

Bank Millennium Group

Presentation of 1st Half 2010 Results

Warsaw
27th July 2010

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All data presented hereby is based on the consolidated Bank Millennium Group level and is consistent with the Semi-annual 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 in 1H 2010

Main highlights of 1H 2010 Group results

Improved profitability



ROE grew from 1.5% in 1H'09 to 7.7% in 1H'10.
Core Income * for 1H'10 grew by 43% y/y

Better cost efficiency



Cost/Income ratio decreased from 72.1% in 1H'09 to 63.3% in 1H'10

Solid growth of deposits



+5% in retail and +3% in corporate segment during 2Q'10

Acceleration of loans growth

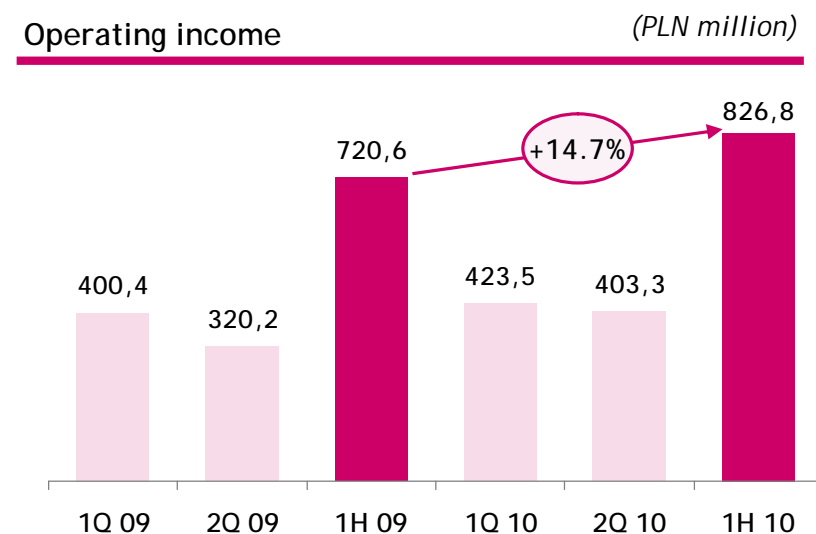
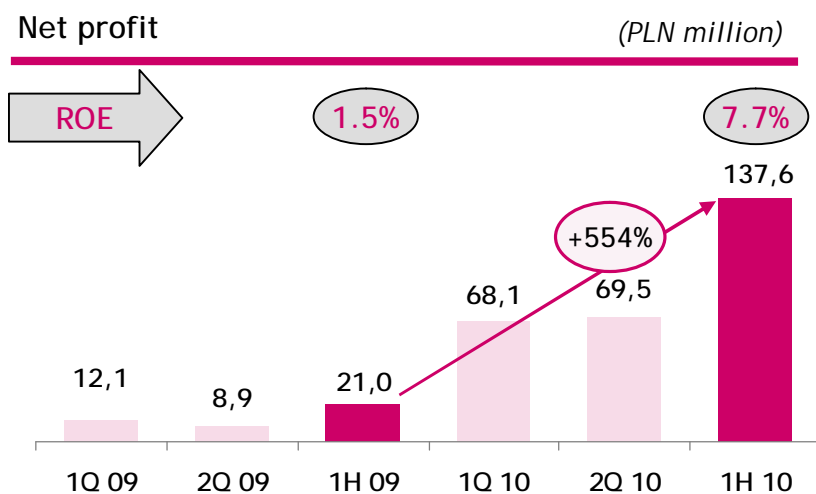


especially in mortgage, leasing and factoring

* Net Interest Income + Net Commissions Income



Quarterly profitability maintained



§ Net profit generated in 1H'10 amounted to PLN 137.6 million which means significant rebound compared to 1H'09: ROE grew from 1.5% to 7.7%.

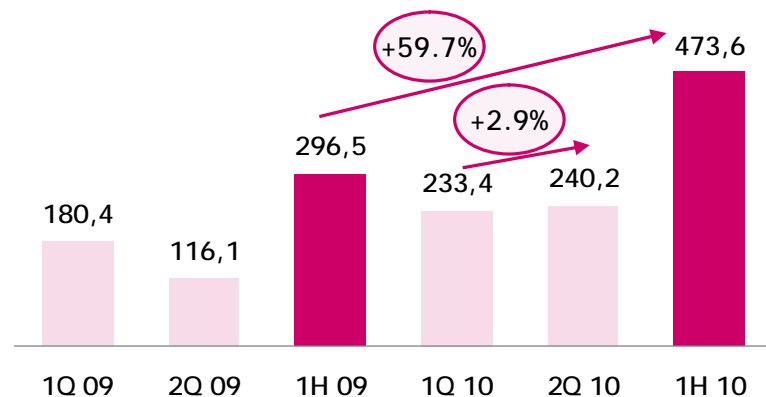
§ Slight increase of net profit in 2Q'10 compared to 1Q'10 (+2.1%) supported by lower need of provisions which compensated for some expected increase in operating costs.

§ Operating income grew 14.7% in 1H'10 compared to 1H'09, mainly due to the growth of core income* (+43.2% y/y), whereas trading and other income decreased when compared to the exceptionally high level observed in 1H'09.

* Net Interest Income + Net Commissions Income

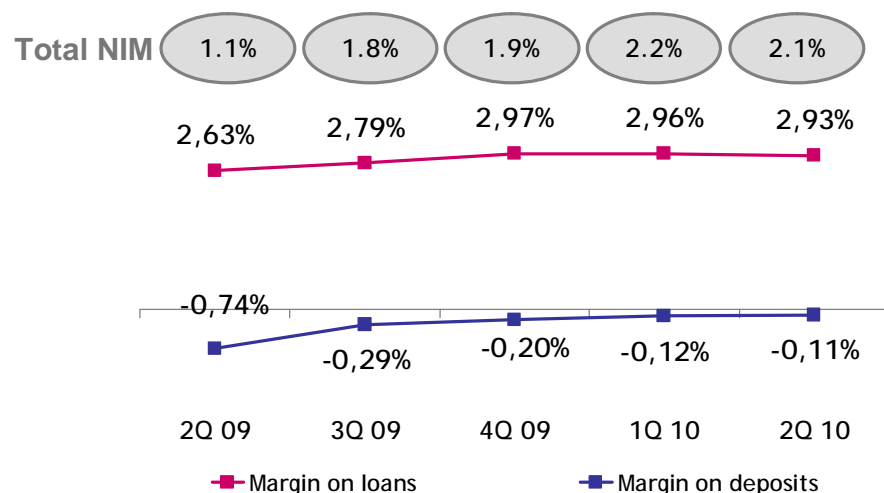
Continuation of Net interest income recovery

Net Interest Income* (PLN million)



§ Net Interest Income* showed significant improvement in 1H'10 compared to 1H'09 with maintained growing quarterly trend (+2.9% growth in 2Q compared to 1Q) despite strong promotional campaign of deposits.

NIM * evolution (quarterly) (%)

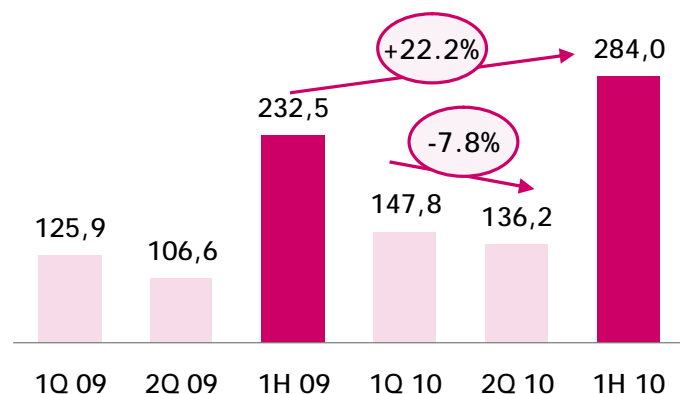


§ Net Interest Margin stabilized at 2.1% as both loans and deposits spreads changed only slightly during 2Q'10. Higher competition on loans side and promotion campaigns plus lower WIBOR rates were the main factors that influenced NIM in the 2Q.

* 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 38.3 m in 1H 2010 and PLN 83.7 m in 1H 2009) is presented in Result on Financial Operations.

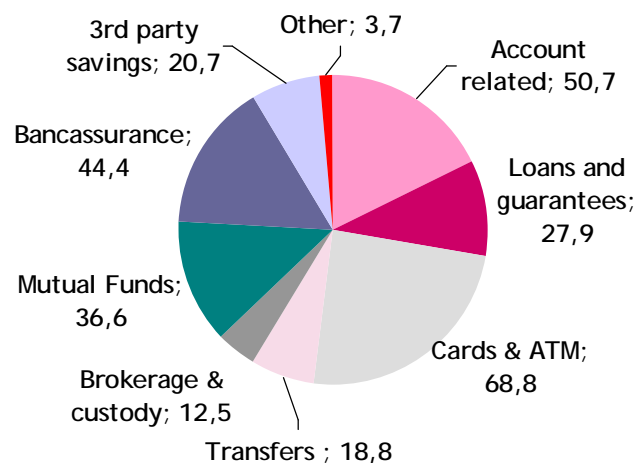
Net Commissions Income with significant annual growth

Net Commission Income (PLN million)



§ Net Commissions recorded significant yearly growth by 22.2% in 1H'10. The increase was driven by cards, mutual funds and other capital market related saving products as well as current accounts. Significant growth in above mentioned items more than compensated a decrease in bancassurance commissions.

Net Commission breakdown in 1H 2010 (PLN million)



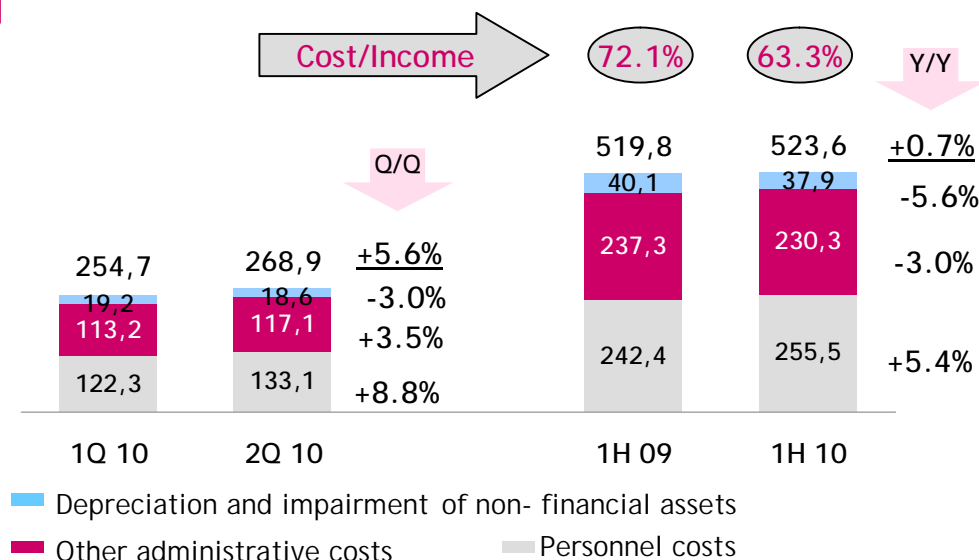
§ The decrease of commissions in quarterly terms was mainly caused by seasonally higher commissions from bancassurance in 1Q'10.

§ Other non-interest income* in 1H'10 recorded PLN 69.1 million (of which PLN 53.4 million was FX income)

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

Operating costs under control. Improved cost efficiency

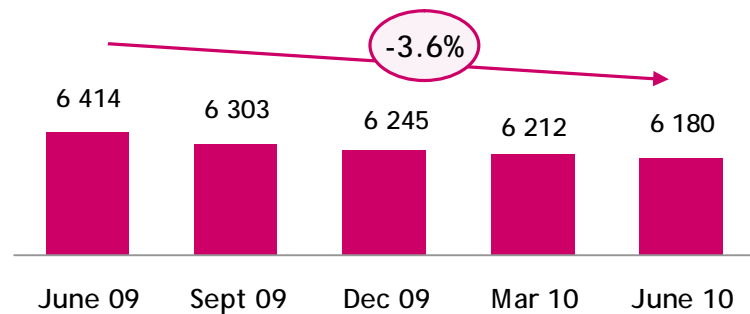
Operating Costs - quarterly evolution (PLN million)



§ The 1H'10 costs were similar to the level of 1H'09 (+0.7%). The quarterly growth of costs in 2Q'10 (+5.6%) results mainly from higher accruals for bonuses being the main driver of staff costs increase. Number of employees stabilised during 1H'10.

§ Administrative costs decreased in 1H'10 by 3% y/y and the only growing item was marketing costs (+88%). This was associated with recent promotional campaigns of banking products (eg. mortgage loans and savings account). The other administrative costs items decreased in average by 7% y/y. In quarterly terms, administrative costs increased in 2Q'10 by 3.5%, also driven by marketing costs.

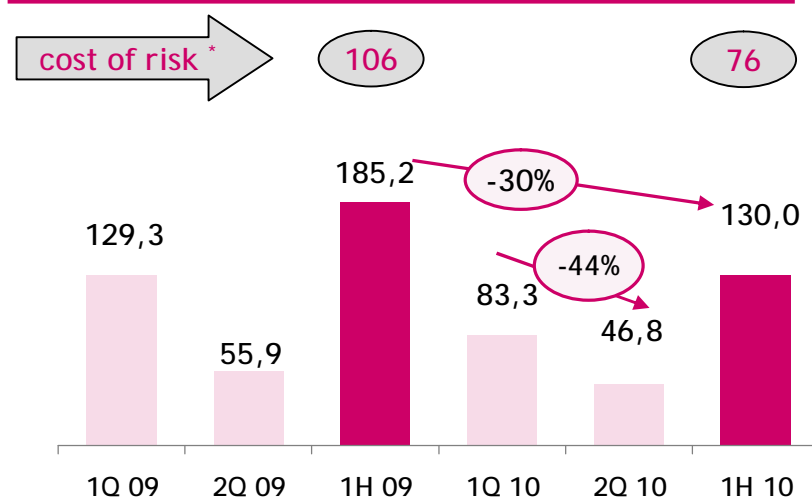
Number of employees (FTEs)



§ Cost/Income ratio decreased to 63% in 1H'10 compared to 72% recorded in 1H'09 reflecting visible improvement in Group's efficiency.

Lower cost of risk

P&L provisions created (PLN million)



Provisions per client segment

Segment	1H 2010	
	Net value (PLN million)	Structure (%)
Individuals	63.8	49%
Companies	66.2	51%
TOTAL	130.0	100%

§ Net Provisions decreased in 1H'10 by 30% versus 1H'09. In relative terms cost of risk to net loans decreased from 106 bps in 1H'09 to 76 bps in 1H'10.

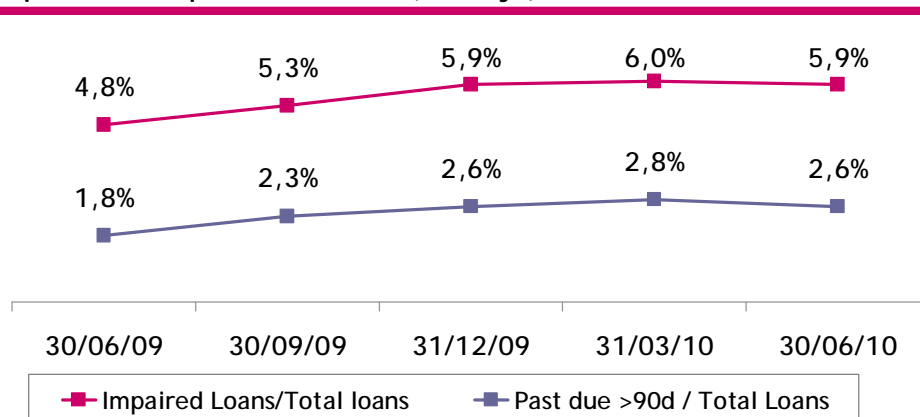
§ New provisions in 1H'10 were almost evenly divided between companies and retail exposures (in the latter most of them connected with unsecured consumer loans).

* Cost of risk = impairment charges / average net loans in the period (in bps, annualized). Based on gross loans and these ratios were 73 b.p in 1H'2010. and 103 b.p. in 1H'2009

Asset quality (1)

Small improvement of impaired loans ratio

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



§ The impaired loans ratio decreased to 5.9% (under IAS) and remained much lower than the market average (8.8% in May).

§ Impaired ratio for mortgage loans decreased to 0.7% due to lower level of impaired loans by PLN 7 million as well as increase of the total portfolio (effect of depreciation of the zloty). Share of Past-due 90 days loans in mortgage portfolio remained at very low level of 0.3%.

§ Still high level of impaired loans ratio in leasing and corporate portfolios, but ratios for past due over 90 days improved when compared to March 2010.

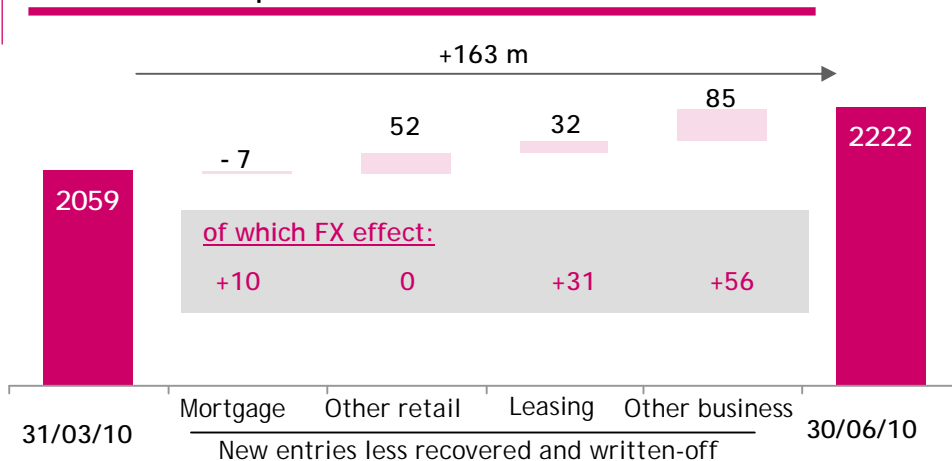
Quality ratios by products [over Total loans]

Loans	Past-due > 90 days		Impaired	
	31/03/10	30/06/10	31/03/10	30/06/10
Mortgage	0.3%	0.3%	0.9%	0.7%
Other individuals	10.2%	10.9%	11.9%	12.8%
Leasing	3.0%	2.8%	14.3%	14.4%
Other companies	7.5%	6.9%	17.0%	17.6%

Asset quality (2)

Evolution of NPLs

Evolution of impaired loans (PLN million)

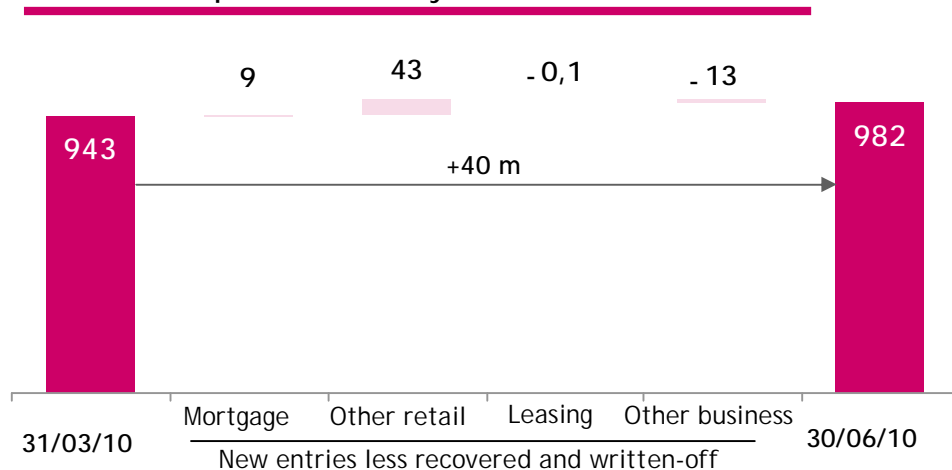


§ Growth of impaired loans in 2Q'10 by PLN 163 million was partially influenced by PLN depreciation versus main currencies (+PLN 97 million effect).

§ Partially supportive for impaired loans level was the write-off of PLN 42 million lost exposures during the 2nd quarter.

§ As regards loans past due over 90 days, the main source of increase were consumer loans: PLN 43 million on a total increase of PLN 40 million.

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



Asset quality (3)

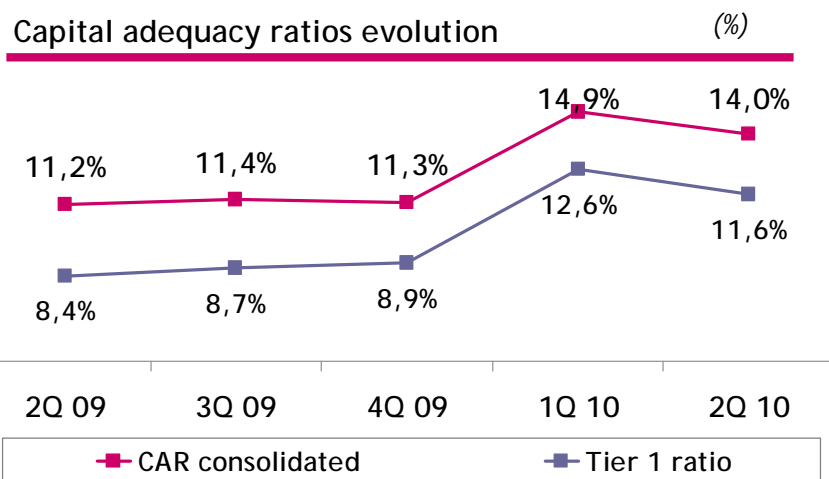
Robust coverage ratios

Coverage by product category (as of 30/06/2010)

Product	Provisions (PLN million)	Provisions as % of portfolio	Coverage Provision/ Past-due > 90 d	Coverage Provisions/ Impaired
Mortgage	132	0.5%	169%	75%
Other individuals	372	10.8%	99%	84%
Leasing	154	4.3%	155%	30%
Other companies	523	8.4%	122%	48%
TOTAL	1 180	3.1%	120%	53%
TOTAL without leasing	1 026	3.0%	116%	60%

- § High coverage of past-due 90 days loans by total provisions of 120%
- § Total provisions coverage of impaired loans at 53% despite write-offs of PLN 100 million in 1H'10. Without leasing the ratio was 60%.
- § The ratio of provisions over total portfolio at 3.1%.

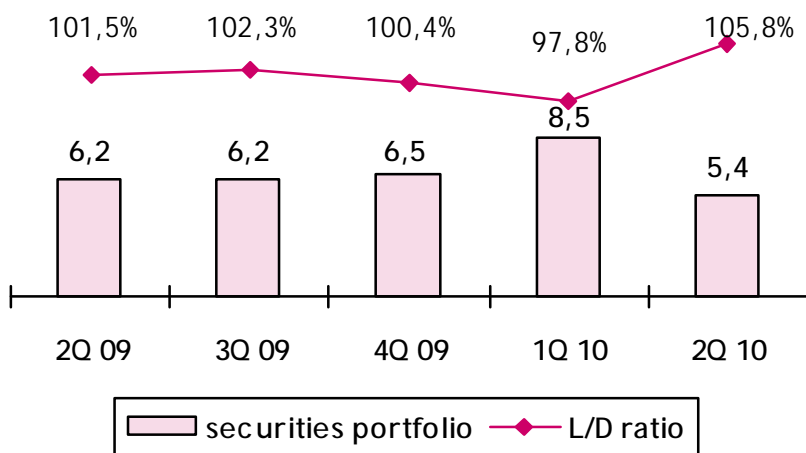
Strong capital and liquidity ratios



§ Capital Adequacy Ratio (CAR) on very strong level of 14% and Tier 1 (core equity) 11.6%. Drop during 2Q caused mainly by higher requirement on credit risk due to revaluation of FX loans.

§ Increase of loans (due to FX effects) caused Loans-to-Deposits ratio increase to 105.8%. If not FX changes, the ratio would stay at 97.6%

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

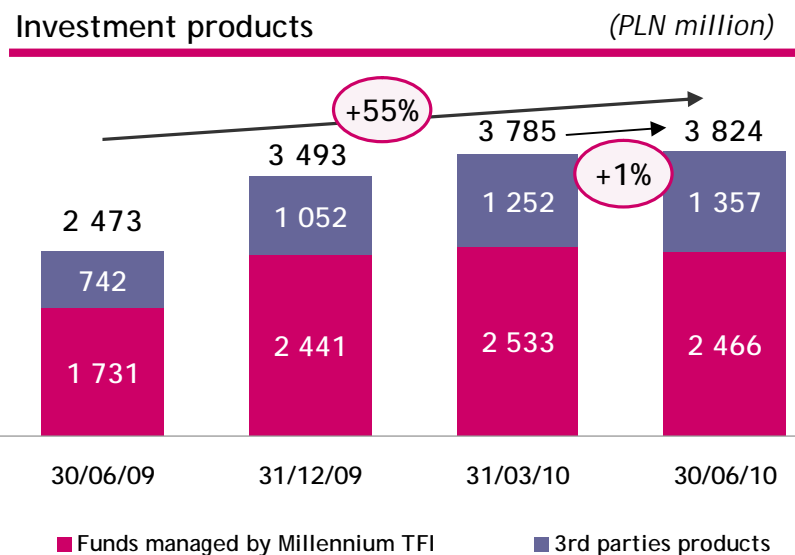
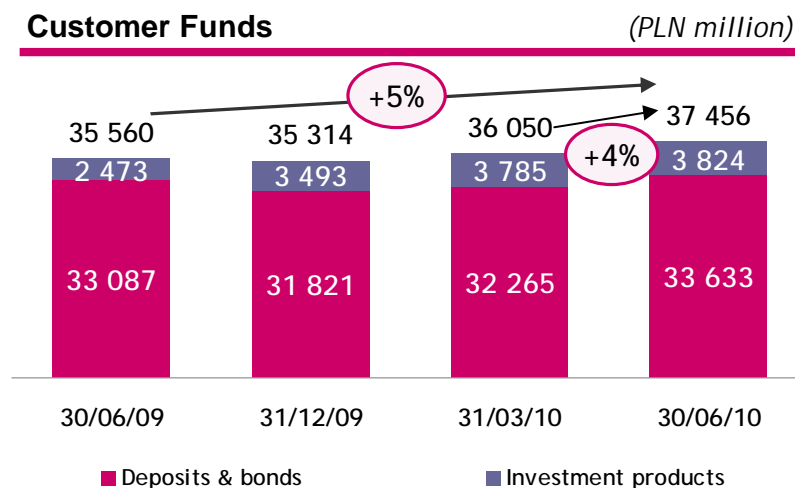
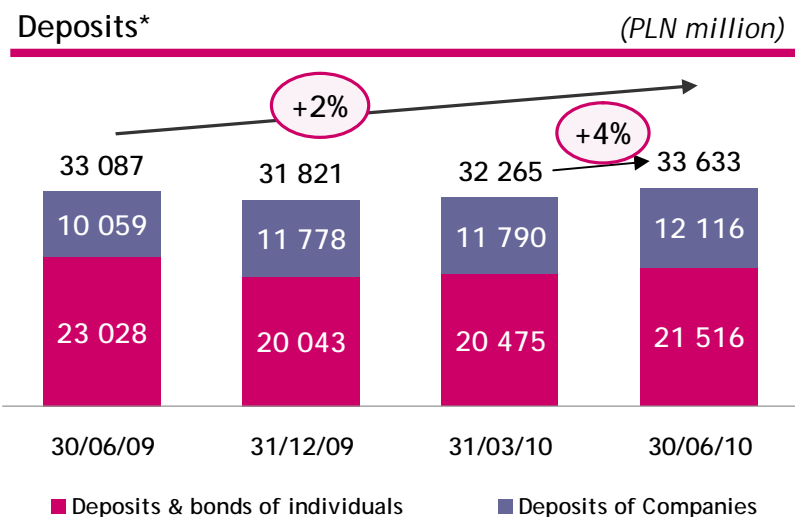


§ Relevant liquidity buffer is kept in a portfolio of debt securities (with relatively short tenors).

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

Business development in 1H 2010

Visible growth in deposits in 2Q 2010



§ In 2Q'10 the amount of deposits increased by 4% vs. 1Q'10 (or by PLN 1.3 billion) mainly due to growth of retail savings accounts but also corporate deposits.

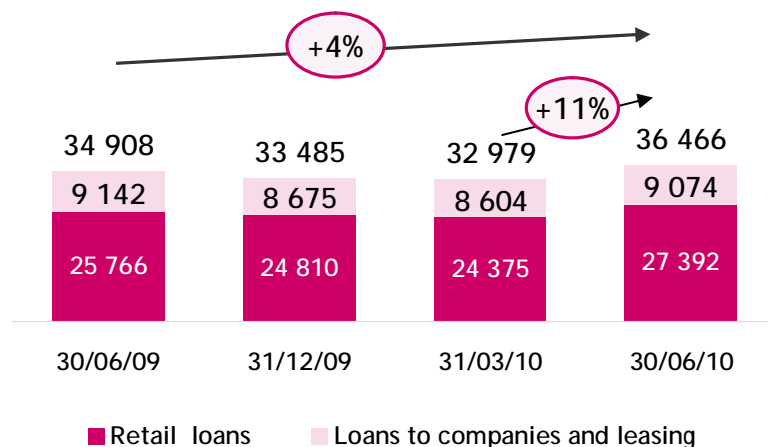
§ Strong growth trend in investment products can be observed: +55% y/y (+1% q/q). The increase of value of these products since June'09 was PLN 1.4 billion.

§ As a result of the above trends total Customer Funds grew by 4% q/q in 2Q'10 (+5% y/y).

* Includes bonds issued by the Bank and sold to individuals

Loan portfolio growth influenced by weaker Polish currency

Loan Portfolio (Net) (PLN million)

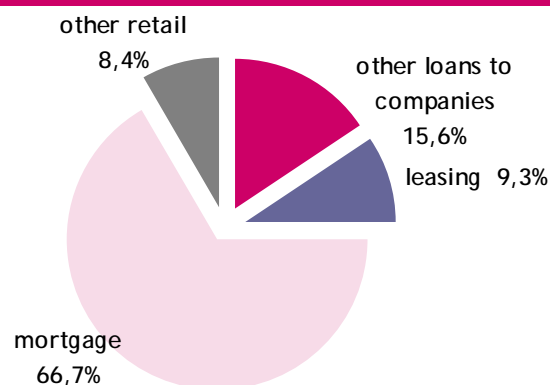


§ Loan portfolio increased by 4.5% yearly and 10.6% quarterly.

§ Quarterly growth was faster for retail loans (12.4%) than for loans to companies (5.5%).

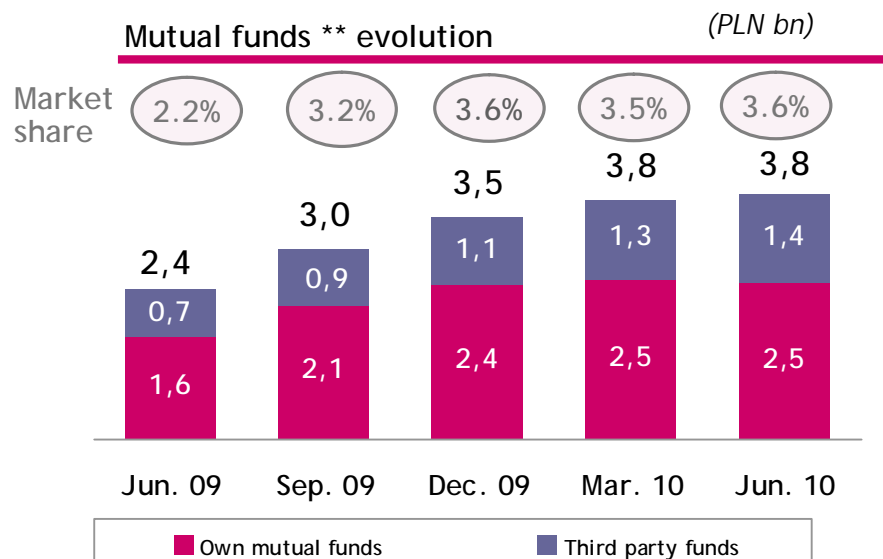
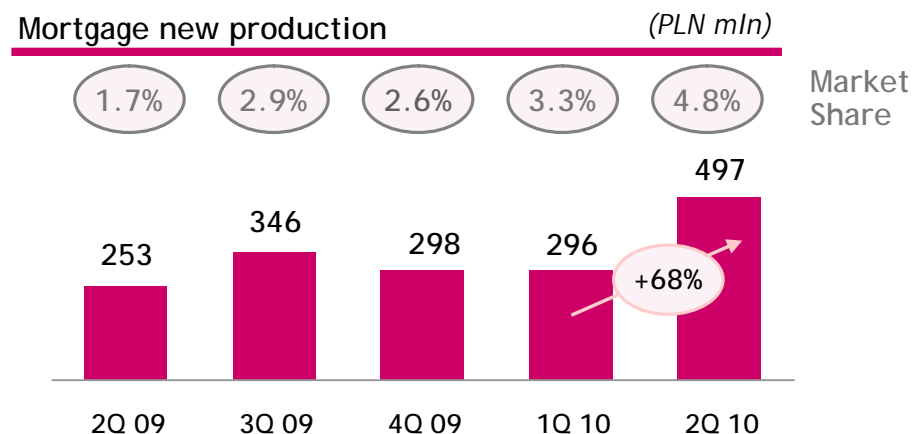
§ The growth was strongly influenced by FX effect (approx. PLN 3.0 billion during 2Q'10). Excluding this impact, loans growth was c.a. 1% y/y and 2% q/q

Loan portfolio structure (%)



Retail business results

Retail selected figures	
Number of active customers	1 105 ths
Cross sell ratio	3.34
Deposits market share	5.5%
Mutual funds mkt. share**	3.6%
Loans market share	6.7%
New mortgage mkt. Share	4.1%*



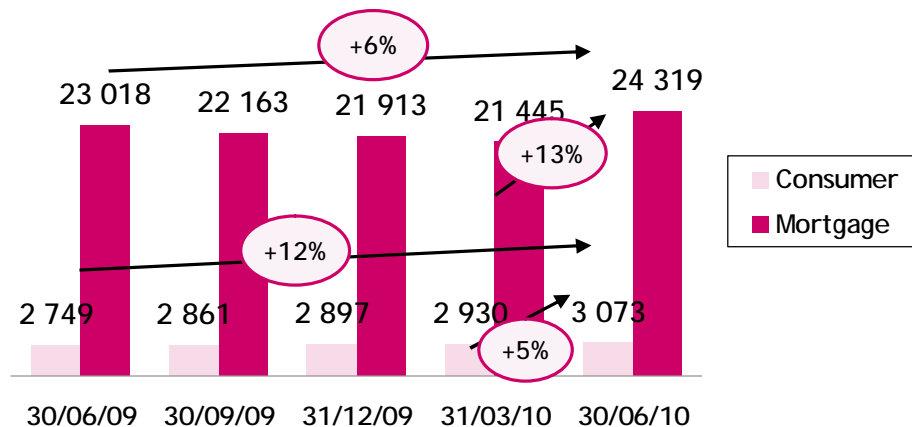
- § More attractive product and successful marketing campaign enabled Bank to accelerate growth in mortgage lending to almost PLN 500 million during 2Q (+ 68% versus 1Q'10).
- § Strong entry into „Family-at-home” subsidized mortgage loans program: 10% share of entire market in May.
- § Stabilization of mutual funds volumes due to uncertain situation on capital markets.

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

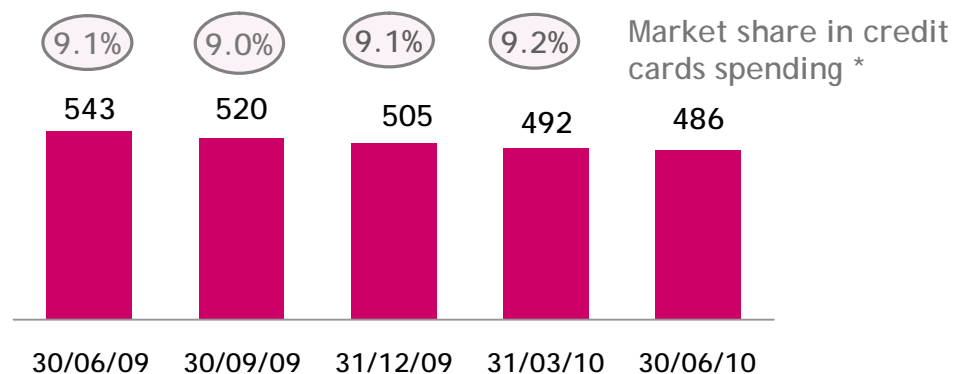
** include 3rd parties mutual funds sold to Millennium affluent customers

Retail business results - loans, cards and internet

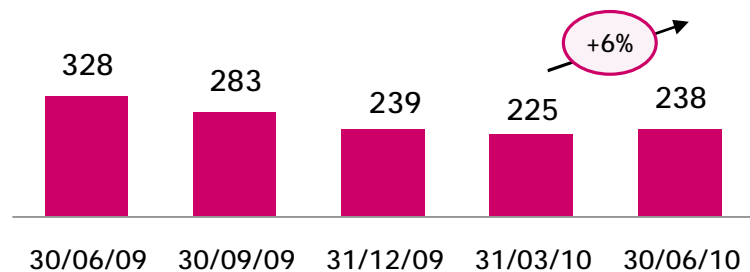
Mortgage and consumer loans portfolio (PLN mln)



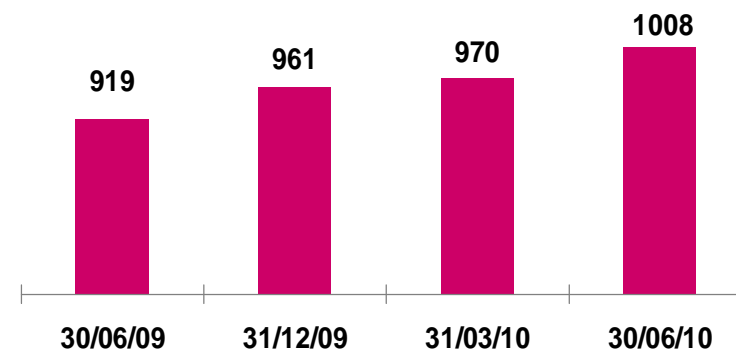
Number of Credit Cards (tsd)



Cash Loans Quarterly New Production (PLN mln)



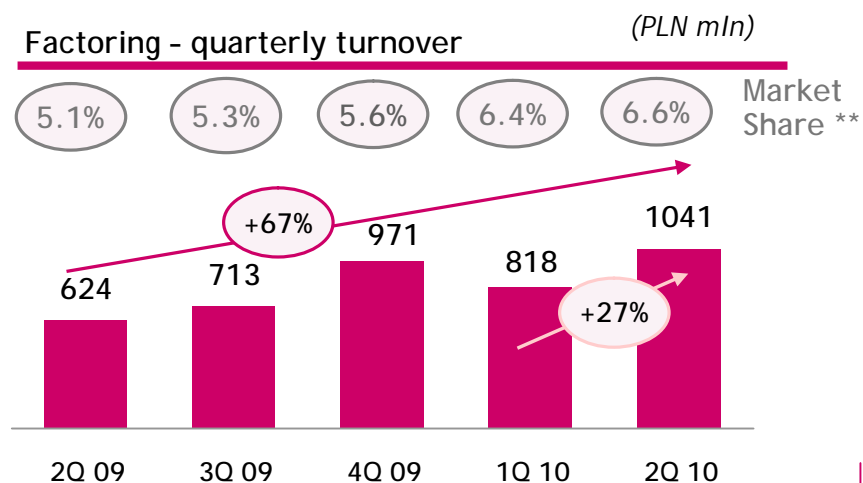
Internet Customers (tsd)



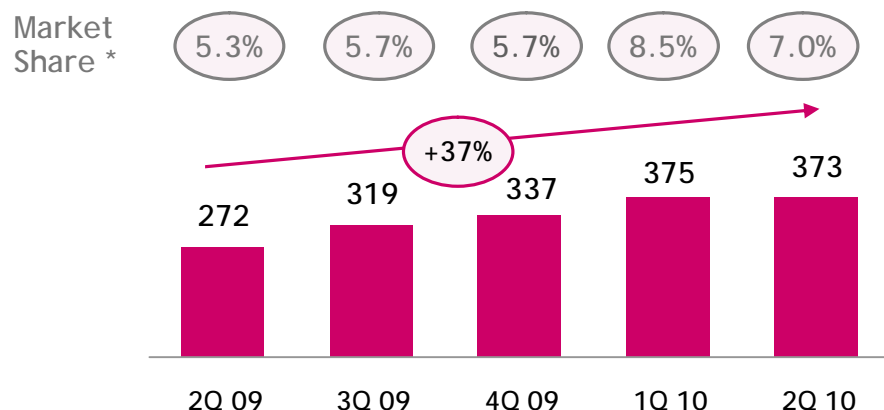
* Based on NBP data on total cards spendings

Corporate business results

Companies selected figures	
Number of customers	9 582
New acquired in 2Q	427
Deposits market share	4.5%
Loans market share	3.1%
Leasing sales mkt. share	7.0%*
Factoring sales mkt. share	6.6%**



Leasing - quarterly new production (PLN mln)



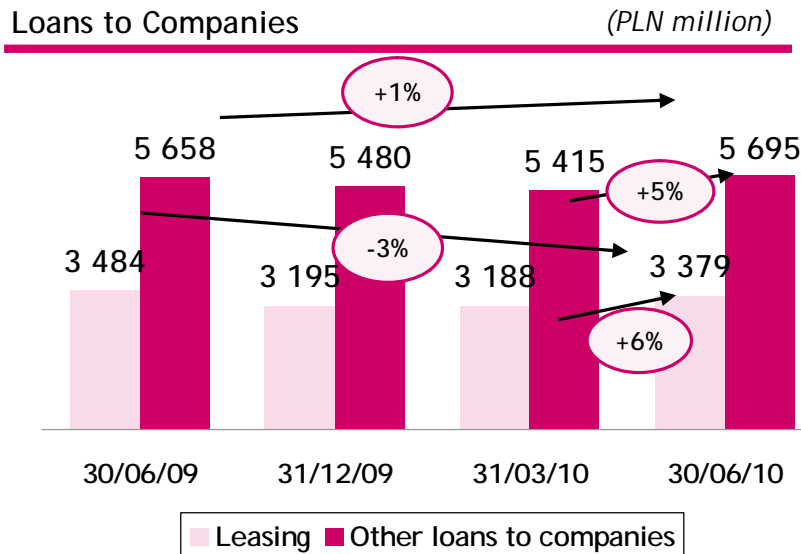
§ Continuation of a strong rebound in leasing: fourth position on the market with 7% share in 2Q. The growth was recorded in both main product groups: means of transportation and machinery.

§ Acceleration of growth in factoring: more than PLN 1 billion turnover during 2Q'10. This result gave the Bank strong sixth place on the market with 6.6% market share.

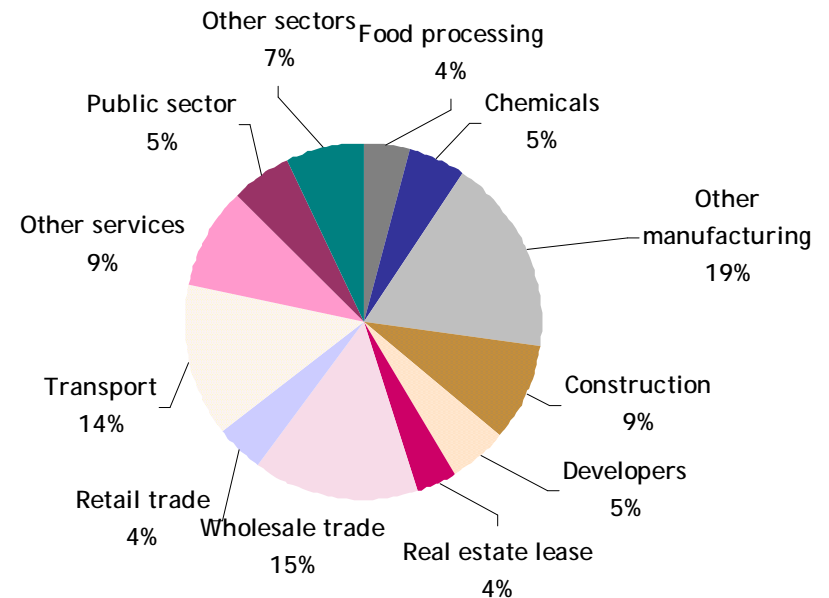
* own estimations based on ZPL data; market share YTD

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

Corporate loans portfolio



Companies loans portfolio split by sectors (%)



§ Corporate and leasing loans volumes increased in 2Q'10 (+5.2% and +6.0% respectively) thanks to good new sales results although partially inflated by FX effect.

Appendixes

Major awards and achievements

Major awards in 1H 2010

- | | |
|--|--|
| <p>Bank Millennium
3rd place after 1Q 2010 results</p> | <p>§ Bank Millennium has been ranked third after Q1 2010 by <i>Puls Biznesu</i>. The ranking is based on a set of 10 key criteria describing performance of the banks. Bank Millennium has topped the list in following categories: interest income dynamics, net profit dynamics and dynamics of the value of granted loans, thus moving as many as seven places up from the previous ranking</p> |
| <p>Bank Millennium
Ranking of top 500 Polish companies</p> | <p>§ The <i>Rzeczpospolita</i> daily has published its annual list of top 500 Polish companies. Bank Millennium ranked 69th, up by as many as 9 places from last year. In the "most valuable companies" the bank was ranked 35th (93rd last year).</p> |
| <p>Bank Millennium
7th place among 101 financial institutions</p> | <p>§ The <i>Rzeczpospolita</i> daily in its annual ranking of financial institutions put Bank Millennium in the 7th place among a total of 101 Polish financial institutions in terms of total assets at end of 2009.</p> |
| <p>Bank Millennium
Mortgage Loan</p> | <p>§ The Mortgage Loan offer of Bank Millennium got 1st place in the ranking prepared by <i>Dziennik Gazeta Prawna</i> and Open Finance. The product was considered the best mortgage loan offer in PLN on the market. In the ranking prepared by <i>Gazeta Wyborcza</i> Bank Millennium got 2nd place.</p> |
| <p>Bank Millennium
Macroeconomic analysts</p> | <p>§ Macroeconomic Research Bureau of Bank obtained 2th place in the ranking of forecasters prepared in 1H 2010. Ranking was prepared by the Polish daily <i>Parkiet</i> on the base of monthly forecasts of macro indicators like demand, prices, balance of payments, labour market obtained from several financial institutions.</p> |

(1) Main product campaigns



New offer of Saving Account - special promotion of additional 2.5% interest for new money put into saving account (up to PLN 200,000 and was valid until 30 June 2010).



The Szlachetny Koszyk (Precious Basket) Investment Deposit is based on a basket of precious metals, which comprises gold, silver and platinum. It is a product, which is focused on may generate a high yield up to 9% per annum.



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.

(2) Main product campaigns

„Family at home” programme - the installment may be lower from standard as for first 8 years 50% of interest rates are covered by State Treasury.

Mortgage provides Clients with beneficial real estate financing opportunity- Bank Millennium offers loans up to 100% of real estate value (with high LTV insurance). Crucial elements of Millennium mortgage offer are: 0% loan granting commission (for Customers who join Payment Protection Insurance), attractive interest rates and spreads, attractive lending period, i.e. up to 35 years and a wide range of income sources approved by the Bank when granting a loan. Millennium mortgage offer is only available in domestic currency (PLN).

Kredyt Hipoteczny

**RODZINA NA SWOIM.
MNIEJSZE PŁATNOŚCI, WIĘCEJ RADOŚCI.**

finansowanie do **100%** wartości nieruchomości

rata tylko **639*** zł

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(3) Main product campaigns

In first half of 2010 Bank Millennium increased media activity to strengthen **image as corporate bank**.

The campaign was based on:

§ Media campaign with 4 different visuals, focused on Leasing, Factoring, Transactional Banking and FX Platform.

§ Appearance of genuine Millennium Employees of Corporate segment to increase credibility.

§ Intensive presence on economic pages of newspapers as experts.

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 rodziny produktów dla przedsiębiorstw: kredyty, faktoring, bankowość transakcyjną, platformę transakcyjną FX i inne.

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Main macroeconomic highlights of 1H 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

Depreciation of Polish Zloty,
especially against the Swiss
Franc...



...inflated valuation of FX denominated loans

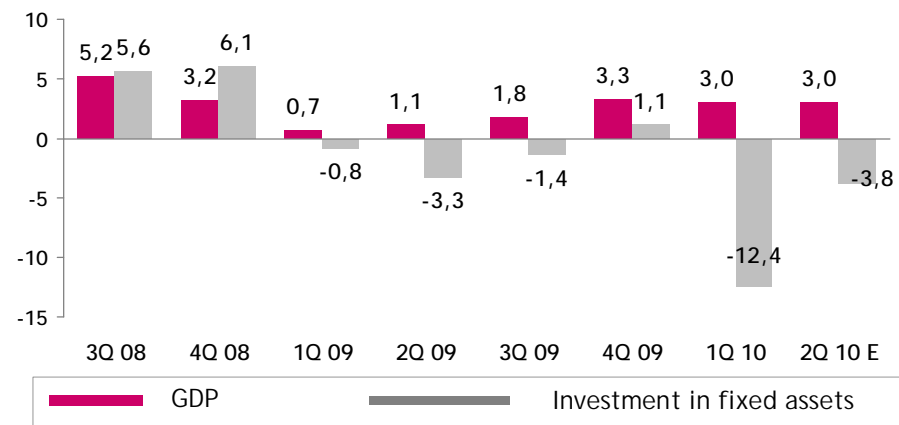
Escalation of fiscal crisis in
some EMU countries...



...renewed risk aversion in financial markets
and increased cost of financing in foreign
currencies

Macroeconomic Overview

GDP and investment growth [% yoy]



§ Second quarter of 2010 showed some stabilization in economic activity. Private consumption and export were the main pillars of economic growth, while investment outlays remained muted.

§ Manufacturing sector was the main driver of economic expansion supported by growing export which was driven by recovery in our main trade partners and weaker Zloty.

§ Business confidence indicators suggest that the economy should grow in coming quarters however fiscal tightening in the eurozone might curb the pace of economic expansion.

§ Situation in the labour market improved in 2Q 2010 driven by seasonal factors and higher demand for labour. Companies started to increase employment and annual dynamics of employment in corporate sector turned into positive territory in May.

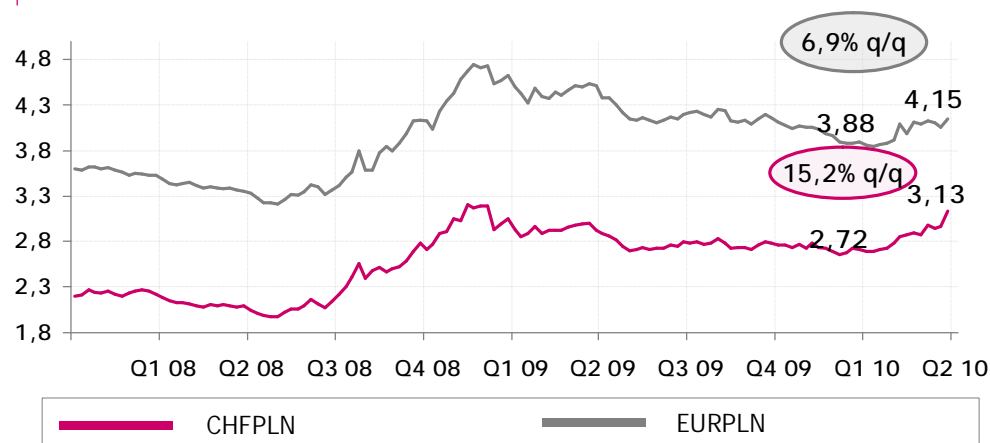
Unemployment [%] and wage growth in enterprise sector [% yoy]



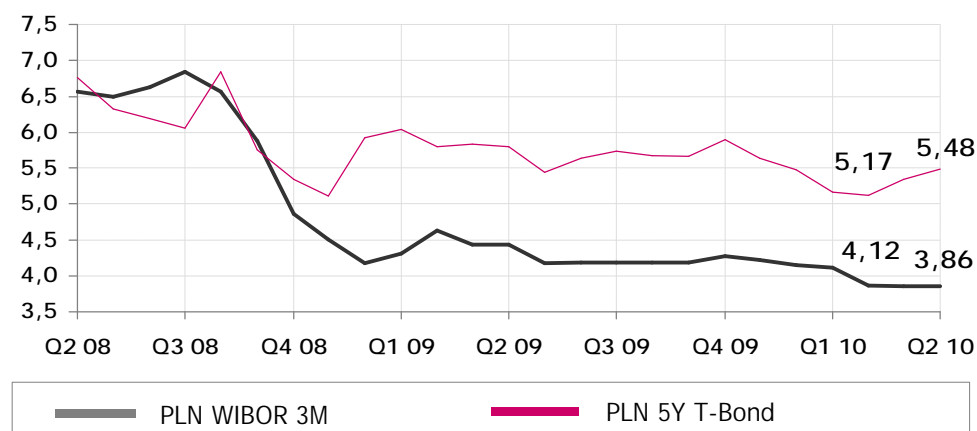
Source: Central Statistical Office (GUS), E – Bank Millennium estimates

Macroeconomic Overview

Evolution of FX rates [PLN]



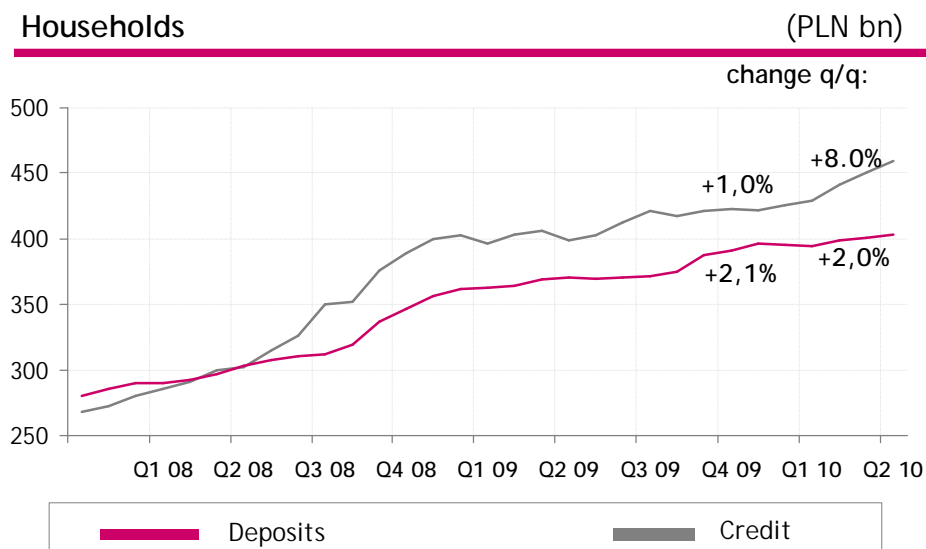
Interest rates in PLN [%]



- § Zloty depreciated during 2Q 2010 despite of strong macroeconomic figures as renewed risk aversion related to fiscal crises in some eurozone countries weakened emerging markets currencies, including Zloty. Polish currency suffered the most versus the Swiss franc as the Swiss National Bank stopped fx interventions to weaken its currency.
- § Polish central bank kept interest rates unchanged during 2Q. However, the latest macroeconomic data and comments from the MPC increased expectations for monetary tightening in this year.
- § 2Q 2010 showed an increase in yields of Polish treasury papers as expectation for earlier than anticipated monetary tightening and fiscal crisis in Eurozone reduced demand for Polish bonds.

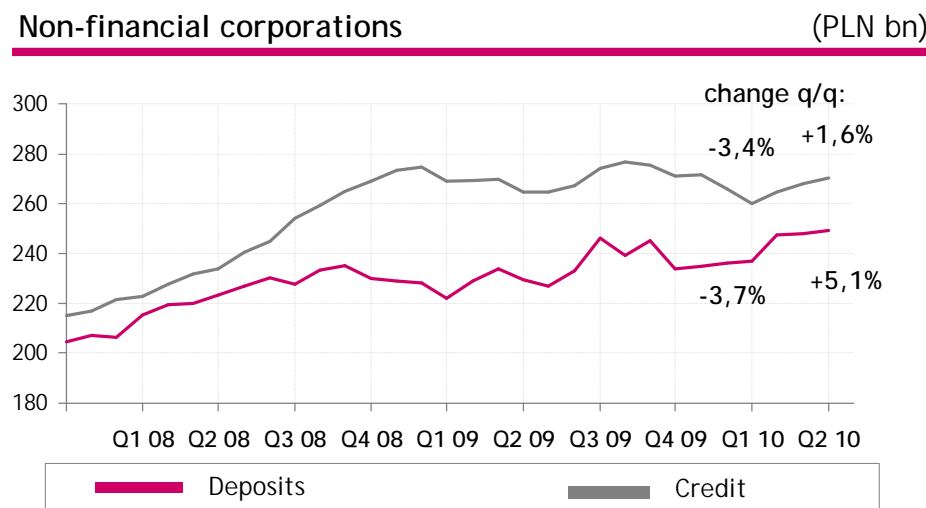
Source: Reuters, NBP

Macroeconomic Overview



§ Households' deposits continued to grow driven by higher wage dynamics. In the same time deposits of non-financial companies went up supported by better financial results of companies.

§ Growth of credit portfolio accelerated 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 continued to grow, however at much slower pace. In corporate sector NPL ratio accelerated to 12.2% in May (latest available data) from 10.8% in Dec. 2009. For households' loans it jumped to 6.8% from 6.0% in Dec. 2009 mainly due to worse quality of consumer loans. Portfolio of mortgage loans remains still sound.

Appendix - Synthetic P&L account

(PLN million)	1H 2009 pro-forma	1H 2010 pro-forma	1Q 2010 pro-forma	2Q 2010 pro-forma
Net interest income*	296,5	473,6	233,4	240,2
Net commission income	232,5	284,0	147,8	136,2
Other non-interest income **	191,6	69,1	42,3	26,9
Operating Income	720,6	826,8	423,5	403,3
General and administrative costs	-479,7	-485,8	-235,5	-250,3
Depreciation & impairment of non-financial assets	-40,1	-37,9	-19,2	-18,6
Total operating costs	-519,8	-523,6	-254,7	-268,9
Net provisions	-185,2	-130,0	-83,3	-46,8
Operating profit	15,6	173,1	85,5	87,7
Pre-tax profit	22,6	173,1	85,5	87,7
Income tax	-1,5	-35,5	-17,4	-18,1
Net profit	21,0	137,6	68,1	69,5

* 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 38.3 m in 1H 2010, PLN 83.7 m in 1H 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

	1H 2009	1H 2010	1Q 2010	2Q 2010
Net interest income (reported under IAS)	212,8	435,4	217,4	217,9

Appendix - Balance Sheet

(PLN million)

ASSETS	30/06/2009	31/12/2009	30/06/2010
Cash and balances with the Central Bank	974	2 191	1 221
Loans and advances to banks	780	696	1 757
Loans and advances to customers	34 908	33 485	36 466
Amounts due from reverse repo transactions	194	209	309
Financial assets at fair value through P&L and hedging derivatives	4 993	3 409	2 684
Investments	2 956	4 176	3 242
Tangible and intangible fixed assets	382	369	282
Other assets	351	379	355
TOTAL ASSETS	45 539	44 914	46 317
LIABILITIES AND EQUITY	30/06/2009	31/12/2009	30/06/2010
Deposits and loans from banks	4 120	4 909	3 559
Deposits from customers	32 925	31 559	33 267
Liabilities from repo transactions	1 607	2 343	245
Financial liabilities at fair value through P&L and hedging derivatives	1 514	805	2 549
Liabilities from securities issued & securitisation	932	1 024	1 132
Provisions	22	25	22
Subordinated liabilities	1 029	946	954
Other liabilities	542	516	618
TOTAL LIABILITIES	42 691	42 126	42 347
TOTAL EQUITY	2 848	2 787	3 970
TOTAL LIABILITIES AND EQUITY	45 539	44 914	46 317

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