

LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Sirs,

The year 2014 was for Bank Millennium Group a period of hard, effective and eventually successful work. In the Group's history it will be recorded as a year, in which we generated the highest net profit amounting to PLN 651 million. This result betters 2013 by 21%. It gives me satisfaction to report this because in the past twelve months we were working in a difficult and challenging business environment, which was characterised by low interest rates, reduction of interchange fees and tough competition on the financial market.

In 2014 the Bank was developing in a sustainable way, reaching the defined targets thanks to growth in all business areas. The main factors, which determined the financial result in 2014 was high growth of core business income (12% year-on-year) and keeping stable cost of operations (up 2% y/y). Thus the cost-to-income ratio was reduced by more than 4 p.p. to 50%, i.e. the target for 2015 in our medium-term strategy.

2014 showed that we are working with increasing effectiveness. ROE of Bank Millennium Group stood at 11.8%, above the Polish banking sector average.

Our business achievements in retail banking were possible thanks to record high sales of cash loans (PLN 2.1bn), opening of 231,000 new current accounts primarily thanks to the Konto 360 campaign as well as strong increase by almost 13% y/y of retail deposits, with simultaneous increase of interest margin. Corporate banking was growing with equal success, with more than 30% growth of annual factoring turnover (PLN 12.1bn), 18% annual growth of leasing contracts value (PLN 2.4bn) and 13% growth of corporate loans, which outpaced the market.

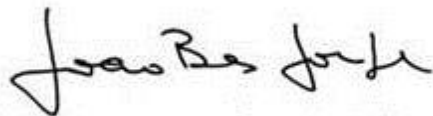
At the same time when changes in the business environment are hard to foresee, worth noting is the very strong liquidity and capital position of Bank Millennium. The loans/deposits ratio stood at 92%, providing a liquidity buffer protecting the Bank i.a. from volatility of FX rates. The Bank's strong capital position is reflected in the Capital Adequacy Ratio of 15.2% at the end of 2014.

All in all the results of 2014 allow us to say that Bank Millennium is a sound, safe and well capitalised bank, which is able to continue implementing its further growth strategy in spite of external challenges.

Already after the end of 2014 financial year, in February 2015, Bank Millennium announced its updated medium-term strategy for the years 2015-2017. The strategy lays down key business targets for the coming years, assuming that the Bank will retain the sustainable high rate of growth and improvement of performance in all key areas of operation.

2015 will beyond any doubt be a year of challenges. The CHF appreciation to PLN in the middle of January affected the operations of most Polish banks. Increased payments to the Banking Guarantee Fund, continued reduction of interchange fees or the possibility of another round of interest rate cuts by the Monetary Policy Council are further factors determining the reality, in which we will be working.

Nevertheless I am confident that thanks to sound capital and business foundations, excellent motivation of Staff as well as strong work culture we will be able to carry out our ambitious programme for 2015.



Joao Bras Jorge

Chairman of the Management Board of Bank Millennium