

Bank Millennium S.A.

Date of issue: 19 April 2004

CONSOLIDATED QUARTERLY REPORT OF BANK MILLENNIUM GROUP FOR THE 1st QUARTER OF 2004

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EURO	
	1 quarter year-to-date / 2004 period from 1.01.2004 to 31.03.2004	1 quarter year-to-date / 2003 period from 1.01.2003 to 31.03.2003	1 quarter year-to-date / 2004 period from 1.01.2004 to 31.03.2004	1 quarter year-to-date / 2003 period from 1.01.2003 to 31.03.2003
I. Interest income	401 268	375 739	83 705	88 464
II. Commission income	65 223	61 722	13 606	14 532
III. Result on banking activities	242 151	234 680	50 513	55 253
IV. Result on operating activities	27 153	-11 684	5 664	-2 751
V. Gross profit (loss)	27 153	-22 948	5 664	-5 403
VI. Net profit (loss)	20 063	29 963	4 185	7 054
VII. Net cash flows from operating activities	-429 664	-271 688	-89 628	-63 966
VIII. Net cash flows from investing activities	202 764	203 925	42 297	48 012
IX. Net cash flows from financing activities	-6 059	-6 932	-1 264	-1 632
X. Net cash flows, total	-232 959	-74 695	-48 596	-17 586
XI. Total assets	19 412 626	18 731 911	4 090 744	4 252 227
XII. Liabilities to the Central Bank	0	0	0	0
XIII. Liabilities to financial sector	2 469 743	2 640 375	520 439	599 377
XIV. Liabilities to non-financial and budget sector	12 167 705	10 726 089	2 564 051	2 434 870
XV. Own equity	1 755 195	1 761 848	369 865	399 947
XVI. Share capital	849 182	849 182	178 945	192 768
XVII. Number of stock	849 181 744	849 181 744	849 181 744	849 181 744
XVIII. Book value per one stock (in PLN / EUR)	2,07	2,07	0,44	0,47
XIX. Diluted book value per one stock (in PLN / EUR)	-	-	-	-
XX. Capital adequacy ratio	14,07%	11,74%	14,07%	11,74%
XXI. Profit (loss) per one ordinary stock (in PLN / EUR)	0,04	0,19	0,01	0,05
XXII. Diluted Profit (loss) per one ordinary stock (in PLN / EUR)	-	-	-	-
XXIII. Declared or paid out dividend per one stock (in PLN / EUR)	-	-	-	-

CONSOLIDATED BALANCE SHEET (PLN '000)	as at 31.03.2004 quarter end / 2004	as at 31.12.2003 previous quarter end/ 2003	as at 31.03.2003 quarter end / 2003	as at 31.12.2002 previous quarter end/ 2002
Assets				
I. Cash, operations with central Bank	577 166	805 242	208 077	283 089
II. Debt securities eligible for rediscounting in the Central Bank	12 040	11 189	15 201	16 708
III. Receivables from financial sector	1 203 100	1 248 688	711 370	804 467
1. Short-term receivables	1 171 960	1 207 316	597 167	628 738
a) in current account	37 369	60 017	11 129	11 754
b) other short-term receivables	1 134 591	1 147 299	586 038	616 984
2. Long-term receivables	31 140	41 372	114 203	175 729
IV. Receivables from non-financial sector	9 608 696	9 720 687	10 274 231	9 799 252
1. Short-term receivables	3 373 903	5 213 559	6 155 988	5 463 803
a) in current account	1 740 211	1 809 119	2 359 202	2 352 840
b) other short-term receivables	1 633 692	3 404 440	3 796 786	3 110 963
2. Long-term receivables	6 234 793	4 507 128	4 118 243	4 335 449
V. Receivables from the budget sector	489 685	506 053	517 691	524 700
1. Short-term receivables	142 822	366 253	405 603	334 535
a) in current account	6 997	6 872	0	0
b) other short-term receivables	135 825	359 381	405 603	334 535
2. Long-term receivables	346 863	139 800	112 088	190 165
VI. Receivables from purchased underwritten securities	0	0	0	0
VII. Debt securities	4 292 365	3 398 503	3 144 272	3 012 772
VIII. Receivables from subordinated companies valued by equity method	161 988	155 521	288 997	302 703
1. Subsidiaries	0	0	0	0
2. Affiliated	0	0	0	0
3. Associated	161 988	155 521	288 997	302 703
IX. Stock and shares in subsidiaries valued by equity method	0	767	328	891
X. Stock and shares in affiliated companies valued by equity method	0	0	0	0
XI. Stock and shares in associated companies valued by equity method	0	0	2 720	423 365
XII. Stock and shares in other companies	1 223 240	1 223 807	1 275 713	63 052
XIII. Other securities and other financial assets	327 425	677 728	420 499	513 859
XIV. Intangible and legal assets, of which:	221 720	225 750	230 286	230 331
- goodwill	4 847	5 163	6 111	0
XV. Goodwill of subordinated companies	0	0	0	765 944
XVI. Tangible fixed assets	656 867	678 854	689 081	705 465
XVII. Other assets	104 579	104 804	250 944	269 691
1. Acquired assets – for divestiture	3 149	3 393	7 366	7 641
2. Inventory	460	1 479	179	2 122
3. Others	100 970	99 932	243 399	259 928
XVIII. Accruals	533 755	525 454	702 501	758 827
1. Deferred tax assets	248 128	258 414	422 212	489 031
2. Other accruals	285 627	267 040	280 289	269 796
Total assets	19 412 626	19 283 047	18 731 911	18 475 116
Liabilities & Equity				
I. Liabilities to the Central Bank	0	0	0	0
II. Liabilities to financial sector	2 469 403	2 762 570	2 640 283	2 145 335
1. Short-term liabilities	983 091	1 288 615	2 090 283	1 595 335
a) in current account	271 992	231 131	84 221	60 379
b) other short term liabilities	711 099	1 057 484	2 006 062	1 534 956

2. Long-term liabilities	1 486 312	1 473 955	550 000	550 000
III. Liabilities to non-financial sector	11 011 055	10 835 580	9 726 739	10 643 139
1. Short-term liabilities	10 659 382	10 472 210	8 922 135	10 123 459
a) in current account, of which:	3 321 093	3 138 928	2 833 190	2 908 873
- savings	0	0	0	0
b) other short-term liabilities, of which:	7 338 289	7 333 282	6 088 945	7 214 586
- savings	0	0	0	0
2. Long-term liabilities, of which:	351 673	363 370	804 604	519 680
- savings	0	0	0	0
IV. Liabilities to budget sector	1 156 357	920 191	987 727	843 183
1. Short-term liabilities	1 156 290	919 949	987 532	843 150
a) in current account	813 680	581 065	570 871	519 705
b) other short term liabilities	342 610	338 884	416 661	323 445
2. Long-term liabilities	67	242	195	33
V. Liabilities from purchased underwritten securities	0	0	0	0
VI. Liabilities from issue of debt securities	1 036 640	1 005 361	1 060 530	552 355
1. Short-term	789 587	759 302	903 627	409 688
2. Long-term	247 053	246 059	156 903	142 667
VII. Other liabilities from financial instruments	360 877	441 022	664 554	454 789
VIII. Liabilities to subordinated companies valued by equity method	633	6 349	11 715	193 561
1. Subsidiaries	293	6 269	11 623	350
2. Affiliated	0	0	0	0
3. Associated	340	80	92	193 211
IX. Special funds and other liabilities	244 532	209 665	282 601	276 545
X. Costs and revenues accounted for in time and deferred	604 164	627 461	646 736	571 975
1. Deferred expenses	98 158	119 470	126 317	127 361
2. Negative goodwill	0	0	0	0
3. Other deferred revenues	506 006	507 991	520 419	444 614
XI. Negative goodwill of subordinated companies	0	0	0	0
XII. Provisions	389 652	361 780	591 896	734 239
1. Deferred income tax allowance	140 867	144 836	343 284	429 145
2. Other provisions	248 785	216 944	248 612	305 094
a) short-term	1 105	3 285	30 974	45 811
b) long-term	247 680	213 659	217 638	259 283
XIII. Subordinated liabilities	384 118	378 162	357 282	322 423
XIV. Minority equity	0	0	0	0
XV. Share capital	849 182	849 182	849 182	849 182
XVI. Payments due to share capital (negative value)	0	0	0	0
XVII. Own stock (negative values)	0	0	0	0
XVIII. Capital reserve	781 348	781 348	785 792	755 449
XIX. Capital reserve from revaluation	33 108	32 882	70 762	76 560
XX. Other reserve capital	146 077	145 677	145 677	143 691
XXI. Exchange rate differences from conversion of subordinated units	0	0	0	0
1. Positive exchange differences	0	0	0	0
2. Negative exchange differences	0	0	0	0
XXII. Profit (loss) of previous years	-74 583	-115 078	-119 528	-266 410
XXIII. Net profit (loss)	20 063	40 895	29 963	179 100
Total liabilities	19 412 626	19 283 047	18 731 911	18 475 116
Capital adequacy ratio	14,07%	12,15%	11,74%	10,66%
Book value	1 755 195	1 734 906	1 761 848	1 737 572
Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
Book value per share (in PLN)	2,07	2,04	2,07	2,05
Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-

CONSOLIDATED OFF BALANCE-SHEET ITEMS (PLN '000)	as at 31.03.2004 quarter end / 2004	as at 31.12.2003 previous quarter end/ 2003	as at 31.03.2003 quarter end / 2003	as at 31.12.2002 previous quarter end/ 2002
I. Off balance-sheet contingent liabilities offered and received	3 093 198	3 342 886	3 317 041	3 702 776
1. Liabilities granted:	2 474 876	2 291 750	2 335 778	2 722 708
a) financial	2 047 424	1 879 753	1 833 311	2 275 442
b) guaranties	427 452	411 996	502 467	447 266
2. Liabilities received:	618 322	1 051 136	981 263	980 068
a) financial	0	0	0	0
b) guaranties	618 322	1 051 136	981 263	980 068
II. Liabilities arising from purchase/sale transactions	18 500 994	19 205 238	17 433 948	13 272 746
III. Other (on account of)	21 876 537	18 754 295	9 782 583	9 291 531
- interest rate swaps	20 188 674	17 927 082	9 308 569	8 800 174
- options	87 628	186 677	409 068	390 411
- FRAs	1 600 000	640 000	64 000	100 000
- liabilities arising from factoring activities				
- other	235	536	946	946
Total off balance-sheet items	43 470 729	41 302 418	30 533 572	26 267 053

CONSOLIDATED INCOME STATEMENT	1 quarter accrued / 2004 period from 1.01.2004 to 31.03.2004	1 quarter accrued / 2003 period from 1.01.2003 to 31.03.2003
I. Interest income	401 268	375 739
II. Interest cost	247 943	233 362
III. Net interest income (I-II)	153 325	142 377
IV. Commission income	65 223	61 722
V. Commission cost	8 487	10 354
VI. Net commission income (IV-V)	56 736	51 368
VII. Net income from the sale of products, commodities and materials	0	0
VIII. Cost of the sale of products, commodities and materials	0	0
IX. Sales cost	0	0
X. Result on sale (VII-VIII-IX)	0	0
XI. Income from shares and stock, other securities and other financial instruments, with variable income amount	0	0
1. From subsidiaries	0	0
2. From affiliated companies	0	0
3. From associated companies	0	0
4. From other companies	0	0
XII. Result on financial operations	9 968	21 186
XIII. Result on FX position	22 122	19 749
XIV. Result on banking operations	242 151	234 680
XV. Other operating revenues	25 466	26 143
XVI. Other operating costs	24 111	20 129
XVII. Overhead costs	187 614	210 608
XVIII. Depreciation of fixed assets and intangible and legal assets	27 725	29 417
XIX. Provisions and revaluation reserve	291 229	446 009
1. Provisions for special purpose allowances and overall banking risk	291 229	446 009
2. Revaluation of financial assets	0	0
XX. Release of provisions and revaluation	290 215	433 656
1. Release of reserves for special purpose allowances and overall banking risk	290 215	433 656
2. Revaluation of financial assets	0	0
XXI. Net provisions and revaluation reserve (XIX – XX)	1 014	12 353
XXII. Result on operations	27 153	-11 684
XXIII. Result on extraordinary operations	0	0
1. Extraordinary profits	0	0
2. Extraordinary losses	0	0
XXIV. Amortization of goodwill of subordinated companies	0	11 264
XXV. Amortization of negative goodwill of subordinated companies	0	0
XXVI. Gross profit (loss)	27 153	-22 948
XXVII. Income tax	7 406	-16 685
1. Current portion	1 170	254
2. Deferred portion	6 236	-16 939
XXVIII. Other obligatory charges on profit (additions to loss)	0	0
XXIX. Share in profit (loss) of subordinated companies consolidated by equity method	316	36 226
XXX. Minority (profits) losses	0	0
XXXI. Net profit (loss)	20 063	29 963
Net profit (loss) (annualized)	30 995	161 945
Weighted average number of ordinary shares	849 181 744	832 635 077

Profit (loss) per one ordinary share (in PLN)	0,04	0,19
Weighted average number of diluted ordinary shares	-	-
Diluted profit (loss) per one ordinary share (in PLN)	-	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	1 quarter accrued / 2004 period from 1.01.2004 to 31.03.2004	1 quarter accrued / 2003 period from 1.01.2003 to 31.03.2003
I. Own equity at beginning of period (OB)	1 734 906	1 737 572
a) changes in accounting principles (policy)	0	0
b) corrections of basic errors	0	0
I.a. Own equity at beginning of period (OB), after reconciliation of comparative data	1 734 906	1 737 572
1. Share capital at beginning of period	849 182	849 182
1.1. Changes in share capital	0	0
a) increases (due to)	0	0
- stock issue	0	0
-	0	0
b) decreases (due to)	0	0
- stock depreciation	0	0
-	0	0
1.2. Stock capital at end of period	849 182	849 182
2. Due payments to share capital at beginning of period	0	0
2.1. Change in due payments to share capital	0	0
a) increases (due to)	0	0
-	0	0
b) decreases (due to)	0	0
-	0	0
2.2. Due payments to share capital at end of period	0	0
3. Own stock at beginning of period	0	0
a) increases (due to)	0	0
-	0	0
b) decreases (due to)	0	0
- the sale of Treasury Shares	0	0
3.1. Own stock at end of period	0	0
4. Capital reserve at beginning of period	781 348	755 449
4.1. Changes in capital reserve	0	30 343
a) increases (due to)	0	48 219
- issue of stock in excess of par value	0	0
- profit distribution	0	48 109
- moved from other capital reserve	0	110
- other	0	0
b) decreases (due to)	0	17 876
- loss coverage	0	17 876
- other	0	0
4.2. Capital reserve at end of period	781 348	785 792
5. Revaluation reserve at beginning of period	32 882	76 560
a) changes in accounting principles (policy)	0	0
b) corrections of basic errors	0	0
5.a. Revaluation reserve at beginning of period after reconciliation of comparative data	32 882	76 560
5.1. Changes in revaluation reserve	226	-5 798
a) increases (due to)	226	0
- purchase and valuation of financial assets available for sale	226	0
b) decreases (due to)	0	5 798
- sale and valuation of financial assets available for sale	0	5 688

- sale and liquidation of fixed assets	0	110
5.2. Revaluation reserve at end of period	33 108	70 762
6. General bank risk fund at beginning of period	44 738	44 738
6.1. Changes in general bank risk fund	0	0
a) increases (due to)	0	0
- distribution of profits	0	0
-	0	0
b) decreases (due to)	0	0
-	0	0
6.2. General bank risk fund at end of period	44 738	44 738
7. Other capital reserves at beginning of period	100 939	98 953
7.1. Changes in other capital reserves	400	1 986
a) increases (due to)	400	1 986
- distribution of profits	400	1 986
-	0	0
b) decreases (due to)	0	0
- moving to supplementary capital	0	0
7.2. Other capital reserves at end of period	101 339	100 939
8. Changes in foreign currency translations of subordinated shares	0	0
9. Profit (loss) of previous years at beginning of period	-115 078	-266 410
9.1. Profit of previous years at beginning of period	0	0
a) changes in accounting principles (policy)	0	0
b) corrections of basic errors	0	0
9.2. Profit of previous years at beginning of period, after reconciliation of comparative data	0	0
9.3. Change in profit of previous years	0	0
a) increases (due to)	0	0
- distribution of profit of previous years	0	0
-	0	0
b) decreases (due to)	0	0
-	0	0
-	0	0
9.4. Profit of previous years at end of period	0	0
9.5. Loss of previous years at beginning of period	-115 078	-266 410
a) changes in accounting principles (policy)	0	0
b) corrections of basic errors	0	0
9.6. Loss of previous years at beginning of period, after reconciliation of comparative data	-115 078	-266 410
9.7. Change in loss of previous years	40 495	146 882
a) increases (due to)	159 592	441 081
- increase on account of profit in previous year	125 305	123 272
- loss coverage by capital reserve	0	17 876
- amortization of capital reserve	0	7 790
- result of de-consolidation of PTE BIG BG	0	169 407
- profit/loss of minority shareholders	34 287	122 736
- other		0
b) decreases (due to)	119 097	294 199
- carry forward of the loss of previous year	30 497	41 925
- elimination of movements in reserve for intra-group receivables	4 361	103 739
- unrealized profits from intra-group transactions	71 613	21 960
- depreciation of goodwill on consolidation	11 264	45 056
- distribution of profits	400	50 096
- other	962	31 423
9.8. Loss of previous years at end of period	-74 583	-119 528

9.9. Profit (loss) of previous years at end of period	-74 583	-119 528
10. Net result	20 063	29 963
a) net profit	20 063	29 963
b) net loss	0	0
II. Own equity at end of period (CB)	1 755 195	1 761 848
III. Own equity after the proposed distribution of profit (coverage of loss)		

CONSOLIDATED CASH FLOWS	1 quarter accrued / 2004 period from 1.01.2004 to 31.03.2004	1 quarter accrued / 2003 period from 1.01.2003 to 31.03.2003
A. Cash flows from operating activities – indirect method		
I. Net profit (loss)	20 063	29 963
II. Joint adjustments:	-449 727	-301 651
1. Minority profits (losses)	0	0
2. Share in net (profits) losses of subordinated companies valued by equity method	-316	-36 226
3. Amortization, of which:	27 725	40 681
- amortization of goodwill of subordinated companies and negative goodwill of subordinated companies	0	11 264
4. (Profits) losses due to FX differences	8 779	77 489
5. Interest and share in dividend profits	43 004	45 032
6. (Profit) loss on investing activities	-4 491	0
7. Status change of provisions	23 075	-140 794
8. Status change of surplus	-1 019	1 943
9. Status change of debt securities	-801 534	-293 110
10. Status change of receivables from financial sector	33 387	108 627
11. Status change of receivables from non-financial sector	128 359	-460 451
12. Status change of receivables from purchased underwritten securities	0	0
13. Status change of shares or stock, other securities and other financial assets	65 099	13 662
14. Status change of liabilities to financial sector	-322 731	239 658
15. Status change of liabilities to non-financial and budget sector	405 665	-768 096
16. Status change of liabilities from sold underwritten securities	0	0
17. Status change of liabilities from securities	21 334	489 616
18. Status change of liabilities in other liabilities	-44 033	317 272
19. Status change of liabilities in accruals	-29 610	-121 425
20. Status change of liabilities in deferred revenues	-1 985	184 471
21. Other corrections	-435	0
III. Net cash flows from operating activities (I +/- II) – indirect method	-429 664	-271 688
B. Cash flows from investing activities		
I. Proceeds	205 922	221 888
1. Sale of shares or stock in subsidiaries	0	0
2. Sale of shares or stock in affiliated companies	0	0
3. Sale of shares or stock in associated companies	0	0
4. Sale of shares or stock in other companies, of other securities and other financial assets	193 668	216 916
5. Sale of intangible and legal assets and tangible fixed assets	6 376	4 972
6. Sale of investments in real estate and intangible and legal assets	0	0
7. Other investment proceeds	5 878	0
II. Expenses	3 158	17 963
1. Purchase of shares or stock in subsidiaries	0	0
2. Purchase of shares or stock in affiliated companies	0	0
3. Purchase of shares or stock in associated companies	0	0

4. Purchase of shares or stock in other companies, of other securities and other financial assets	0	0
5. Purchase of intangible and legal assets and tangible fixed assets	3 158	17 963
6. Investments in real estate and intangible and legal assets	0	0
7. Other investment expenses	0	0
III Net cash flows from investing activities (I - II)	202 764	203 925
C. Cash flows from financing activities		
I. Proceeds	0	0
1. Long-term borrowing in other banks	0	0
2. Long-term borrowing from institutions of the financial sector other than banks	0	0
3. Issue of debt securities	0	0
4. Increased status of subordinated liabilities	0	0
5. Net proceeds from issue of shares and additional payments to capital	0	0
6. Other financial proceeds	0	0
II. Expenses	6 059	6 932
1. Repayment of long-term debts to other banks	0	0
2. Repayment of long-term debts to other institutions of the financial sector other than banks	0	0
3. Redemption of debt securities	0	0
4. On account of financial liabilities	0	0
5. Payment of liabilities stemming from financial leasing contracts	0	0
6. Decrease in subordinated liabilities	0	0
7. Dividends and other payouts to owners	0	0
8. Dividends and other profit sharing paid to minority holders	0	0
9. Other than payment to owners expenses due to division of profits	0	0
10. Purchase of own stock	0	0
11. Other financial expenses	6 059	6 932
III. Net cash flows from financing activities (I - II)	-6 059	-6 932
D. Net cash flows, total (A.III +/- B.III +/- C.III)	-232 959	-74 695
E. Balance-sheet change in cash flow, of which:	-232 959	-74 695
- change in cash flow due to exchange rate differences	0	0
F. Cash flow at beginning of period	821 890	294 805
G. Cash flow at end of period (F+/- D), of which:	588 931	220 110
- with limited disposal	0	0

QUARTERLY REPORT OF BANK MILLENNIUM
FOR THE 1st QUARTER OF 2004

	PLN '000		EUR '000	
SELECTED FINANCIAL DATA	1 quarter year-to-date / 2004	1 quarter year-to-date / 2003	1 quarter year-to-date / 2004	1 quarter year-to-date / 2003
	period from 1.01.2004 to 31.03.2004	period from 1.01.2003 to 31.03.2003	period from 1.01.2004 to 31.03.2004	period from 1.01.2003 to 31.03.2003
I. Interest income	363 328	345 918	75 791	81 442
II. Commission income	54 935	53 480	11 460	12 591
III. Result on banking activities	194 729	237 630	40 621	55 947
IV. Result on operating activities	10 196	25 753	2 127	6 063
V. Gross profit (loss)	10 196	25 753	2 127	6 063
VI. Net profit (loss)	20 063	29 963	4 185	7 054
VII. Net cash flows from operating activities	- 126 804	- 351 065	- 26 452	- 82 654
VIII. Net cash flows from investing activities	- 63 933	280 079	- 13 337	65 941
IX. Net cash flows from financing activities	- 26 084	- 6 626	- 5 441	- 1 560
X. Net cash flows, total	- 216 821	- 77 612	- 45 229	- 18 273
XI. Total assets	19 509 534	18 832 480	4 111 165	4 275 057
XII. Amounts due to the Central Bank	-	-	-	-
XIII. Amounts due to other financial institutions	2 798 585	3 029 923	589 734	687 806
XIV. Amounts due to clients and public sector	11 954 287	10 413 953	2 519 078	2 364 014
XV. Equity	1 755 195	1 761 848	369 865	399 947
XVI. Share capital	849 182	849 182	178 945	192 768
XVII. Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
XVIII. Book value per share (in PLN / EUR)	2,07	2,07	0,44	0,47
XIX. Diluted book value per share (in PLN / EUR)				
XX. Capital adequacy ratio	12,60%	10,60%	12,60%	10,60%
XXI. Profit (loss) per ordinary share (in PLN / EUR)	0,04	0,19	0,01	0,04
XXII. Diluted profit (loss) per ordinary share (in PLN / EUR)				
XXIII. Dividends declared or paid out per ordinary share (in PLN / EUR)	-	-	-	-

BANK MILLENNIUM S.A. BALANCE SHEET (PLN '000)	as at 31.03.2004 quarter end / 2004	as at 31.12.2003 previous quarter end/ 2003	as at 31.03.2003 quarter end / 2003	as at 31.12.2002 previous quarter end/ 2002
Assets				
I. Cash and balances with the Central Bank	576 829	788 754	205 550	282 528
II. Debt securities eligible for rediscount at the Central Bank	12 040	11 189	15 201	16 708
III. Amounts due from other financial institutions	1 721 299	1 803 977	1 339 466	1 648 830
1. Current	382 925	427 748	11 129	11 754
2. Term	1 338 374	1 376 229	1 328 337	1 637 076
IV. Amounts due from clients	9 200 247	9 329 249	10 023 879	9 293 237
1. Current	1 740 211	1 809 119	2 359 202	2 352 840
2. Term	7 460 036	7 520 130	7 664 677	6 940 397
V. Amounts due from public sector	489 684	504 480	512 912	518 899
1. Current	6 997	6 872	-	-
2. Term	482 687	497 608	512 912	518 899
VI. Amounts due from reverse repo transactions				
VII. Debt securities	4 282 763	3 400 867	3 125 662	3 144 215
VIII. Shares in subsidiaries	1 399 481	1 382 022	1 165 286	1 163 734
IX. Shares in co-owned subsidiaries				
X. Shares in associated companies	5 946	6 803	6 108	6 768
XI. Shares in other companies	12 784	12 714	47 511	47 502
XII. Other securities and financial assets	328 215	678 258	441 498	515 208
XIII. Intangible assets:	223 709	227 082	228 289	228 072
goodwill	7 350	7 779	-	
XIV. Tangible fixed assets	642 566	666 042	689 797	608 609
XV. Other assets	131 569	105 430	414 057	420 817
1. Acquired assets for resale	2 990	3 228	7 119	7 394
2. Other	128 579	102 202	406 938	413 423
XVI. Prepayments and accrued income	482 402	493 093	617 264	695 181
1. Deferred income tax	204 390	226 091	339 646	428 061
2. Other	278 012	267 002	277 618	267 120
Total Assets	19 509 534	19 409 960	18 832 480	18 590 308
Liabilities and Equity				
I. Amounts due to the Central Bank				
II. Amounts due to other financial institutions	2 798 585	3 183 243	3 029 923	2 797 793
1. Current	493 305	585 243	419 958	274 244
2. Term	2 305 280	2 598 000	2 609 965	2 523 549
III. Amounts due to clients	10 797 932	10 550 414	9 426 229	10 318 970
1. Saving accounts:				
a) current				
b) term				
2. Other:	10 797 932	10 550 414	9 426 229	10 318 970
a) current	3 107 720	2 852 561	2 306 175	2 482 222
b) term	7 690 212	7 697 853	7 120 054	7 836 748
IV. Amounts due to public sector	1 156 355	920 189	987 724	843 181
1. Current	813 678	581 063	570 869	519 703
2. Term	342 677	339 126	416 855	323 478
V. Liabilities arising from securities sold with repurchase clause (repo transactions)	-		-	
VI. Liabilities in respect of debt securities issues	992 433	982 660	1 060 530	552 355
1. Current	745 379	736 602	903 627	409 688
2. Long-term	247 054	246 058	156 903	142 667

VII. Other liabilities in respect of financial instruments	360 896	441 254	716 004	486 239
VIII. Special funds and other liabilities	195 218	154 858	247 467	233 191
IX. Accruals and deferred income	653 770	660 295	729 912	616 765
1. Accruals	85 488	107 323	118 377	112 691
2. Negative goodwill				
3. Other deferred income	568 282	552 972	611 535	504 074
X. Provisions	415 032	403 979	515 561	681 819
1. Deferred corporate income tax	111 278	134 237	289 566	401 228
2. Other	303 754	269 742	225 995	280 591
a) current	372	2 552	30 974	45 790
b) long-term	303 382	267 190	195 021	234 801
XI. Subordinated liabilities	384 118	378 162	357 282	322 423
XII. Share capital	849 182	849 182	849 182	849 182
XIII. Unpaid capital (negative value)				
XIV. Treasury stock (negative value)				
XV. Supplementary capital	542 970	542 970	542 970	560 846
XVI. Revaluation reserve	33 073	32 847	70 721	76 409
XVII. Other reserve capital	339 638	339 638	339 638	44 738
XVIII. Retained earnings (loss brought forward)	- 29 731	- 70 626	- 70 626	27 297
XIX. Net profit (loss)	20 063	40 895	29 963	179 100
Total Liabilities and Equity	19 509 534	19 409 960	18 832 480	18 590 308
	-	-	-	-
Capital adequacy ratio	12,60%	11,04%	10,60%	9,36%
Book value	1 755 195	1 734 906	1 761 848	1 737 572
Number of share	849 181 744	849 181 744	849 181 744	849 181 744
Book value per share (in PLN)	2,07	2,04	2,07	2,05
Diluted number of shares				
Diluted book value per share (in PLN)				

OFF-BALANCE SHEET ITEMS (PLN '000)	as at 31.03.2004 quarter end / 2004	as at 31.12.2003 previous quarter end/ 2003	as at 31.03.2003 quarter end / 2003	as at 31.12.2002 previous quarter end/ 2002
I. Contingent liabilities:	3 224 140	3 625 665	3 674 636	3 834 213
1. granted:	2 605 253	2 573 894	2 692 674	2 853 714
a) financial	2 133 103	2 138 906	2 190 003	2 406 256
b) guarantees	472 150	434 988	502 671	447 458
2. received:	618 887	1 051 771	981 962	980 499
a) financial	-	-	-	-
b) guarantees	618 887	1 051 771	981 962	980 499
II. Liabilities in respect of sale/purchase transactions	18 524 377	19 286 671	17 452 668	13 291 198
III. Other, including:	21 993 996	18 871 096	10 694 871	9 757 081
- interest rate swaps	20 306 368	18 044 419	10 221 803	9 266 670
- options	87 628	186 677	409 068	390 411
- FRAs	1 600 000	640 000	64 000	100 000
- other	-	-	-	-
Total off-balance sheet items	43 742 513	41 783 432	31 822 175	26 882 492

PROFIT AND LOSS ACCOUNT (PLN '000)	1 quarter accrued / 2004 period from 1.01.2004 to 31.03.2004	1 quarter accrued / 2003 period from 1.01.2003 to 31.03.2003
I. Interest income	363 328	345 918
II. Interest cost	250 124	241 142
III. Net interest income(I-II)	113 204	104 776
IV. Commission income	54 935	53 480
V. Commission cost	7 054	9 524
VI. Net commission income (IV-V)	47 881	43 956
VII. Income from shares, other securities and other financial variable-income instruments	3 287	49 846
1. from subsidiaries	2 704	49 368
2. from co-owned subsidiaries		
3. from associated companies	583	478
4. from other entities		
VIII. Result on financial operations	9 752	21 367
IX. Foreign exchange result	20 605	17 685
X. Result on banking operations	194 729	237 630
XI. Other operating income	3 756	4 671
XII. Other operating cost	5 164	2 723
XIII. General and administrative expenses	158 590	191 185
XIV. Depreciation and amortization	27 397	21 240
XV. Provisions and revaluation reserve	277 880	433 747
1. Specific provisions and General Banking Risk Reserve created	277 880	433 747
2. Revaluation of financial assets		
XVI. Provisions and revaluation reserve (released)	280 742	432 347
1. Specific provisions and General Banking Risk Reserve released	280 742	431 585
2. Revaluation of financial assets		762
XVII. Net provisions and revaluation reserve (XV- XVI)	- 2 862	1 400
XVIII. Operating profit	10 196	25 753
XIX. Net extraordinary gains (losses)	-	-
1. Extraordinary gains	-	-
2. Extraordinary losses		
XX. Gross profit (loss)	10 196	25 753
XXI. Income tax	- 3 486	21 143
1. current		
2. deferred	- 3 486	21 143
XXII. Other obligatory charges against profit (increases in loss)		
XXIII. Share in net profit (loss) of subordinated companies consolidated under the equity method	13 353	- 16 933
XXVI. Net profit (loss)	20 063	29 963
Net profit (loss) (annualized)	30 995	161 945
Weighted average number of ordinary shares	849 181 744	849 181 744
Profit (loss) per ordinary share (in PLN)	0,04	0,19
Weighted average diluted number of ordinary shares		
Diluted profit (loss) per ordinary share (in PLN)		

STATEMENT OF CHANGES IN EQUITY (PLN '000)	1 quarter accrued / 2004 period from 1.01.2004 to 31.03.2004	1 quarter accrued / 2003 period from 1.01.2003 to 31.03.2003
I. Equity at the beginning of the period (OB)	1 734 906	1 737 572
a) changes in adopted accounting principles		-
b) adjustments of material errors		
I.a. Equity at the beginning of the period (OB), restated to comparable data		
1. Share capital at the beginning of the period	849 182	849 182
1.1. Changes in share capital		
a) increases		
share issues		
-		
b) decreases		
redemption of shares		
-		
1.2. Share capital at the end of the period	849 182	849 182
2. Unpaid share capital at the beginning of the period		
2.1. Changes in unpaid share capital		
a) increases		
-		
b) decreases		
-		
2.2. Unpaid share capital at the end of the period		
3. Treasury stock at the beginning of the period		
a) increases		
-		
b) decreases		
-		
3.1. Treasury stock at the end of the period		
4. Supplementary capital at the beginning of the period	542 970	560 846
4.1. Changes in supplementary capital		- 17 876
a) increases		
share premiums		
appropriation of profit (statutory)		
appropriation of profit (above the statutory minimum)		
b) decreases	-	17 876
to cover losses of BIG BANK from previous years		17 876
4.2. Supplementary capital at the end of the period	542 970	542 970
5. Revaluation reserve at the beginning of the period	32 847	76 409
changes in adopted accounting principles		
5.a) revaluation reserve at the beginning of the period, restated to comparable data		
5.1. Changes in revaluation reserve	226	- 5 688
a) increases	226	
changes in adopted accounting principles	-	
Purchase and valuation of financial assets for sale	226	
b) decreases		5 688
disposal of fixed assets		
-sale and valuation of financial assets		5 688
5.2. Revaluation reserve at the end of the period	33 073	70 721
6. General Banking Risk Reserve at the beginning of the period	339 638	44 738
6.1. Changes in General Banking Risk Reserve	-	294 900
a) increases	-	294 900
appropriation of profit of 2002		183 930

- appropriation of undistributed profit from previous years		110 970
b) decreases		
-		
6.2. General Banking Risk Reserve at the end of the period	339 638	339 638
7. Other reserve capital at the beginning of the period	-	-
7.1. Changes in other reserve capital		
a) increases		
b) decreases		
-	-	-
7.2. Other reserve capital at the end of the period		
8. Retained earnings (loss brought forward) at the beginning of the period	- 70 626	27 297
8.1. Retained earnings at the beginning of the period	- 16 999	98 800
a) Changes in adopted accounting principles		
b) adjustments of material errors		
8.2. Retained earnings at the beginning of the period, restated to comparable data		
8.3. Changes in retained earnings	40 895	- 115 799
a) increases	40 895	179 100
- transfer of profit of 2003/ 2002	40 895	179 100
b) decreases		294 899
- appropriation of profit of 2002		183 930
-appropriation of undistributed profit from previous years		110 969
- Changes in adopted accounting principles		
8.4. Retained earning at the end of the period	23 896	- 16 999
8.5. Loss brought forward at the beginning of the period	53 627	71 503
a) Changes in adopted accounting principles		
b) adjustments of material errors		
8.6. Loss brought forward at the beginning of the period, restated to comparable data	53 627	71 503
8.7. Changes in loss brought forward	-	- 17 876
a) increases	-	-
- transfer of loss for coverage		
b) decreases	-	17 876
coverage of loss brought forward of BB		17 876
8.8. Loss brought forward at the end of the period	53 627	53 627
change of retained earning (loss brought forward)		
8.9. Retained earning (loss brought forward) at the end of the period	- 29 731	- 70 626
9. Net profit (loss)	20 063	29 963
a) net profit	20 063	29 963
b) net loss		
II. Equity at the end of the period (CB)	1 755 195	1 761 848
III. Equity after proposed appropriation of profit (coverage of loss)		

STATEMENT OF CASH FLOWS (PLN '000)	1 quarter accrued / 2004 period from 1.01.2004 to 31.03.2004	1 quarter accrued / 2003 period from 1.01.2003 to 31.03.2003
A. Cash flows from operating activities - indirect method	- 126 804	- 351 065
I. Net profit (loss)	20 063	29 963
II. Adjustments for:	- 146 867	- 381 028
1. Share in (profits) losses of subordinated companies consolidated under the equity method	- 13 353	16 933
2. Depreciation and amortization	27 397	21 240
3. Foreign exchange (gains) losses	8 743	77 011
4. Interest and share in profits (dividends)	39 224	5 828
5. (Profit) loss on investing activities	213	- 4 116
6. Change in provisions	6 787	- 164 297
7. Change in debt securities	- 881 198	- 328 872
8. Change in amounts due from other financial institutions	77 782	- 723 149
9. Change in amounts due from clients and public sector	142 947	308 730
10. Change in receivables from reverse repo transactions		
11. Change in shares, other securities and other financial assets	417 013	66 803
12. Change in amount due to other financial institutions	- 415 890	169 959
13. Change in amounts due to clients and public sector	483 684	- 748 198
14. Change in liabilities arising from securities sold with repurchase clause	-	-
15. Change in liabilities arising from securities	1 731	723 934
16. Change in other liabilities	- 46 113	21 601
17. Change in prepayments and accruals	- 11 144	83 604
18. Change in deferred income	15 310	107 461
19. Other adjustments	-	- 15 500
III. Net cash flows from operating activities (I +/- II) - indirect method	- 126 804	- 351 065
B. Cash flows from investing activities	- 63 933	280 079
I. Cash received from:	8 792	386 985
1. Sale of shares in subsidiaries		
2. Sale of shares in co-owned subsidiaries		
3. Sale of shares in associated companies		
4. Sale of shares in other companies, other securities and other financial assets	12	346 536
5. Sale of fixed and intangible assets	5 706	2 620
6. Sale of investments in real estate and intangible assets	-	3 484
7. Other cash received from investing activities	3 074	34 345
II. Cash paid for:	72 725	106 906
1. Purchase of shares in subsidiaries	-	1 000
2. Purchase of shares in co-owned subsidiaries		
3. Purchase of shares in associated companies		
4. Purchase of shares in other companies, other securities and other financial assets	70 684	-
5. Purchase of fixed and intangible assets	1 748	101 208
6. Investments in real estate and intangible assets	293	4 698
7. Other cash paid for investing activities	-	-
III. Net cash flows from investing activities (I - II)	- 63 933	280 079
C. Cash flows from financing activities	- 26 084	- 6 626
I. Cash received from:	-	-
1. Long-term loans from other banks		
2. Long-term loans from non-banking financial institutions		
3. Issues of debt securities		
4. Increase in subordinated liabilities	-	-

5. Issue of shares (net proceeds) and additional paid-n capital	-	-
6. Other cash received from financing activities		
II. Cash paid for:	26 084	6 626
1. Repayment of long-term loans from other banks	-	-
2. Repayment of long-term loans from non-banking financial institutions		
3. Redemption of debt securities		
4. Other financial liabilities		
5. Payments under financial lease contracts		
6. Decrease in subordinated liabilities	20 025	
7. Dividends and other payments to owners		
8. Appropriations of profit, other than payments to owners		
9. Purchase of own shares		
10. Other cash paid for financing activities	6 059	6 626
III. Net cash flows from financing activities (I - II)	- 26 084	- 6 626
D. Net cash flows, total (A.III +/- B.III +/- C.III)	- 216 821	- 77 612
E. Change in balance sheet cash, including:		
change in cash in respect of foreign exchange gains and losses		
F. Cash at the beginning of the period	805 402	294 244
G. Cash at the end of the period (F+/- D), of which:	588 581	216 632
with limited disposability	-	-
2. Repayment of long-term loans from non-banking financial institutions		
3. Redemption of debt securities		
4. Other financial liabilities		
5. Payments under financial lease contracts		
6. Decrease in subordinated liabilities	20 025	
7. Dividends and other payments to owners		
8. Appropriations of profit, other than payments to owners		
9. Purchase of own shares		
10. Other cash paid for financing activities	6 059	6 626
III. Net cash flows from financing activities (I - II)	- 26 084	- 6 626
D. Net cash flows, total (A.III +/- B.III +/- C.III)	- 216 821	- 77 612
E. Change in balance sheet cash, including:		
change in cash in respect of foreign exchange gains and losses		
F. Cash at the beginning of the period	805 402	294 244
G. Cash at the end of the period (F+/- D), of which:	588 581	216 632
with limited disposability	-	-

Information about activity in Q1 2004

The Management Board of Bank Millennium („Bank”) informs that in Q1 2004 (from 1 January until 31 March 2004) consolidated net profit of the Bank Millennium Capital Group and of Bank Millennium was PLN 20.1 million.

By comparison consolidated net profit of the Group and the Bank in Q1 2003 stood at PLN 30 million.

The activity of the Bank Millennium Group in the first three months of 2004 was under crucial influence of the following factors:

- Slow although visible economic recovery
- Increase of net interest income by 7.7% and net commission income by 10.5% (Q1 2004 / Q1 2003)
- Increase of customers' funds by 10.8% (Q1 2004 / Q1 2003)
- Reduction of total costs by 10,3% (Q1 2004 / Q1 2003)
- Reduction of the NPL ratio and increase of the NPL coverage ratio

Key factors affecting the financial result:

1.

Net interest income generated by Bank Millennium Group in Q1 2004 totalled PLN 153.3 million and was 7.7% higher than in the corresponding Quarter of last year (PLN 142.4 million) due to increase of customers' funds and maintenance of interest margin despite decline of short-term interest rates.

2.

Net commission income was PLN 56.7 million (51.4 in Q1 of last year), which means it grew 10.5%. this growth was driven by the growth of business, largely as regards: account administration fees, card transactions, domestic transfers, investment banking and asset management.

3.

Other non interest income (income from financial transactions and F/X gains/losses) in the first three months of 2004 was PLN 32.1 million as compared with PLN 40.9 million generated in Q1 of the previous year. The “result on financial transactions” was affected by the rapid change in the market environment, especially in the long-term Treasury Bonds segment, which change significantly their yield. Meanwhile the Bank recorded a 12% increase of F/X gains.

Other operating income and expenses in Q1 2004 totalled **PLN 1.4 million**, standing at PLN 6.0 million in Q1 2003.

The total **Result on Banking Activity** in Q1 2004 was PLN 242.2 million as compared with PLN 234.7 million in Q1 2003, which signifies its growth by 3.2%.

Breakdown of the Result on Banking Activity (PLN mln)	Q1 2004	Q1 2003	Change
Net interest income	153.3	142.4	7.7%
Net commission income	56.7	51.4	10.5%
Other non-interest income	32.1	40.9	-21.6%
Result on Banking Activity	242.2	234.7	3.2%

4.

Total costs of Bank Millennium Group in Q1 2004 fell 10.3% from last year and totalled PLN 215.3 million (PLN 240 million in the corresponding period of 2003).

Personnel costs stood at PLN 83.2 million, which signifies their decline by 21.1% as compared with Q1 2003 (PLN 105.4 million).

As at 31 March 2004 the headcount in Bank Millennium Group is 4335 persons i.e. 13.6% less than as at end of March 2003 (5018 persons employed).

Non-personnel costs were at PLN 104.4 million (PLN 105.2 million in Q1 2003), which means that they were kept at a level similar to that in the corresponding period of last year. These costs are now being subjected to an in-depth analysis as part of an internal programme in the Bank.

Depreciation in the analysed period was PLN 27.7 million as compared with PLN 29.4 million in Q1 2003.

The cost/equity ratio as at end of Q1 2004 remained at a high 88% although it did come down by 7 p.p. from Q1 2003 (95%). The Bank is expecting this ratio to improve further in the course of this year.

Breakdown of costs (PLN mln)	Q1 2004	Q1 2003	Change
Personnel costs	83.2	105.4	-21.1%
Non-personnel costs	104.4	105.2	-0.7%
Depreciation	27.7	29.4	-5.8%
Total costs	215.3	240.0	-10.3%

5.

Introduction of new NBP rules for classification of receivables and new rules for establishment of provisions caused the volume of loans considered to be non-performing according to external regulations was reduced (i.e. loans requiring provisions to be created). Nevertheless the Bank maintained the same level of provisions created on the basis of its internal credit risk assessment system. Therefore in Q1 2004 net provisions created by Bank Millennium Group totalled PLN 1 million as compared with PLN 12.4 million of provisions created in Q1 2003.

6.

in Q1 2004 **gross profit** of Bank Millennium Group was PLN 27.2 million, while **net profit** stood at PLN 20.1 million.

7.

As at 31 March 2004 **total assets** stood at **PLN 19 413 million**, which means their increase as compared with the end of Q1 of the previous year by 3.6% (PLN 18 732 million).

As at end of Q1 2004 **net loans to Customers** totalled **PLN 10 098 million**, which means their reduction from Q1 last year by 6.4% (PLN 10 792 million) first of all due to pursuit by the Bank of a conservative policy especially as regards lending to the corporate segment. Notable is also the change of structure of the loans portfolio, where mortgages increased their share from 8% to 12% and lease from 12% to 15%.

8.

Total Customers' Funds, including the issued Bank Millennium bonds were as at 31.03 2004 PLN 13 308 million, which means their increase from the corresponding period of 2003 by 10.8% (PLN 12 009 million) and increase by 3.9% as compared with end of 2003. TFI funds demonstrated the greatest dynamics in that period (after launch of the sixth product – the Stable Growth Fund) increasing during Q1 2004 by 30%.

Key items	31.03.2004	31.03.2003	Change
Balance sheet total	19.413	18.732	3,6 %
Total Customers' Funds (1)	13.308	12.009	10,8 %
Total Deposits from Customers (2)	12.915	11.533	12,0%
Total Loans to Customers	10.098	10.792	- 6,4 %
Equity (3)	2.030	2.037	-0,3 %

(1) includes deposits from Customers and mutual funds

(2) includes Bank Millennium bonds sold to Customers

(3) Equity + subordinated debt

9. Loans quality

The introduction of new NBP regulations for classification of receivables and creation of provisions caused a change of ratios presenting loan portfolio quality according to NBP methodology.

The NPL to total loans ratio according to NBP regulations decreased from 23.9% (as at 31.12.2003) to 21.0% (as at 31.03.2004) while the NPL coverage ratio increased from 49.5% to 54.6% in the same periods.

Notable is the improvement of the NPL ratio according to timeliness of payment, which was not affected by the change of NBP regulations. The ratio improved from 15.2% (as at 31.12.2003) to 14.2% (as at 31.03.2004) and compared with the status as at 31.03.2003 it improved by 1.8 p.p.

In result of the real improvement of loan portfolio quality as well as the consistent policy of maintaining provisions the NPL (acc. to timeliness of payment) coverage ratio improved significantly from 74% (as at 31.03.2003) to 81% (as at 31.03.2004).

Loan quality ratios		31.03.04	31.12.03	31.03.03
NPL/total loans ratio	Timeliness of payment (30 days)	14,2%	15,2%	16,0%
	NBP regulations	21,0%	23,9%	22,5%
Provisions/NPL ratio	Timeliness of payment (30 days)	80,6%	77,9%	74,0%
	NBP regulations	54,6%	49,5%	52,8%

Capital Adequacy Ratio of Bank Millennium Group reached 14.1% and was higher than the year before (11.7%) as a result of a decrease of loan portfolio and more favourable risk weighted assets structure

Ratio	Q1 2004	Q1 2003
Net interest margin	4.0 %	3.9 %
Cost/income	88.4 %	95.0 %
ROA	0.4 %	0.6 %
ROE	4.6 %	6.9 %
CAR	14.1%	11.7 %

Final remarks:

1. In Q1 2004 Bank Millennium Group improved its financial result due to growth of interest income as well as commission income and increase of customers' funds.

- 2. In the last Quarter Bank Millennium Group was consistently controlling its operating expenses, which were materially reduced as compared with the corresponding period of the previous year.**
- 3. Last Quarter the Group attained real improvement of its loan portfolio quality, at the same time maintaining a safe level of provisions.**
- 4. The launch of new products allowed Millennium Group to accelerate sales of mortgages and TFI mutual funds, at the same time activating Millenet – the online banking system for individuals. The number of its users has increased over 100% in the last quarter now reaching almost 60 000.**

NOTES

I. RULES ADOPTED FOR MAKING THE EXTENDED CONSOLIDATED QUARTERLY REPORT

According to information provided in the form of the current report on 25 March 2004, since the 1Q 2004 report, Bank Millennium will provide extended consolidated quarterly and semi-annual reports. As a result, this report includes financial data of Bank Millennium and consolidated financial data of the Bank Millennium Capital Group presented in the form of the balance sheet, profit and loss account, cash flow statement, and the statement of change in equity, produced as at 31 March 2004 in line with the Council of Ministers' Regulation of 16 October on ongoing and periodical information reported by issuers of securities as later amended.

The data were prepared according to "Accounting principles binding in Bank Millennium" and "Accounting principles binding in the Bank Millennium Capital Group", which are described in detail in the annual report and the consolidated annual report produced as at 31 December 2002 and published on 14 February 2003. Notes about changes in accounting principles binding in the Bank and the Group, which were implemented in 2003 are presented in quarterly reports (individual and consolidated) produced as at 31 December 2003 (for the last quarter of the financial year 2003) and published on 16 February 2004.

In 2004, Bank Millennium and the Millennium Group changed the accepted accounting principles used to calculate, classify and present provisions, which resulted from the Finance Minister's Regulation of 10 December 2003 on rules for establishing provisions for the risk related to the operation of banks.

Pursuant to the Minister of Finance Ordinance of December 10, 2003 on the rules of provisions' creation for risk concerning banking activity, the Millennium Group has implemented some changes in field of the calculation, classification and presentation of provisions.

1. Main aspects of the new rules

- a) Loans to individuals (excluding mortgage loans)

- Overdue loans until 6 months are classified as normal
- Accrued interest of overdue loans until 6 months can consequently be recognised in P&L
- Overdue loans over 6 months are classified as lost

b) Mortgage loans and Corporate loans

	<u>new rules</u>	<u>previous rules</u>
- Underwatch	0-90	0-30
- Sub Standard	91- 180	31-90
- Doubtful	181- 360	91-180
- Lost	>360	> 180

2. Impact on NPL's classification during in 1st quarter 2004 in Group

- PLN 286,5 million were reclassified from NPL to Normal and Under Watch:
- Total write-offs of NPL's during the 1st quarter 2004 was PLN 72 million (corp. 69 million, indiv. 3million)
- As a consequence of these combined effects total NPL's of Bank Millennium Group decreased PLN 359,0 million.

3. Impact in P&L

The Bank is currently working in the development of a methodology to support the preparation of reports under IFRS - International Financial Reporting Standards (obligation from 2005 onwards), including measurement of credit impairment based on future expected cash inflows. The process of estimating whether total cash flows from receivables treated as NPL's or "underwatch" will cover capital and interest portion of credit engagements will be concluded in the 3rd quarter of 2004.

Using a prudent approach, the Bank decided to maintain the provisioning level of the loans reclassified from NPL's to normal under the new rules and to postpone the recognition of suspended interests calculated on accrual basis from receivables classified into "underwatch" category until the above mentioned analysis is concluded.

The following rates were used to calculate amounts stated in EURO:

- for balance sheet items: 4.7455 PLN/EURO – the exchange rate of 31 March 2004 (for comparable data: 4.4052 PLN/EURO),
- for profit and loss account items for the period from 1 January – 31 March 2004 - 4.7938 PLN/EURO, the exchange rate calculated as the average from rates at the end of January, February and March 2004 (for comparable data: 4.2474 PLN/EURO).

II. STRUCTURE OF THE BANK MILLENNIUM CAPITAL GROUP

Bank Millennium SA is the parent company in the Group. Other entities, which formed the Group, covered with consolidated financial statement as at 31 March 2004 included:

Entity	Line of business	Consolidation method
BEL Leasing Sp. z o.o.	leasing services	full
Millennium Dom Maklerski S.A.	brokerage services	full
Forin Sp. z o.o.	managing other entities	full
Forinwest Sp. z o.o.	managing other entities	full
BBG FINANCE B.V.	financing Group companies	full
BIG BG INWESTYCJE S.A.	financial operations on the capital market and consulting services	full
TBM Sp. z o.o.	financial operations on the capital market and consulting services	full
Millennium TFI S.A.	creating and managing investment funds	full

Within the framework of the present restructuring of the Millennium Group, BEL Leasing Sp. z o.o. and BET Trading Sp. z o.o. merged in 1Q 2004. This event had no influence on consolidated financial data, because both these companies were not consolidated until their merger.

Additionally, the following companies were consolidated in the consolidated financial statement as at 31 March 2004 by using the equity method:

1. Prolim S.A.
2. BESTA Sp. z o.o.

In the event of affiliated companies, which are held for sale, or when the scale of their activity is marginal when compared to the Group, the consolidated statement presents exposure to such entities at the purchase price including impairment charges.

Pursuant to the criteria stated in paragraphs 57 and 58 of the Accountancy Act, the following Group companies were excluded from consolidation:

PLN 000s

Company name	Total assets	%(*)	Comments	Data as at
Bank Millennium S.A. – the parent company	19 148 800 (**)	-		31.03.2004
Lubuskie Fabryki Mebli S.A.	21 331(***)	0,11%		31.12.2003
Reess Trading Sp. z o.o.	112	0,00%		31.12.2003
BG Leasing S.A.		0,00%	in bankruptcy	
ACCON Services Sp. z o.o.	1 019	0,01%		31.12.2003

(*) Percentage share of the unit's data in total assets of Bank Millennium SA.

(**) Total assets without the influence of the equity consolidation method

(***) unaudited data

III. EVENTS OCCURRING BETWEEN THE DATE OF THIS REPORT AND THE PUBLICATION DATE, WHICH COULD IMPACT FUTURE FINANCIAL RESULTS

There were no such events.

Also, Bank Millennium S.A. (Bank) informs that by the virtue of the preliminary agreement of February 20 this year (about which the Bank informed in detail in the Current Report on February 20 2004) the transaction with Santander Consumer Finance S.A. (SCF) shall be finalised in the 2nd quarter of 2004.

This preliminary agreement obligates SCF in particular to ensure acceding by Polskie Towarzystwo Finansowe S.A. ("PTF") and CC-Bank S.A. ("CC-Bank") the following agreements:

- agreements concerning the transfer by the Bank to CC-Bank of the receivables under part of the car loans, which were granted by the Bank through PTF,
- agreement concerning release of PTF from the obligations stipulated in the co-operation agreements concluded between the Bank and PTF, on the grounds of which PTF provides in favour of the Bank agency services in the area of granting mortgage loans.

IV. SHAREHOLDERS HOLDING NO LESS THAN 5% OF THE TOTAL NUMBER OF VOTES AT THE SHAREHOLDERS OF THE PARENT COMPANY - BANK MILLENNIUM SA

Data as at the date of the previous consolidated quarterly report

<i>Shareholder</i>	Number of shares	<i>% in share capital</i>	<i>% of votes</i>	<i>% of votes at Shareholders' Meeting:</i>
Banco Comercial Portugues S.A.	424 624 072	50,00	424 624 072	50,00
EUREKO B.V.	169 921 267	20,01	169 921 267	20,01

Data as at the date of this consolidated quarterly report

<i>Shareholder</i>	Number of shares	<i>% in share capital</i>	<i>% of votes</i>	<i>% of votes at Shareholders' Meeting:</i>
Banco Comercial Portugues S.A.	424 624 072	50,00	424 624 072	50,00
EUREKO B.V.	169 921 267	20,01	169 921 267	20,01

V. STATEMENT OF CHANGES IN THE BALANCE OF BANK MILLENNIUM SA SHARES HELD BY PERSONS MANAGING AND SUPERVISING THE BANK

The Bank has no information about changes in the status of Bank shares held by persons managing and supervising the Bank since the date of the previous quarterly report.

VI. PENDING COURT PROCEEDINGS

The most significant pending court proceedings, in which the Bank is a party include:

- action filed by Mr. A. Glodek, initiated against the Bank with the statement of claim of 24 August 1994, for PLN 14,537,257.57 on account of apparent damages, including lost profit, due to the activity of the former Bank's Brokerage House,
- action filed by the Bank with a statement of claim dated 22 July 1998 against the State Treasury for PLN 65,613,512.20 on account of the State Treasury's liability due to the purchase of the former Bank Gdański S.A. of receivables from health care units, which contrary to declarations, proved to be disputable
- action filed by Grzegorz Jedamski against the Bank and the State Treasury dated 11 November 2000 to rule the invalidity of the agreement on the purchase of 10% shares of Powszechny Zakład Ubezpieczeń S.A. from the State Treasury. The value of the subject matter is PLN 1,006,004,295
- action filed by Grzegorz Jedamski against the Bank in connection with the suit filed to the District Court in Warsaw to rule the amount of PLN 299,833,300 in his favour as indemnity for the claimed unlawful acquisition of BIG BANK Spółka Akcyjna (the former ŁBR S.A.).

VII. TRANSACTIONS BETWEEN RELATED ENTITIES, WHOSE EQUIVALENT EXCEEDED 500,000 EURO

From 1 January to 31 March 2004 all transactions concluded between entities of the Millennium Capital Group were concluded on the market conditions and resulted from the ongoing activity. The following transactions, whose character exceeded the ongoing activity, are the exceptions:

- On 15 January 2004, the Bank's Management Board informed that on 14 January 2004 the extraordinary meeting of partners in FORIN Sp. z o.o. ("FORIN") - the Bank's subsidiary, adopted a resolution for partners to make additional contributions of PLN 20,025,000 by 19 January 2004. The Bank is the sole partner in FORIN.
- On 15 January 2004, the Bank's Management Board informed that on 21 January 2004 BEL Leasing Sp. z o.o. ("BEL") - the Bank's subsidiary, concluded the following agreements with Forinwest Sp. z o.o. ("Forinwest"), the Bank's subsidiary:
 - 1) loan agreement, by virtue of which Forinwest granted a loan of PLN 115,000,000 to Bel on market conditions. The loan will be repaid by 31 January 2007,
 - 2) the receivable transfer agreement to secure the above loan agreement. The total value of receivables subject to the transfer on the date of the agreement is PLN 115,000,000. The agreement was concluded with a suspending condition that the result, i.e. the transfer of receivables will take place at the moment Forinwest delivers to BEL a statement that it commences the realisation of the collateral. Forinwest is authorised to make such statement if BEL:
 - a) delays with the repayment of the loan by over 14 days,
 - b) does not make – within 14 days after the end of the quarter and if the value of receivables constituting collateral decreases at the end of the quarter – another transfer of receivables so that the total value of receivables securing the loan agreement at the end of the quarter is at least equal to PLN 115,000,000.
- On 6 February, the Bank's Management Board informed that on 6 February 2004, the Bank concluded the agreement on purchasing the enterprise (as defined in art. 55 bullet 1 of the Civil Code) of Forin Sp. z o.o. („Forin”), the company related to the Bank, for the total price equal to PLN 1,389,000. The subject matter of Forin's enterprise includes in particular: running operations, which consist in trading receivables, factoring, forfeiting, accepting bills for discounting, granting loans. By virtue of the above enterprise purchase agreement, the Bank took over employees of Forin following the procedure of transferring a work establishment to another employer as defined in art. 23 bullet 1 of the Labour Code. The enterprise was handed over on the date of the enterprise purchase agreement.

VIII. INFORMATION ABOUT LOAN SURETIES OR GUARANTEES GRANTED BY THE BANK

In 1Q 2004, the Bank did not grant sureties or guarantees for a loan or bank loan to one entity, which would cause the Bank's exposure on this account to the Customer to exceed 10% of the Bank's equity.

IX. INCOME TAX INFORMATION

□ Due income tax

Due income tax burdening the gross financial result was calculated pursuant to the Corporate Income Tax Act of 15 February 1992.

In light of the binding legal regulations, the Millennium Group does not constitute a fiscal group, and as a result the burden to the consolidated gross result with both due and deferred tax is the sum of respective tax values of individual consolidated companies. Due to the scale of activity, the Group's parent company, the Bank, has the greatest influence on the tax burden amount stated in the consolidated profit and loss account.

At the end of 1Q 2004, the Bank achieved the positive taxable basis of PLN 215,960 thousand, which was covered with fiscal loss incurred in previous fiscal years.

Key items that influenced the Bank's CIT basis included:

- FX differences charged to the profit and loss account on additional fees contributed to CIRS operations, which constitute fiscal expenses on the cash flow date,
- accrued interest to be paid on deposits acquired, loans incurred and derivative instruments,
- interest received on loans granted by the Bank and capitalised interest, which are subject to taxation on the capitalisation date.

□ Deferred income tax

Pursuant to art. 37 sec. 3 of the Accounting Act, business entities are obligated to establish a deferred tax provision resulting from differences in the method of considering the income as achieved and the cost as incurred in light of the Corporate Income Tax Act of 15 February 1992. Due to the above, entities of the Bank Millennium Capital Group establish an income tax reserve each month, assuming for its calculation all transitory differences which are certain not to become the taxable cost or income in subsequent reporting periods. Application of this methodology facilitates a more uniform burden on the gross financial result and guarantees that cost and income of the current financial year have no impact on the financial result achieved in successive years. The deferred part carried in the profit and loss account is the difference between the change in the balance of the reserve and the deferred tax asset. In the consolidated balance sheet, the deferred tax reserve and deferred tax assets are presented separately.

The deferred income tax posted in the consolidated profit and loss account for 1Q 2004 was PLN 6,236 thousand.

X. ADDITIONAL EXPLANATIONS TO FINANCIAL DATA

As a result of the change in accounting principles implemented as of 1 January 2003, concerning the recognition and valuation of embedded derivative instruments related to lease agreements, and

the resulting adjustments of financial data, the following modifications were introduced to the balance sheet data as at 31 March 2003 presented in this report for comparison purposes (compared to statements published in the past):

Balance sheet as at 31 March 2003:

- the "other securities and other financial assets" item was reduced by PLN 23,287 thousand,
- the deferred tax reserve amount was reduced by PLN 6,288 thousand,
- loss carried forward was increased by PLN 16,999 thousand.

Owing to the change in the way of presenting the commission income, related to the investment funds management (activity conducted by the Group's subsidiary), in the consolidated profit and loss account for the comparable period, i.e. the 1st quarter of 2003, the income in the amount of 2.227 thousand PLN, in the previously published reports captured as 'other operating income', in this report were reclassified to 'commission income'.

From 1 January to 31 March 2004, the Group's parent company – Bank Millennium, wrote off uncollectable receivables and charged them to reserves established in the amount of PLN 72,232 thousand.