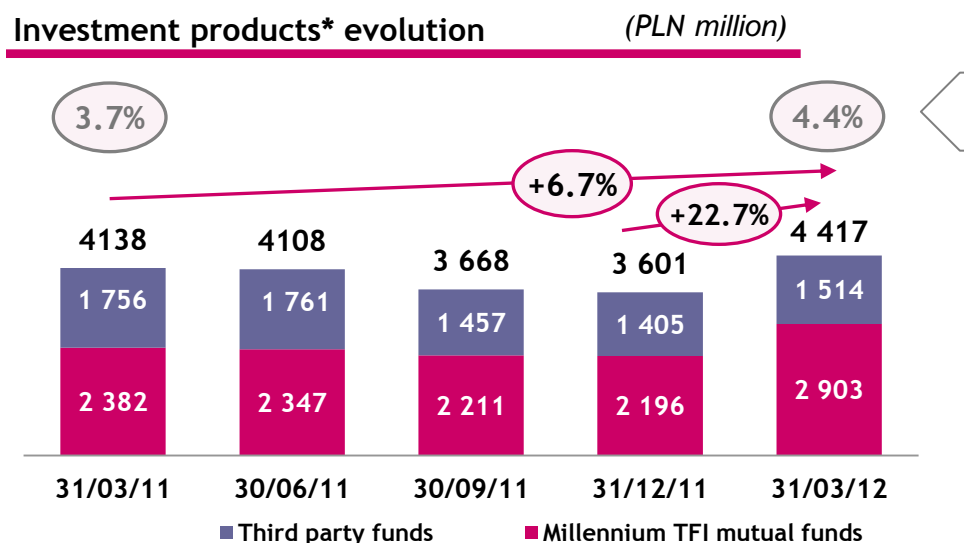
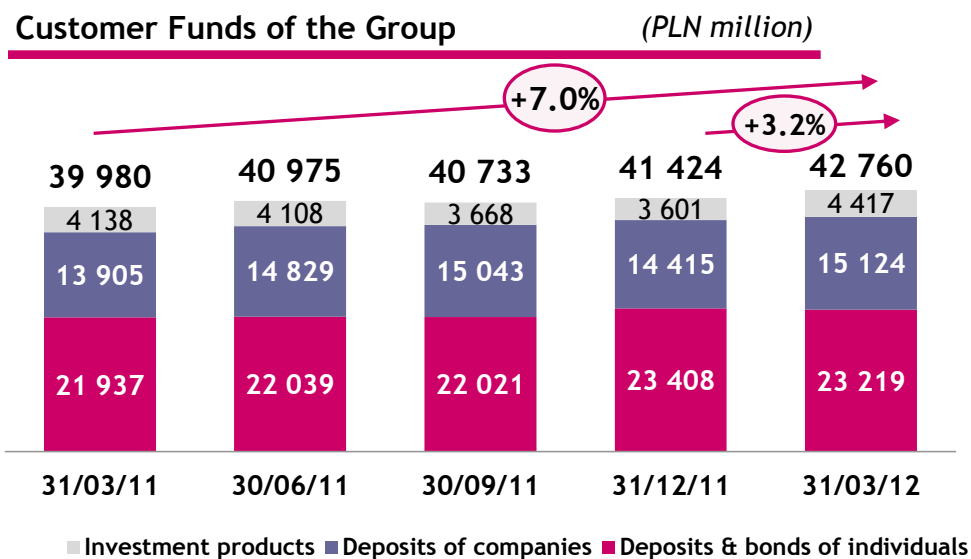


Structure of loan portfolio (%)



- Loan portfolio increased by 11.6% yearly partially inflated by FX portfolio revaluation. Slight quarterly decrease (by 2%) resulted from zloty appreciation.
- Without FX effect, the total portfolio would grow 4.2% yearly and 0.8% quarterly.
- Share of FX loans in mortgage portfolio decreased to 74%.

Customer funds

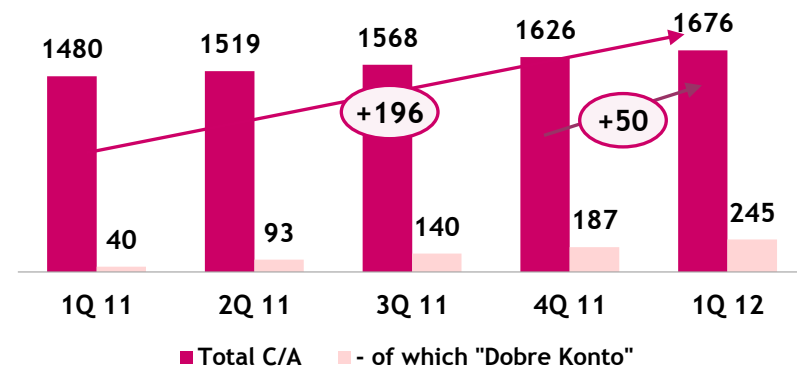


- Both total customer funds and deposits grew by 7% yearly. In quarterly terms deposits grew by 1.4% and customer funds by 3.2% driven by good results in other investment products.
- Investment products grew by 6.7% y/y driven by strong net increase (PLN 707 million) of Millennium mutual funds in reported quarter, mainly in lower risk funds.

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

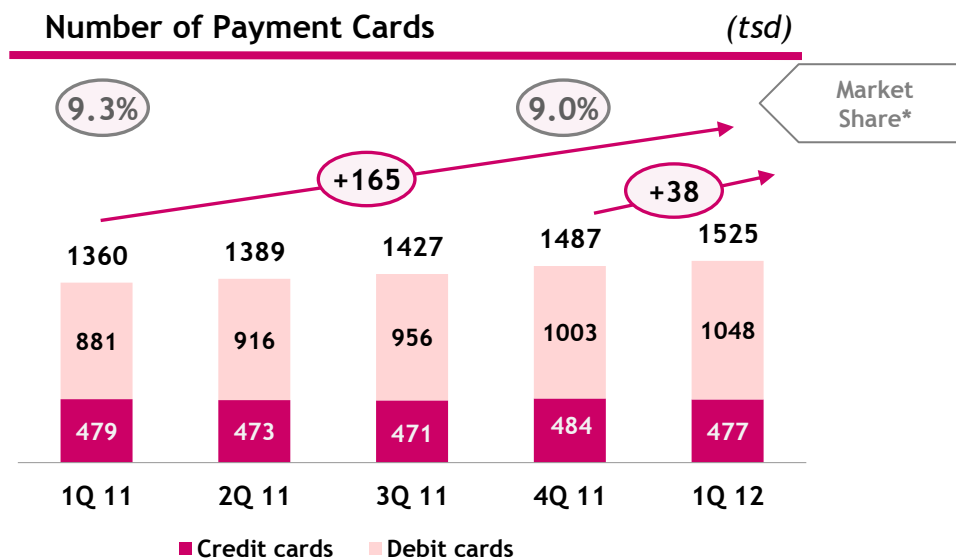
** all investment products vs. total market (without private equity funds)

Retail business results - accounts and cards



- Number of individuals' current accounts in March'12 presented high annual growth by 196,000 (+50,000 just in 1Q'12), strongly correlated with „Dobre Konto” campaign showing already 245,000 accounts.

- Cross-selling ratio improved visibly to 3.76 products-per-customer compared to 3.63 in March'11.

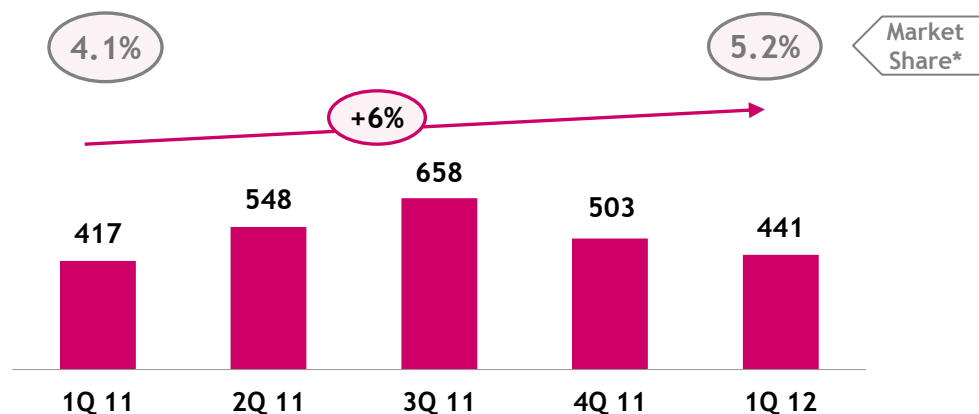


- Continued growth of debit & credit cards showing 165,000 of annual increase (+38,000 just in 1Q); the result strongly supported by the new current account campaign.

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

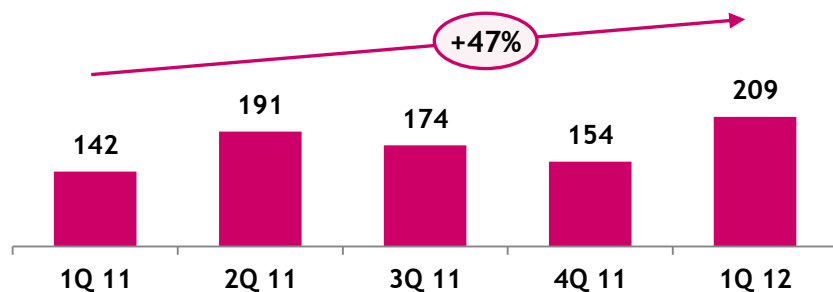
Retail business results - loans

Mortgage new production (PLN mln)



- Mortgage loans sales in 1Q 2012 were 6% higher versus last year, which bodes well for entire year sales.
- Market share in mortgage new production increased visibly versus last year and reached 5.2% in 1Q 2012
- Quarterly sale of cash loans grew 47% versus 1Q 2011 to PLN 209 million, i.e. the best result in the last 5 quarters.

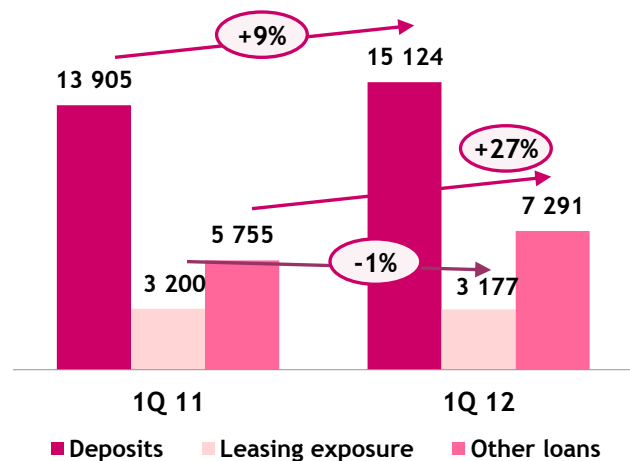
Cash Loans Quarterly New Production (PLN mln)



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

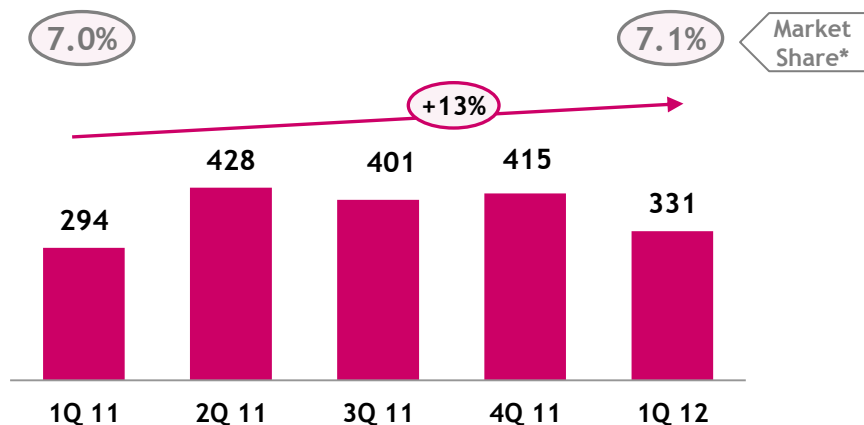
Companies business results

Deposits and Loans (net) to companies (PLN mln)

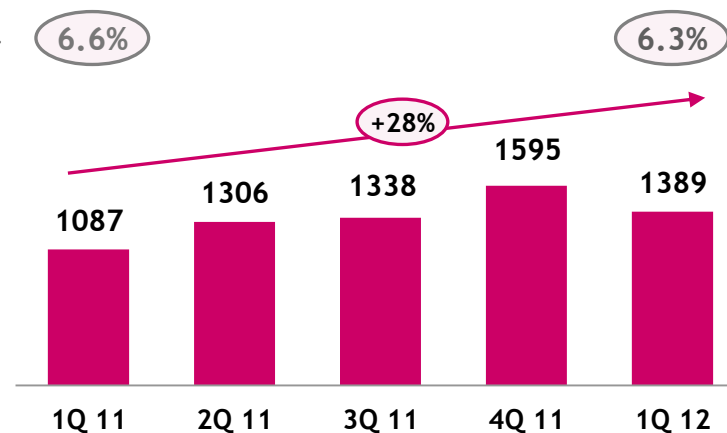


- Companies' deposits grew by 9% y/y, leasing exposure was on similar level (-1% y/y) and other loans grew strongly by 27% y/y (mainly driven by growth of PLN loans)
- 1860 newly acquired active corporate Customers during 12 months
- Good yearly growth in sales in leasing and factoring; strong market share maintained: 7.1% in leasing (4th position) and 6.3% in factoring (5th position on the market).

Leasing - quarterly new production (PLN mln)



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-date

Agenda

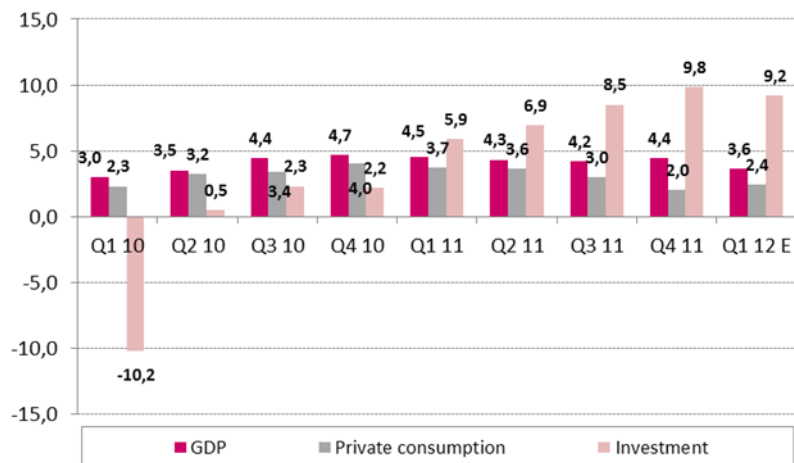
Financial performance

Business development

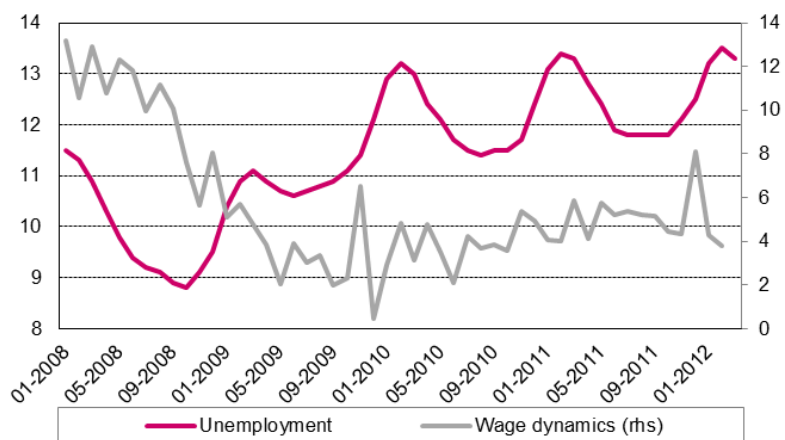
Appendixes

Macroeconomic Overview

GDP growth and its components [% y/y]

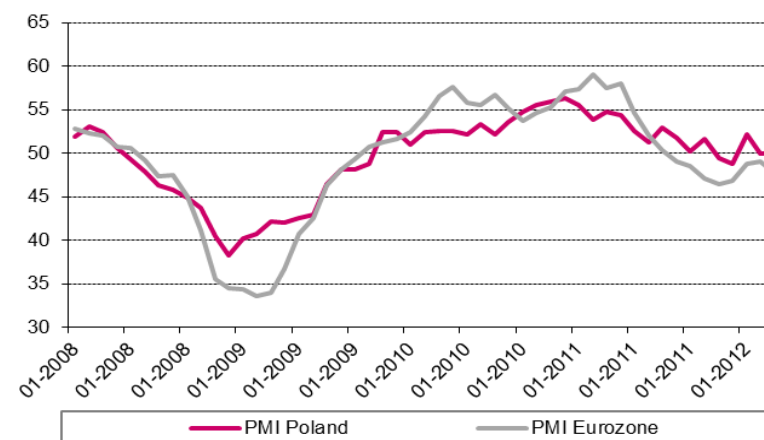


Wage dynamics [% y/y] and unemployment [%]



Source: GUS, NBP, Bank Millennium

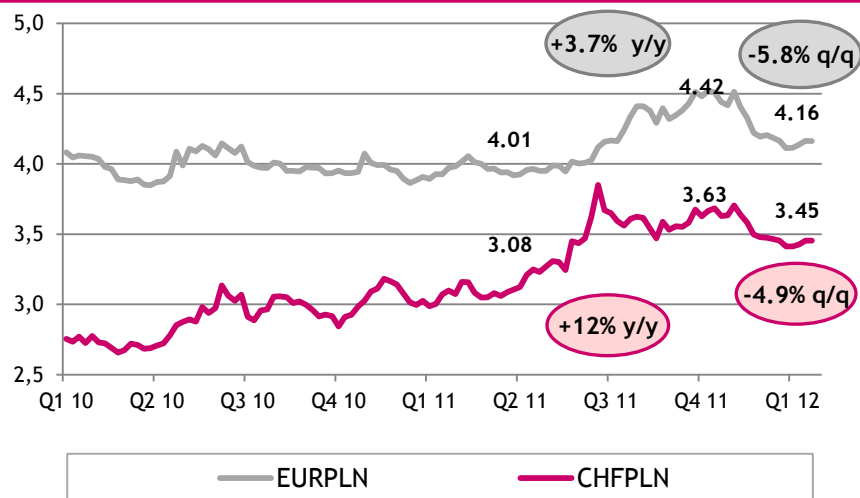
Business sentiment in industry in Poland and Eurozone



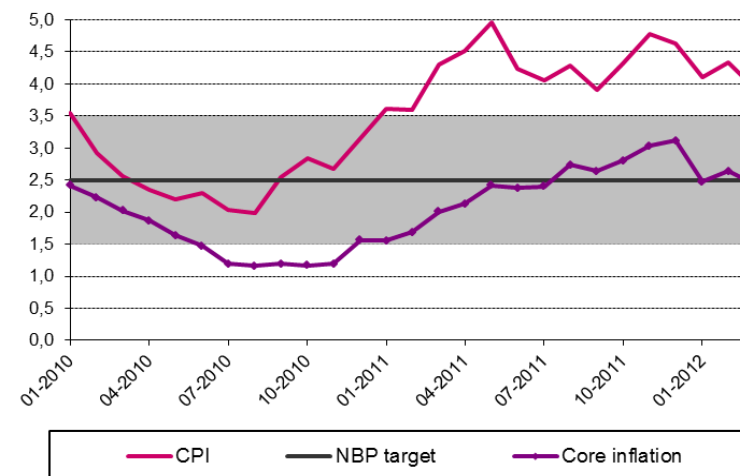
- Polish economy remained resilient to global slowdown and grew by an estimated 3.6% y/y in Q1. Investment kept growing supported by good financial standing of the companies and delayed infrastructure projects while consumption remained subdued. Business sentiment indicators suggest deceleration in GDP growth but its scale should be small.
- Labour market conditions deteriorated at the beginning of 2012 as uncertainty prevented companies from increasing headcount.

Macroeconomic Overview

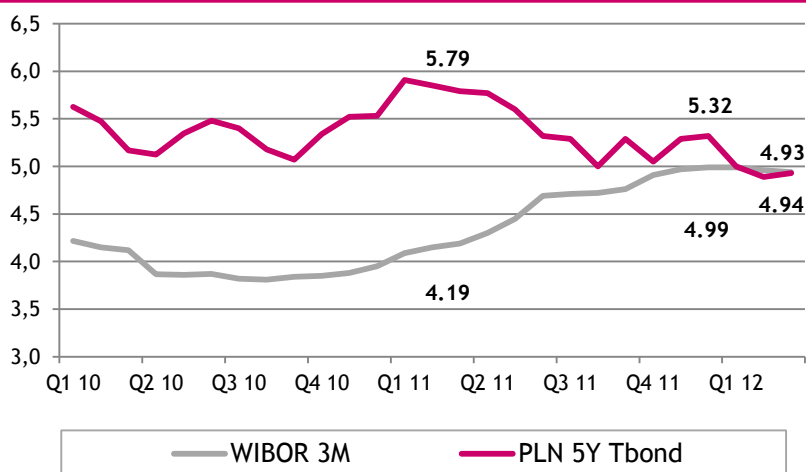
Evolution of FX rates [PLN]



Inflation in Poland [% y/y]



Interest rates in PLN [%]

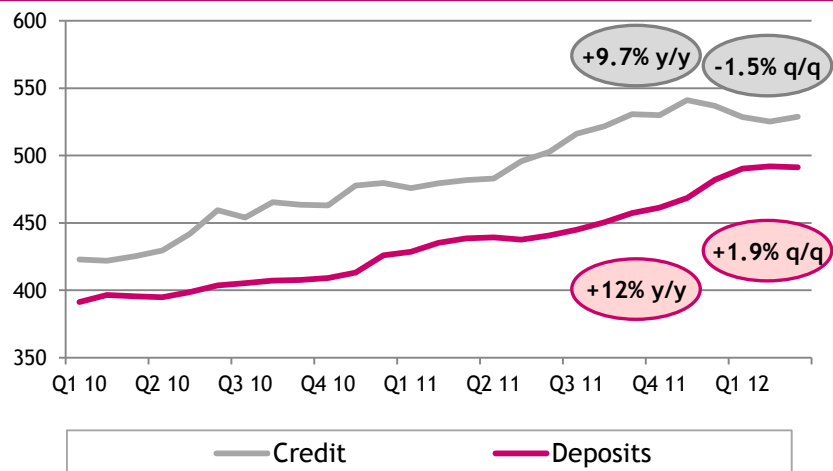


- Zloty appreciated in Q1 2012 as better sentiment in the global markets following the ECB liquidity operations increased appetite for the Polish assets.
- Inflation slowed down in Q1 2012 although it stood much above the central bank's target. The MPC kept rates unchanged but the latest hawkish comments suggest an upcoming monetary tightening.

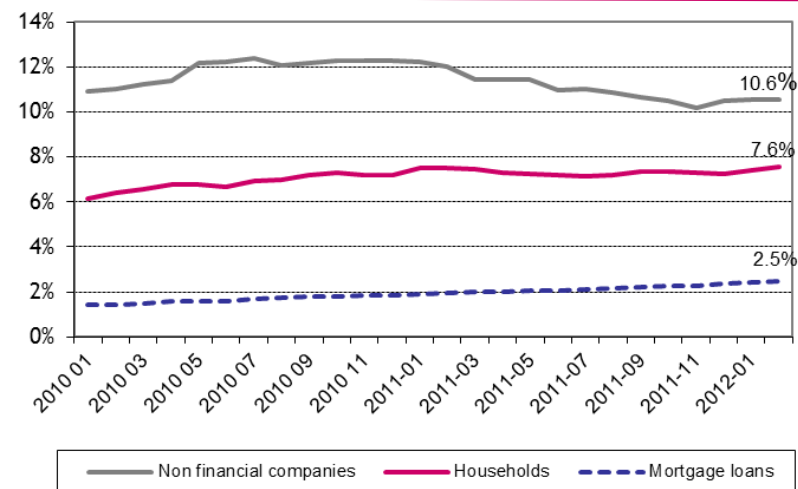
Macroeconomic Overview

Households

[PLN bn]

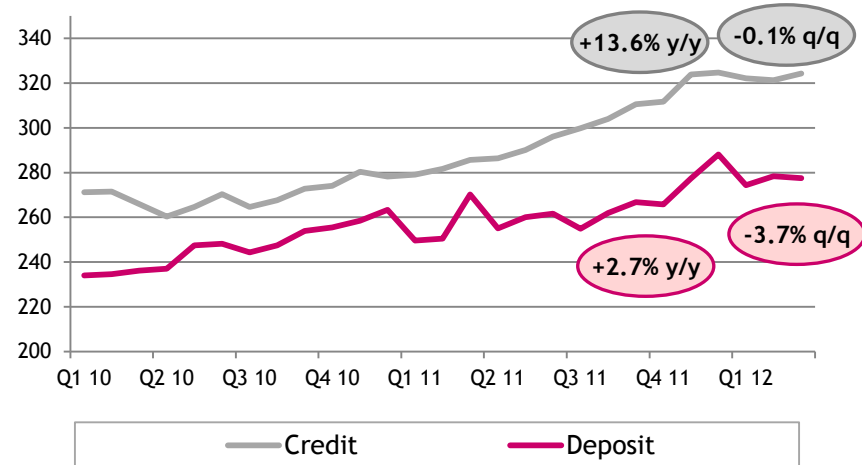


Evolution of impaired loans [%]



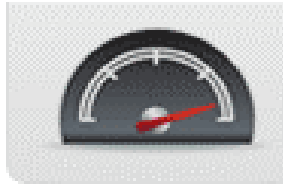
Corporate sector

[PLN bn]



- Deposits of non-financial sector continued to grow although at a slower pace. Loans to corporate sector grew at a solid pace which might reflect an increase in investment activity.
- Asset quality slightly deteriorated in the beginning of 2012. NPL ratio for households' sector advanced to 7.6% in February partly because of decrease in portfolio of consumer and mortgage loans.

New e-solutions for business and corporate customers



Fast transfers

Transactional banking service created to allow transactions to be processed using KIR's new Express Elixir system. It will allow 24/7 real-time transaction processing for transfers up to 100,000 PLN to all banks that implement the new system. Bank Millennium is scheduled to be among the first three banks that will introduce this service in May.



Electronic cash withdrawals

An all-new service which enables corporate customers to make payments to their creditors through Bank Millennium's extensive branch network. To do so, customer specifies creditor and payment details and hence allows him to withdraw a specified amount from his account in any of Bank Millennium's branches.



Business mobile banking

In March Bank Millennium launched mobile banking for business accounts. As in case of private customers, small businesses have the full range of essential functionalities at their disposal. To make things easier, access to private and business accounts is integrated - one mobile PIN number is enough to take care of business and private matters.



Modernised electronic banking services

Bank Millennium has added the mass-payment feature to its Millenet internet banking system. The new functionality enables corporate customers to create payment packs and execute multiple transactions at once.

Main recent product campaigns for retail (1)

Dobre konto (Good account)



Third burst of *Dobre Konto* 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.

Słodki Zysk (Sweet profit)



Słodki Zysk (Sweet profit) is a 12-month term deposit with a fixed high interest rate. The interest rate depends on the amount and is as much as 6% per annum valid till 15th of April. Interest is transferred to the Customer's account every month.

Impresja credit card



New campaign of *Impresja credit card*. Moneyback of 5 % of spend with our Partners (a maximum of PLN 50 per month) and special bonus system while purchasing in Carrefour stores.

Main recent product campaigns for retail (2)

Urgent loan



Selected groups from the public sector can get the **Urgent Loan** with a minimum of formalities. Persons employed in Uniformed services (Armed Forces, Border Guard, Police, Fire Service, Customs Service, Prison Service), Public Administration, Teachers can get even up to PLN 15,000 by presenting merely evidence of their employment condition and their personal identity card.

The Individual Retirement Account



The Individual Retirement Account is a way to accumulate capital in pillar III of the pension system. Additionally IKE deposits can now be coupled with an attractively priced **3-month term deposit, which brings 7% per annum**. The deposit may be set-up following a prior deposit on IKE with Millennium sub-funds. The minimum deposit amount is PLN 5,000 and may not be higher than the amount of the IKE deposit.

Major awards and achievements



Dobre konto (Good account)

- [Bankier.pl](#) - Dobre konto took **1st place** in ranking in the Active Customer with monthly inflows of PLN 5000 category and 2nd place in the Active Customer with monthly inflows of PLN 2500 category.
- [TotalMoney.pl](#) - Dobre konto at the top (ex aequo with 2 other personal accounts) in the ranking focused on Internet accounts as well as traditional accounts with access to e-banking.
- [Kontomierz.pl](#) - Dobre konto for the second time has won in the Wyborcza.biz personal account rankings in the category Cheapest Account For "Mr Smith".
- [Money.pl](#) - Dobre konto has won the title of best personal account - coming up second on the ranking list of personal accounts 2012. Winners were selected from a group of 110 personal accounts from 33 banks. The ranking authors looked at cost of maintenance of the accounts, access to them as well as customer service.



Bank Millennium

- Bank Millennium took the third place in "2011 top Polish banks" ranking prepared by Wirtualna Polska and Expandi. The survey was conducted among users of the biggest banking portals, blogs and internet discussion sites.
- In this year's "Success in Silesia" competition Bank Millennium won the title of Bank of the year 2011 in Silesia. The award was granted for high quality of services for companies and for implementing the PolSEFF Polish Sustainable Energy Financing Facility in the form of a loan with investment incentive and also as the only bank in Poland to offer leasing with an investment incentive.

Socially Responsible Bank



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 in area of corporate social responsibility and investor relations.



The "Corporate Responsibility" report of Bank Millennium is being published since 2006. It provides a summary of the company's corporate social responsibility and complements financial information contained in the Bank's "Annual Report". During the years the scope of information presented was regularly extended to include new groups of topics. The last report for 2011 was checked by Global Reporting Initiative (GRI)*, which confirms that the report fulfills the requirement of Application Level C.

* GRI is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organization can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Synthetic P&L account

(PLN million)	1Q 2011 pro-forma	1Q 2012 pro-forma
Net interest income*	273,1	295,4
Net commission income	149,9	132,6
Other non-interest income **	16,4	29,4
Operating Income	439,4	457,4
General and administrative costs	-255,4	-268,4
Depreciation	-17,3	-14,1
Total operating costs	-272,7	-282,4
Net provisions	-37,3	-37,8
Operating profit	129,4	137,2
Pre-tax profit	129,4	140,3
Income tax	-28,2	-30,2
Net profit	101,2	110,1

* 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 -0.5 million in 1Q'2012 and PLN 17.2 million in 1Q'2011) is presented in Result on Financial Operations.

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

	1Q 2011	1Q 2012
Net interest income (reported under IAS)	256,0	295,9

Balance Sheet

ASSETS	<i>(PLN million)</i>	31/03/2011	31/12/2011	31/03/2012
Cash and balances with the Central Bank		1 179	2 018	2 103
Loans and advances to banks		1 986	2 660	1 354
Loans and advances to customers		36 275	41 332	40 498
Amounts due from reverse repo transactions		83	2	38
Financial assets at fair value through P&L and hedging derivatives		1 415	860	1 836
Investments		4 350	3 145	4 150
Tangible and intangible fixed assets		254	245	230
Other assets		421	576	523
TOTAL ASSETS		45 963	50 838	50 732

LIABILITIES AND EQUITY	<i>(PLN million)</i>	31/03/2011	31/12/2011	31/03/2012
Deposits and loans from banks		2 064	1 832	1 890
Deposits from customers		35 460	37 428	37 933
Liabilities from repo transactions		265	1 607	2 450
Financial liabilities at fair value through P&L and hedging derivatives		1 352	2 872	1 812
Liabilities from securities issued & securitisation		1 042	1 071	717
Provisions		17	35	29
Subordinated liabilities		931	663	630
Other liabilities		825	744	734
TOTAL LIABILITIES		41 954	46 252	46 195
TOTAL EQUITY		4 009	4 586	4 537
TOTAL LIABILITIES AND EQUITY		45 963	50 838	50 732

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