

**Interim extended financial statement of
Capital Group of Bank Millennium S.A.
issued under the International Financial Reporting
Standards for the first quarter 2007**

MAIN FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	I quarter/ period from 1.01.2007 - 31.03.2007	I quarter/ period from 1.01.2006 - 31.03.2006*	I quarter/ period from 1.01.2007 - 31.03.2007	I quarter/ period from 1.01.2006 - 31.03.2006*
I. Interest income	349 546	309 616	89 482	80 512
II. Fee and commission income	131 905	88 571	33 767	23 032
III. Operating income	370 501	287 862	94 846	74 855
IV. Operating profit	105 699	86 914	27 058	22 601
V. Gross profit (loss)	105 699	86 914	27 058	22 601
VI. Net profit (loss)	84 243	69 744	21 566	18 136
VII. Net cash flows from operating activities	-246 014	-1 476 760	-62 978	-384 013
VIII. Net cash flows from investing activities	752 332	226 576	192 593	58 918
IX. Net cash flows from financing activities	0	0	0	0
X. Net cash flows, total	506 318	-1 250 184	129 615	-325 095
XI. Total Assets	26 088 491	24 692 125	6 742 083	6 273 884
XII. Deposits from banks	3 083 985	3 600 205	796 998	914 756
XIII. Deposits from customers	16 165 029	16 069 301	4 177 550	4 082 959
XIV. Equity	2 151 825	2 215 321	556 099	562 879
XV. Share capital	849 182	849 182	219 455	215 764
XVI. Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
XVII. Book value per share (in PLN / EUR)	2.53	2.61	0.65	0.66
XVIII. Diluted book value per share (in PLN / EUR)	2.53	2.61	0.65	0.66
XIX. Capital adequacy ratio	13.12%	13.63%	13.12%	13.63%
XX. Earnings (losses) per ordinary share (in PLN / EUR)	0.10	0.08	0.03	0.02
XXI. Diluted earnings (losses) per ordinary share (in PLN / EUR)	0.10	0.08	0.03	0.02
XXII. Pledged or paid dividend per share (in PLN/EUR)	0.17	0.54	0.04	0.13

* - Comparable balance sheet data (items XI-XIX and XXII) are presented, as required by IFRS, at 31.12.2006. Other comparable data are presented for the period from 1.01.2006 till 31.03.2006.

TABLE OF CONTENTS

I.	INTRODUCTION AND ACCOUNTING PRINCIPLES.....	3
II.	INFORMATON ABOUT THE ACTIVITY OF BANK MILLENNIUM GROUP IN THE FIRST QUARTER 2007.....	3
III.	CONSOLIDATED FINANCIAL DATA (GROUP).....	8
IV.	FINANCIAL DATA (BANK)	15
V.	FINANCIAL INFORMATION BROKEN DOWN INTO ACTIVITY SEGMENTS	21
VI.	DIVIDEND FOR 2006.....	25
VII.	EARNINGS PER SHARE	25
VIII.	STRUCTURE OF THE CAPITAL GROUP OF THE BANK.....	25
IX.	MATERIAL EVENTS THAT OCCURRED BETWEEN THE DATE OF THE REPORT AND ITS PUBLICATION DATE AND MIGHT BE OF SIGNIFICANT IMPACT ONTO THE FUTURE FINANCIAL RESULTS OF THE GROUP	25
X.	SHAREHOLDERS WITH AT LEAST 5% OF TOTAL NUMBER OF VOTES AT THE GSM OF THE DOMINANT ENTITY OF THE GROUP - BANK MILLENNIUM S.A.....	25
XI.	TABLE OF SHARES OF BANK MILLENNIUM S.A. HELD BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS	26
XII.	PENDING COURT CASES.....	27
XIII.	INFORMATION ON LOAN SURETIES OR GUARANTEES GRANTED BY THE BANK	27
XIV.	INFORMATION ON INCOME TAX	27
XV.	INFORMATION ON ISSUE/REPURCHASE/REPAYMENT OF DEBT SECURITIES AND EQUITIES	28
XVI.	DESCRIPTION OF TRANSACTIONS WITH RELATED ENTITIES	29

I. INTRODUCTION AND ACCOUNTING PRINCIPLES

The below extended financial report, containing data of the Capital Group of Bank Millennium S.A. (the Group) and of Bank Millennium S.A. (the Bank) for the first quarter 2007, composed of the balance sheet, income statement, reports on changes to equities and cash flows, and additional explanatory notes, has been issued based on the International Financial Reporting Standards/ International Accounting Standards (the IFRS). The Group has implemented the IFRS as the financial reporting basis, pursuant to the Regulation of the European Parliament and Council no. 1606/2002/WE, and the guidelines of the amended Accounting Act, as of January 1, 2005, whilst the solo report of the Bank has been based on IFRS, as of January 1, 2006. The financial report complies with the IFRS adopted by European Community, described in detail in the Annual 2006 Consolidated Report of the Group, (published on February 28, 2007) and shall be considered an interim report under IAS 34.

II. INFORMATION ABOUT THE ACTIVITY OF BANK MILLENNIUM GROUP IN THE FIRST QUARTER 2007

In the first quarter 2007 the consolidated net profit of Bank Millennium Capital Group totaled PLN 84.2 million, showing a growth of 20.8% versus the corresponding period of 2006 (PLN 69.7 million).

The Group continues to grow at a fast pace, maintaining the solid trend already observed in previous quarters' results. Positive financial results in 1Q 2007 can be summarized by the following figures:

- **ROE:** increased from 11.6% to 15.4%
- **Net interest income:** +13.1% y/y (on a pro-forma basis)
- **Net commissions income:** +47.3% y/y
- **Total costs:** + 18.9 % (or 5.3 % if excluding expansion and re-branding projects)
- **Cost to income ratio:** dropped from 67.5% to 62.3%
- **Impaired to total loans ratio:** dropped from 9.1% to 5.4%
- **Solvency ratio:** at 13.1%

As far as business development is concerned, the first quarter 2007 also showed the continuation of a very dynamic and positive trend, in particular:

- **Total customers funds** grew 26% y/y, supported by the strong growth of mutual funds (+108% y/y, +PLN 782 million in 1Q07)
- **Total loans** jumped 58% y/y, with record quarterly sales in:
 - mortgage loans:** PLN 1.6 billion disbursements in 1Q07 (+109% y/y)
 - credit cards:** +44 thousand new cards (101% growth in loans y/y)
 - cash loans:** PLN 196 million disbursements (+62% y/y)
- **Cross selling ratio:** increased to 3.07 products per customer
- **New active clients in Retail:** 34 thousand in 1Q07
- **Leasing:** production increased 55% y/y, to PLN 361 million in 1Q07
- **Factoring:** invoices turnover grew 133% y/y (to PLN 517 million in 1Q07)

I – FINANCIAL RESULTS AFTER 1Q 2007

Operating Income (PLN million)	1Q 2007	1Q 2006	Change
Net Interest Income *	180.5	159.6	+13.1%
Net Commissions Income	114.0	77.4	+47.3%
Other Non-Interest Income *	76.0	50.8	+49.5%
Operating Income	370.5	287.9	+28.7%

(*) Pro-forma data: Net Interest Income includes margin from all derivatives which hedge FX loan portfolio. 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. The margin from these operations is reflected in Net Interest Income since aforementioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides pro-forma data. For the purpose of the report the pro-forma statement presents all margin from derivatives included in Net Interest Income, whereas in accounting terms part of this margin (PLN 11.8 m in 1Q 2007) is presented in Other Non-Interest Income. In the Bank's opinion such approach allows better understanding of the real evolution of this item from economic point of view.

Net interest income (on a pro-forma basis) of the Group in 1Q 2007 amounted to PLN 180.5 million and was 13.1% higher than for comparable period of last year's, reflecting a stable upward trend. Net interest margin stabilised at 2.9%.

Net commissions income jumped by 47.3% y/y, mainly as a result of the strong growth of mutual funds, bancassurance products and credit cards.

Other non-interest income increased by 49,5% versus last year mostly due to bigger FX results. Foreign exchange results grew strongly from PLN 30.1 million to 51.4 million in 1Q 2007 (+71%) mainly driven by FX denominated mortgage loans and FX transaction with companies.

The increase of the three above mentioned income groups translated into strong **net operating income** growth of 28.7 % compared with 1Q 2006 (to the amount of PLN 370.5 million).

Operating Costs (PLN million)	1Q 2007	1Q 2006	Change
Personnel Costs	121.9	90.3	+35.1%
Other Administrative Costs	92.4	87.5	+5.6%
Depreciation & impairment of fixed assets	16.6	16.5	+0.5%
Total Operating Costs	230.9	194.3	+18.9%
<i>Of which expansion and new image</i>	<i>28.9</i>	<i>2.4</i>	<i>-</i>
Operating costs without expansion	202.0	191.9	+5.3%

Total Costs of the Group in 1Q 2007 grew 18.9% y/y mainly as a result of branch expansion project but they were lower than in the fourth quarter 2006. If not considering the costs connected with

expansion (PLN 28.9 million, of which 15.4 million personnel costs), total costs would grow only 5.3 %. Branch expansion was the main driver of staff increase of 841 employees during the last 12 months. At the end of March 2007, the Group employed 5383 persons.

Despite the additional costs of the network expansion, the Group improved **cost to income ratio** to 62.3% (compared to 67.5% a year ago).

In the first 3 months of 2007, the Group created **net provisions** of PLN 33.9 million. This value is strongly influenced by creation of “generic” (IBNR) provisions of PLN 19.2 million associated with the strong growth of the loan portfolio.

Pre-tax profit of the Group in 1Q 2007 stood at PLN 105.7 million (+21.6% y/y), with **net profit** at PLN 84.2 million.

II - BUSINESS RESULTS AFTER 1Q 2007

As at 31 March 2007, **Total Assets** of the Group stood at PLN 26 088 million, growing 17 % versus last year.

Key Business Volumes (PLN million)	31.03.2007	31.03.2006	Change
Total Assets	26 088	22 302	17.0%
Total Customer Funds *	20 490	16 228	+ 26.3%
- where Deposits	16 165	14 148	+14.3%
- where Mutual Funds	4 325	2 079	+108.0%
Total Loans to Customers	16 674	10 548	+58.1%
- where Mortgage loans	9 048	4 197	+115.6%

** include Customers' deposits, mutual funds and retail bonds*

The net value of **Loans to Customers** jumped 58% as compared with one year before, and reached the level of PLN 16 674 million.

Consumer loans continues to be the main driver of the increase. In the first quarter of 2007 Bank Millennium has beaten record in quarterly sales in all three main products of its consumer lending business:

- **Mortgage loans:** the Bank sold in 1Q 2007 more mortgages (PLN 1 590 million) than in 4Q 2006 (PLN 1 473 million); total portfolio grew 116% y/y to the level of PLN 9 048 million. After two months of 2007, Bank's market share in new mortgages sold was 14.4% and in total stock 10.3%. In the beginning of the year, the Bank was awarded with the best mortgage product title from *Home and Market* monthly magazine.

- **Credit cards:** total number sold by the Bank in 1Q 2007 reached 44 thousands (so far the highest sale was 37 thousands in 2Q 2006), which enabled overcoming 300 thousands of active cards in use as on 31 March 2007 (91% growth versus last year). The Bank was honoured with *Silver Rock Award* from *MasterCard* for exceptional achievements in credit cards development in 2006.
- **Cash loans:** record sale of PLN 196 million in 1Q 2007 (62% growth versus last year); total portfolio reached PLN 744 million (up 156% y/y).

On the companies side, **corporate loans** grew 11% y/y. Volume of leasing portfolio reached PLN 2 040 million after 1Q 2007 due to strong sales of PLN 361 million during the quarter (55% more than 1Q 2006). Factoring measured by invoices turnover grew even faster (133% y/y) reaching PLN 517 million. According to *Rzeczpospolita* daily data and own estimates, the Group has 6.2% market share of movables leasing and 8.2% of factoring business in Poland (in 1Q 2007).

Total **Customers' Funds**, including mutual funds, totaled PLN 20 490 million as at 31 March 2007, which means an increase of 26.3% y/y. As previously, the strongest growth came from mutual funds – increase by 108% to the amount of PLN 4 325 million. This means the increase of the market share from 2.9% to 3.7% during the year and the 6th position in Poland. Total customer funds do not include PLN 830 million of third parties saving products (insurance and mutual funds) sold to Bank's affluent customers.

Total number of retail clients grew by 34 thousands during 1Q 2007 to the amount of 779 thousand. On the other hand, the Bank managed to acquire 345 new corporate customers during the quarter. The number of individual Customers using the Bank's services via internet reached 485 thousand growing strongly by 59 % y/y. Additionally there were 27.9 thousand internet users among companies.

III – LOANS QUALITY AND SOLVENCY

Loan quality and solvency indicators	31.03.2007	31.03.2006
Total impaired loans (PLN million)	946	1 022
Impaired Loans over Total Loans	5.4%	9.1%
Total Provisions over Impaired Loans	72%	66%
Equity	2 152	2 463
CAR	13.1%	19.2%

The **quality** of the Group's loan portfolio (calculated using International Financial Reporting Standards) as at 31.03.2007 improved versus previous periods. Value of impaired to total loans ratio dropped to 5.4%. This improvement was due to the drop in total impaired loans by PLN 76 million since March 2006 and due to an increase of the loan portfolio. Impaired loans coverage by provisions reached 72% level.

The **solvency ratio** of the Group dropped to 13.1% against 19.2% a one year before as a consequence of the strong lending expansion. Drop in equity during the year was caused by the exceptionally high dividend paid in 2006 (PLN 458.6 million or 81% of 2005 net profit).

The General Shareholders' Meeting approved on March 26th 2007 the dividend of PLN 144.4 million, which represents 48% of the consolidated net profit for 2006.

IV – BRANCH NETWORK EXPANSION

In the 1st Quarter of 2007, the Bank continued the earlier announced programme of branch network expansion. As at 31.03.2007, the Bank had already opened 74 branches, of which 26 Financial Centres, 35 Retail & Business branches and 13 pure retail and Credit Centres. Among them there were 38 new and 36 branches transformed according to the new standards. For the needs of newly opened or adjusted to the new standards branches, Bank recruited or allocated 902 employees.

The Branch expansion project already contributes significantly to the growth of Customers number and business volumes. In 1Q 2007, the Bank acquired 34 thousands new retail customers, of which 66% due to branch expansion project. Also 35% of total retail customers' funds increase (by PLN 1.1 billion) during 1Q 2007 is attributed to branch expansion.

The evolution of total expenditures for the new or upgraded branches is so far below the expectations. Total additional costs due to branch expansion project stood at PLN 28.9 million in 1Q 2007. Total accumulated investments (2006 plus 1Q 2007) connected with the expansion and re-branding activities reached PLN 69 million.

V - SHARE PRICE INDICATORS

	31.03.2007	31.03.2006
Shares outstanding – period end	849 181 744	849 181 744
Closing price – period end (PLN)	11.19	7.20
Book value per share (PLN)	2.53	2.90
Earnings per share (PLN) - quarterly	0.10	0.08
Return on equity (ROE)	15.4%	11.6%

III. CONSOLIDATED FINANCIAL DATA (GROUP)

ASSETS

<i>Amount '000 PLN</i>	31.03.2007	31.12.2006
I. Cash, balances with the Central Bank	824 953	965 834
II. Loans and advances to banks	1 360 635	1 123 131
III. Financial assets valued at fair value through profit and loss	4 068 252	3 742 760
IV. Hedging derivatives	64 357	108 027
V. Loans and advances to customers	16 673 923	14 937 743
VI. Investments securities	2 321 813	2 931 656
- available for sale	2 321 813	2 931 656
- held to maturity	0	0
VII. Investments in associates	7 016	7 016
VIII. Receivables from securities bought with sell-back clause	24 278	15 509
IX. Property, plant and equipment	289 082	297 040
X. Intangible assets	19 544	21 578
XI. Non-current assets held for sale	20 038	25 907
XII. Deferred income tax assets	112 898	127 370
XIII. Other assets	301 702	388 554
Total Assets	26 088 491	24 692 125

LIABILITIES

<i>Amount '000 PLN</i>	31.03.2007	31.12.2006
I. Deposits from banks	3 083 985	3 600 205
II. Financial liabilities valued at fair value through profit and loss	462 443	298 709
III. Hedging derivatives	7 564	14 506
IV. Deposits from customers	16 165 029	16 069 301
V. Liabilities from securities sold with buy-back clause	3 278 588	1 428 134
VI. Debt securities	6 503	5 705
VII. Provisions	15 279	10 400
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	1 725	1 436
X. Other liabilities	600 925	741 099
XI. Subordinated debt	314 625	307 309
Total Liabilities	23 936 666	22 476 804

EQUITY

I. Share capital	849 182	849 182
II. Share premium	471 709	471 709
III. Revaluation reserve	6 503	9 881
IV. Retained earnings	824 431	884 549
Total equity attributable to equity holders of the parent company	2 151 825	2 215 321
Minority interests	0	0
Total Equity	2 151 825	2 215 321
Total Liabilities and Equity	26 088 491	24 692 125
Capital adequacy ratio	13.12%	13.63%
Book value	2 151 825	2 215 321
Number of shares	849 181 744	849 181 744
Book value per share (in PLN)	2.53	2.61

OFF-BALANCE SHEET ITEMS

<i>Amount '000 PLN</i>	31.03.2007	31.12.2006
Contingent liabilities granted and received	8 859 874	6 442 924
1. Liabilities granted:	6 483 733	5 960 867
a) financial	4 944 085	4 582 952
b) guarantees	1 539 648	1 377 915
2. Liabilities received:	2 376 141	482 057
a) financial	1 946 939	50 000
b) guarantees	429 202	432 057

CONSOLIDATED INCOME STATEMENT

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Interest income	349 546	309 616
II. Interest expense	-180 812	-150 627
III. Net interest income	168 734	158 989
IV. Fee and commission income	131 905	88 571
V. Fee and commission expense	-17 928	-11 191
VI. Net fee and commission income	113 977	77 380
VII. Dividend income	0	0
VIII. Result on investment activity	4 758	8 878
IX. Result on financial instruments valued at fair value through profit and loss	26 635	11 469
X. Result from other financial instruments	-1 815	-1 361
XI. Foreign exchange profit	51 401	30 139
XII. Other operating income	19 380	22 983
XIII. Other operating expenses	-12 569	-20 615
XIV. Operating income	370 501	287 862
XV. General and administrative expenses	-214 345	-177 780
XVI. Impairment losses on financial assets	-34 402	-6 670
XVII. Impairment losses on non financial assets	524	-108
XVIII. Depreciation and amortization	-16 579	-16 390
XIX. Operating expenses	-264 802	-200 948
XX. Operating profit	105 699	86 914
XXI. Share of profit of associates	0	0
XXII. Gross profit (loss)	105 699	86 914
XXIII. Corporate income tax	-21 456	-17 170
XXIV. Net profit (loss)	84 243	69 744
Attributable to:		
Equity holders of the parent	84 243	69 744
Minority interests	0	0
Weighted average number of ordinary shares	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	0.10	0.08

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2007	2 215 321	849 182	471 709	9 282	599	884 549
- purchase/sale and valuation of available for sale financial assets	-2 487	0	0	-2 487	0	0
- effect of valuation of derivatives designated for future cash flows hedge	-891	0	0	0	-891	0
- net income (loss) of the period	84 243	0	0	0	0	84 243
- dividend	-144 361	0	0	0	0	-144 361
Equity at the end of the period (closing balance) 31.03.2007	2 151 825	849 182	471 709	6 795	-292	824 431

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2006	2 390 823	849 182	471 709	27 612	0	1 042 320
- purchase/sale and valuation of available for sale financial assets	1 832	0	0	1 832	0	0
- effect of valuation of derivatives designated for future cash flows hedge	901	0	0	0	901	0
- net income (loss) of the period	69 744	0	0	0	0	69 744
Equity at the end of the period (closing balance) 31.03.2006	2 463 300	849 182	471 709	29 444	901	1 112 064

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Net profit (loss)	84 243	69 744
II. Adjustments for:	-330 257	-1 546 504
1. Minority profit (loss)	0	0
2. Interests in net income (loss) of associated companies	0	0
3. Depreciation and amortization	16 579	16 390
4. Foreign exchange (gains)/ losses	3 072	6 086
5. Dividends	0	0
6. Changes in provisions	4 879	1 347
7. Result on sale and liquidation of investing activity assets	-7 352	-8 584
8. Change in financial assets valued at fair value through profit and loss	-261 607	-449 080
9. Change in loans and advances to banks	255 874	-25 358
10. Change in loans and advances to customers	-1 740 781	-966 058
11. Change in receivables from securities bought with sell-back clause	-8 769	293 631
12. Change in financial liabilities valued at fair value through profit and loss	156 792	-205 460
13. Change in deposits from banks	-516 220	150 278
14. Change in deposits from customers	95 728	144 897
15. Change in liabilities from securities sold with buy-back clause	1 850 454	-262 454
16. Change in debt securities	798	-36 751
17. Change in income tax settlements	20 010	19 995
18. Income tax paid	-4 457	-135 070
19. Change in other assets and liabilities	-197 683	-94 417
20. Other	2 426	4 104
III. Net cash flows from operating activities	-246 014	-1 476 760

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Inflows:	756 011	227 721
1. Proceeds form sale of property, plant and equipment and intangible assets	8 900	114 938
2. Proceeds form sale of shares in associates	0	0
3. Proceeds form sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds form sale of investment financial assets	747 111	112 783
5. Other	0	0
II. Outflows:	-3 679	-1 145
1. Acquisition of property, plant and equipment and intangible assets	-3 679	-1 145
2. Acquisition of shares in associates	0	0
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	0	0
5. Other	0	0
III. Net cash flows from investing activities	752 332	226 576

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Inflows:	0	0
1. Long-term bank loans	0	0
2. Issue of debt securities	0	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	0	0
1. Repayment of long-term bank loans	0	0
2. Redemption of debt securities	0	0
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	0	0
7. Other	0	0
III. Net cash flows from financing activities	0	0
D. NET CASH FLOWS, TOTAL (A III+B III+C III)	506 318	-1 250 184
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	1 642 747	3 555 653
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	2 149 065	2 305 469

ADDITIONAL EXPLANATIONS ON FINANCIAL DATA***DISCOUNT/PREMIUM ON DEBT SECURITIES WITH INTEREST COUPON***

In 2007 the Bank (and then the Group) changed the methodology of presentation in the Profit and Loss Account of revenue (costs) from debt securities with interest coupon classified for the "Held for Trading" portfolio. Until the end of 2006 the settled discount (premium) on these securities was reported as "result on financial instruments measured at fair value through the profit and loss account". As of 1st January 2007 the settled discount (premium) is presented as a component of interest margin, with appropriate adjustments of comparable data being done.

SALE OF CORPORATE RECEIVABLES

In the 1st Quarter 2007 the Bank signed with a securitisation fund created and managed by BPH Towarzystwo Funduszy Inwestycyjnych S.A. with its seat in Warsaw, agreements on sale of impaired corporate receivables (largely presented in off-balance sheet records), the total amount of the receivables being PLN 541,604,226.81. The impact of this transaction on the financial result of the Bank (and the Group) before tax was PLN 9.1 million.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH THE PROFIT AND LOSS ACCOUNT

At present both the Bank and the Group classify as financial instruments measured at fair value through the profit and loss account only instruments for trading, not using the possibility of designating for this category instruments at initial presentation.

RATES USED TO CONVERT FINANCIAL DATA TO EURO

The following FX rates were used to convert figures to EURO:

- for balance sheet items: 3.8695 PLN/EURO rate on 31 March 2007 (for comparable data: 3.9357 PLN/EURO),
- for profit and loss account items for the period between 1 January – 31 March 2007 – 3.9063 PLN/EURO, computed as average of rates at ends of months covered by the report (for comparable data: 3.8456 PLN/EURO).

IV. FINANCIAL DATA (BANK)

ASSETS

<i>Amount '000 PLN</i>	31.03.2007	31.12.2006
I. Cash, balances with the Central Bank	824 917	965 817
II. Loans and advances to banks	1 360 635	1 123 131
III. Financial assets valued at fair value through profit and loss	4 067 774	3 742 385
IV. Hedging derivatives	64 357	108 027
V. Loans and advances to customers	16 250 513	14 109 193
VI. Investments securities	2 438 534	2 929 896
- available for sale	2 438 534	2 929 896
- held to maturity	0	0
VII. Investments in associates	163 203	159 156
VIII. Receivables from securities bought with sell-back clause	24 278	15 509
IX. Property, plant and equipment	252 364	263 910
X. Intangible assets	18 655	20 936
XI. Non-current assets held for sale	5 961	12 086
XII. Deferred income tax assets	69 449	82 451
XIII. Other assets	347 941	837 466
Total Assets	25 888 581	24 369 963

LIABILITIES

<i>Amount '000 PLN</i>	31.03.2007	31.12.2006
I. Deposits from banks	3 083 985	3 600 205
II. Financial liabilities valued at fair value through profit and loss	462 734	298 744
III. Hedging derivatives	7 564	14 506
IV. Deposits from customers	16 294 317	16 195 022
V. Liabilities from securities sold with buy-back clause	3 338 658	1 477 686
VI. Debt securities	5 705	5 705
VII. Provisions	15 279	10 400
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	0	0
X. Other liabilities	520 626	631 338
XI. Subordinated debt	314 625	307 309
Total Liabilities	24 043 493	22 540 915

EQUITY

I. Share capital	849 182	849 182
II. Share premium	472 343	472 343
III. Revaluation reserve	6 530	9 881
IV. Retained earnings	517 033	497 642
Total Equity	1 845 088	1 829 048
Total Liabilities and Equity	25 888 581	24 369 963

Capital adequacy ratio	10.54%	11.92%
-------------------------------	---------------	---------------

Book value	1 845 088	1 829 048
Number of shares	849 181 744	849 181 744
Book value per share (in PLN)	2.17	2.15

OFF-BALANCE SHEET ITEMS

<i>Amount '000 PLN</i>	31.03.2007	31.12.2006
Contingent liabilities granted and received	8 964 263	6 583 398
1. Liabilities granted:	6 586 539	6 045 675
a) financial	5 044 596	4 666 790
b) guarantees	1 541 943	1 378 885
2. Liabilities received:	2 377 724	537 723
a) financial	1 946 939	50 000
b) guarantees	430 785	487 723

INCOME STATEMENT

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Interest income	322 864	274 651
II. Interest expense	-182 789	-154 655
III. Net interest income	140 075	119 996
IV. Fee and commission income	100 950	69 843
V. Fee and commission expense	-15 278	-8 949
VI. Net fee and commission income	85 672	60 894
VII. Dividend income	111 062	491 007
VIII. Result on investment activity	4 758	8 878
IX. Result on financial instruments valued at fair value through profit and loss	26 613	11 169
X. Result from other financial instruments	-1 815	-1 361
XI. Foreign exchange profit	53 503	27 650
XII. Other operating income	11 737	6 818
XIII. Other operating expenses	-9 019	-12 463
XIV. Operating income	422 586	712 588
XV. General and administrative expenses	-197 434	-161 826
XVI. Impairment losses on financial assets	-32 340	-6 133
XVII. Impairment losses on non financial assets	-90	-108
XVIII. Depreciation and amortization	-15 059	-16 233
XIX. Operating expenses	-244 923	-184 300
XX. Operating profit	177 663	528 288
XXI. Share of profit of associates	0	0
XXII. Gross profit (loss)	177 663	528 288
XXIII. Corporate income tax	-13 911	-10 806
XXIV. Net profit (loss)	163 752	517 482
Weighted average number of ordinary shares	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	0.19	0.61

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2007	1 829 048	849 182	472 343	9 282	599	497 642
- purchase/sale and valuation of available for sale financial assets	-2 460	0	0	-2 460	0	0
- effect of valuation of derivatives designated for future cash flows hedge	-891	0	0	0	-891	0
- net income (loss) of the period	163 752	0	0	0	0	163 752
- dividend	-144 361	0	0	0	0	-144 361
Equity at the end of the period (closing balance) 31.03.2007	1 845 088	849 182	472 343	6 822	-292	517 033

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2006	1 642 662	849 182	472 343	27 617	0	293 520
- purchase/sale and valuation of available for sale financial assets	1 832	0	0	1 832	0	0
- effect of valuation of derivatives designated for future cash flows hedge	901	0	0	0	901	0
- net income (loss) of the period	517 482	0	0	0	0	517 482
Equity at the end of the period (closing balance) 31.03.2006	2 162 877	849 182	472 343	29 449	901	811 002

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Net profit (loss)	163 752	517 482
II. Adjustments for:	-289 100	-2 003 293
1. Interests in net income (loss) of associated companies	0	0
2. Depreciation and amortization	15 059	16 233
3. Foreign exchange (gains) losses	3 250	5 994
4. Dividends	-111 062	-491 007
5. Changes in provisions	4 879	1 035
6. Result on sale and liquidation of investing activity assets	-5 837	829
7. Change in financial assets valued at fair value through profit and loss	-261 504	-449 625
8. Change in loans and advances to banks	255 874	-25 390
9. Change in loans and advances to customers	-2 145 594	-958 869
10. Change in receivables from securities bought with sell-back clause	-8 769	293 474
11. Change in financial liabilities valued at fair value through profit and loss	157 048	-205 985
12. Change in deposits from banks	-516 220	150 218
13. Change in deposits from customers	99 295	136 986
14. Change in liabilities from securities sold with buy-back clause	1 860 972	-472 926
15. Change in debt securities	0	98
16. Change in income tax settlements	13 788	10 914
17. Income tax paid	0	0
18. Change in other assets and liabilities	345 514	-18 576
19. Other	4 207	3 304
III. Net cash flows from operating activities	-125 348	-1 485 811

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Inflows:	635 647	236 640
1. Proceeds form sale of property, plant and equipment and intangible assets	7 209	114 823
2. Proceeds form sale of shares in associates	0	0
3. Proceeds form sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds form sale of investment financial assets	628 438	121 817
5. Other	0	0
II. Outflows:	-4 000	-1 005
1. Acquisition of property, plant and equipment and intangible assets	0	-55
2. Acquisition of shares in associates	-4 000	-950
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	0	0
5. Other	0	0
III. Net cash flows from investing activities	631 647	235 635

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2007 - 31.03.2007	1.01.2006 - 31.03.2006
I. Inflows:	0	0
1. Long-term bank loans	0	0
2. Issue of debt securities	0	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	0	0
1. Repayment of long-term bank loans	0	0
2. Redemption of debt securities	0	0
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	0	0
7. Other	0	0
III. Net cash flows from financing activities	0	0
D. NET CASH FLOWS, TOTAL (A III+B III+C III)	506 299	-1 250 176
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	1 642 730	3 555 633
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	2 149 029	2 305 457

ADDITIONAL EXPLANATIONS ON FINANCIAL DATA***WRITE-OFF OF UNCOLLECTIBLE RECEIVABLES AGAINST PROVISIONS***

Between January 1 and March 31, 2007 the Bank wrote off uncollectible receivables against created provisions at PLN 2 462 thousand.

V. FINANCIAL INFORMATION BROKEN DOWN INTO ACTIVITY SEGMENTS

Business Segments

The activity of Group Bank Millennium is conducted through different business lines offering specific products and services targeted to approach the following market segments:

a) Retail Segment

This segment includes the following business areas: mass market individuals, affluent individuals and micro businesses and individual entrepreneurs.

The activity of the above mentioned areas is developed through the disposal of a complete panoply of banking products, complemented by specialized products developed by the Group's subsidiary companies. In the area of credit: mortgage loans, consumer loans, credit cards loans and leasing for small business constitute the major drives of volumes increase. On the side of customer funds, the main products are: current accounts, term deposits, mutual funds and structured products. Bancassurance products are also commercialised in this segment, especially together with loans and credit cards. Offer was recently enriched with selective mutual funds of other financial intermediaries and international investment funds.

b) Corporate Segment

The corporate segment includes the commercial activity made with SME, big and large corporate companies. Product offer of these segments is sold as well to local governments and other public entities.

The commercial activity in the corporate segment is driven by a high quality base offer of typical banking products (working capital loans, investments loans, current accounts, term deposits) complemented by a modern and easy set of cash management products, treasury product and more sophisticated derivative products. Cross selling of leasing and trade finance products is very active for Corporate Clients.

c) Investment and treasury activities

The segment of investment activities consists of the Group activities in capital investment for the bank own account, brokerage activities, interbank and debt securities market operations that are not allocated to other segments.

d) Not allocated (other) assets and liabilities, incomes and costs (other)

Not allocated assets and liabilities include own equity, other assets and liabilities, assets and liabilities from hedging transactions, deferred tax asset and cash not allocated to any segment.

Own equity are presented at the Group level in "Other" column only for the presentational purposes.

Tax charge is shown only at the Group level.

Geographical segments

Bank Millennium Group operates exclusively on territory of the Republic of Poland and no significant differences in risk were identified as regarding the geographical location of its outlets. Therefore, the Group does not present financial statements with a breakdown into geographical areas.

Accounting policies

Accounting policies applied in segment reporting are in accordance with the International Accounting Standard 14.

For each segment there is determined gross result, including:

- q Interest result calculated on the basis of external interest from working assets and liabilities of the segment and internal interest income or cost from allocated assets / liabilities, measured using internal transfer interest rates based on market interest rates;
- q Net commissions income;
- q Other income from financial operations and FX transactions (mostly generated by Investment and Treasury operations) like dividend income, result on investment and trading activity, income from FX transactions, result from other financial instruments;
- q Other operating income and cost;
- q Provisions for impairment of financial and non financial assets;
- q Share of the segment in personnel and administrative costs;
- q Share of the segment in depreciation

The segment's assets and liabilities are operational assets and liabilities used by that segment in its operating activities, allocated to a particular business segment based on rational business assumptions. Gap between assets and liabilities in each business segment is covered by money market assets/liabilities and securities. Assets /liabilities of Treasury and Investment banking include money market assets /liabilities and securities. Not allocated assets/liabilities are shown in column "Other".

Buildings and land, that as result of the optimisation process will not be used in further banking activity are shown as assets in Retail Banking. Fixed assets for resale from terminated leasing contracts are part of Corporate Banking assets.

31.03.07

PLN thousand	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
Net interest income	108 629	39 309	20 796	0	168 734
external interest income	147 365	73 017	129 164	0	349 546
external interest cost	-73 626	-34 475	-72 711	0	-180 812
External interest income less cost	73 739	38 542	56 453	0	168 734
internal income	102 241	55 286	-157 527	0	0
internal cost	-67 351	-54 518	121 870	0	0
Internal income less cost allocated	34 890	768	-35 657	0	0
Net commission income	82 489	20 943	10 545	0	113 977
Dividends, Result from financial operations and Fx transactions	40 107	16 815	24 057	0	80 979
Other income	-278	-689	7 778	0	6 811
Operating Income	230 947	76 378	63 176	0	370 501
Staff costs	-78 836	-26 496	-16 581	0	-121 913
Other administrative costs and net other operating costs	-72 500	-18 078	-1 854	0	-92 432
Impairment cost of financial assets	-41 773	12 254	-4 359	0	-33 878
Impairment cost of non financial assets			0	0	0
Depreciation	-14 115	-4 164	1 700	0	-16 579
Operating costs	-207 224	-36 484	-21 094	0	-264 801
Operating Profit	23 723	39 894	42 081	0	105 699
Profit before taxes	23 723	39 894	42 081	0	105 699
Income taxes					-21 456
Net profit					84 243

31.03.07

PLN thousand

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total / consolidated
Assets					
Segment assets	11 826 461	5 442 462	7 774 580	256	25 043 759
<i>Incl. capital investments</i>	4 793	956	19	256	6 023
Assets allocated to segment	1 392 519	4 598 978	-5 991 496		0
Assets not allocated to segment	0	0	0	1 044 732	1 044 732
Total	13 218 980	10 041 440	1 783 084	1 044 988	26 088 491
Liabilities					
Segment Liabilities	9 739 706	9 414 912	3 694 112	0	22 848 730
Liabilities allocated to segment	2 799 407	112 785	-2 912 192		0
Liabilities not allocated to segment	0	0	0	1 087 936	1 087 936
Equity				2 151 825	2 151 825
Total	12 539 113	9 527 697	781 920	3 239 761	26 088 491

31.03.06

PLN thousand	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
Net interest income	78 907	44 366	35 717	0	158 989
external interest income	70 609	76 768	162 238	0	309 616
external interest cost	-57 041	-34 805	-58 781	0	-150 627
External interest income less cost	13 569	41 963	103 457	0	158 989
internal income	90 097	52 150	-142 248	0	0
internal cost	-24 760	-49 748	74 508	0	0
Internal income less cost allocated	65 337	2 403	-67 740	0	0
Net commission income	49 261	19 798	8 321	0	77 380
Result from financial operations and Fx transactions	20 630	12 983	15 512	0	49 125
Other income	-80	169	2 279	0	2 368
Operating Income	148 797	77 147	61 828	0	287 862
Staff costs	-57 123	-20 853	-12 278	0	-90 254
Other administrative costs and net other operating costs	-63 711	-19 346	-4 469	0	-87 526
Impairment cost of financial assets	-7 803	1 185	-160	0	-6 778
Impairment cost of non financial assets	0	0	0	0	0
Depreciation	-12 469	-3 390	-531	0	-16 390
Operating costs	-141 105	-42 404	-17 439	0	-200 948
Operating Profit	7 693	34 743	44 390	0	86 914
Profit before taxes	7 693	34 743	44 390	0	86 914
Income taxes					-17 170
Net profit					69 744

Balance Sheet as at 31.12.2006

PLN thousand	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
ASSETS					
Segment assets	10 226 125	6 855 735	6 370 405	25 102	23 477 367
- including capital investments	58 576	5 617	2 981	25 102	92 276
Assets allocated to segment	2 366 936	2 596 831	-4 963 767	0	0
Assets not allocated to segment	0	0	0	1 214 758	1 214 758
Total	12 593 060	9 452 567	1 406 638	1 239 860	24 692 125
LIABILITIES AND EQUITY					
Segment liabilities	9 652 091	6 168 095	5 590 467	0	21 410 654
Liabilities allocated to segment	2 330 022	2 794 867	-5 124 888	0	0
Liabilities not allocated to segment	0	0	0	1 066 150	1 066 150
Equity	0	0	0	2 215 321	2 215 321
Total	11 982 113	8 962 962	465 579	3 281 471	24 692 125

VI. DIVIDEND FOR 2006

On 26.03.2007 the Bank's Ordinary GSM passed a resolution on assignment for payment of dividend of the amount of PLN 144,360,896.48, which gives PLN 0.17 gross per share, at the same time deciding that eligible for dividend shall be persons who are shareholders on 9.05.2007 and that payment of dividend shall be done on 23.05.2007.

VII. EARNINGS PER SHARE

Earnings per share (and the diluted EPS) for the first quarter 2007, calculated based on the consolidated profit is PLN 0.10.

VIII. STRUCTURE OF THE CAPITAL GROUP OF THE BANK

In the period from 1st January to 31st March 2007 no changes occurred in the structure of the Group. In result the organisational chart of the Group, presented in the 2006 financial report published on 28th February 2007, remains valid.

IX. MATERIAL EVENTS THAT OCCURRED BETWEEN THE DATE OF THE REPORT AND ITS PUBLICATION DATE AND MIGHT BE OF SIGNIFICANT IMPACT ONTO THE FUTURE FINANCIAL RESULTS OF THE GROUP

Such events did not occur.

X. SHAREHOLDERS WITH AT LEAST 5% OF TOTAL NUMBER OF VOTES AT THE GSM OF THE DOMINANT ENTITY OF THE GROUP - BANK MILLENNIUM S.A.

Data as at the closing date of the quarterly report based on data as at 31 December 2006

Shareholder	Number of shares	% share in share capital	Number of votes	% share in GSM votes
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51

Data as at the closing date of the current quarterly report based on data as at 31 March 2007

Shareholder	Number of shares	% share in share capital	Number of votes	% share in GSM votes
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51

XI. TABLE OF SHARES OF BANK MILLENNIUM S.A. HELD BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

Name and surname	Function	Number of shares as of the day of submission of the quarterly report prepared as of December 31 2006	Number of shares as of the day of submission of this quarterly report prepared as of March 31 2007
Bogusław Kott	Chairman of the Management Board	3 023 174	3 023 174
Luis Pereira Coutinho	Deputy Chairman of the Management Board	0	0
Fernando Bicho	Member of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	490 000	490 000
Wojciech Haase	Member of the Management Board	5 246	5 246
Joao Bras Jorge	Member of the Management Board	0	0
Wiesław Kalinowski	Member of the Management Board	0	0
Zbigniew Kudaś	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	94	94
Ryszard Pospieszynski	Deputy Chairman of the Supervisory Board	26 200	26 200
Christopher de Beck	Member of the Supervisory Board	95 000	95 000
Dimitrios Contominas	Member of the Supervisory Board	0	0
Pedro Teixeira Duarte	Member of the Supervisory Board	0	0
Marek Furtek	Member of the Supervisory Board	1	1
Jorge Manuel Jardim Goncalves	Member of the Supervisory Board	10 000	10 000
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Francisco de Lacerda	Member of the Supervisory Board	0	0
Vasco de Mello	Member of the Supervisory Board	0	0
Paulo Teixeira Pinto	Member of the Supervisory Board	0	0
Marek Rocki	Member of the Supervisory Board	0	0
Dariusz Rosati	Member of the Supervisory Board	0	0
Zbigniew Sobolewski	Member of the Supervisory Board	0	0

XII. PENDING COURT CASES

The largest pending court cases involving Bank Millennium S.A. are as follows:

Case instituted by the Bank with the suit dated 22.07.1998 against the State Treasury for PLN 65 613 512.20 under the responsibility of the State Treasury in connection with purchase, by former Bank Gdański S.A., of the receivables from health service providers, which contrary to the assurances proved disputable; On April 26, 2006 the Bank filed an appeal against the ruling, dated March 20, 2006, dismissing the Bank's lawsuit. The appeal was dismissed. The ruling is final, yet the Bank has the right to submit a cassation claim.

- Case instituted by Grzegorz Jedamski against the Bank, in connection with the suit filed to the District Court in Warsaw for awarding in his favour an amount of PLN 299 833 300 as indemnity for the illegally taken-over BIG BANK Spółka Akcyjna (former ŁBR S.A.). On 11th April 2007 a court sentence was issued dismissing the action. The sentence is not legally valid.

XIII. INFORMATION ON LOAN SURETIES OR GUARANTEES GRANTED BY THE BANK

In the 1Q 2007 the Group did not grant to any entity a loan or cash advance surety, guarantee as a result of which the total value of the Bank's exposure towards the Client as at 31 March 2007 would exceed 10% of the Bank's equity.

XIV. INFORMATION ON INCOME TAX

q The due income tax

The due income tax, debiting the gross financial result, was established pursuant to the provisions of the Act on corporate income tax, dated February 15, 1992. In the light of the legal regulations in force the Group does not constitute a tax group and consequently the amount debited to the consolidated gross result under both the due and deferred taxes is the total of proper fiscal values of the companies included in the consolidation.

In the 1st Quarter of 2007 in the Bank there was no income subject to Corporate Income Tax and consequently no obligation to make advance payments towards tax. The above was caused by utilisation of part of the tax loss incurred in 2005.

The main items determining the level of the Bank's taxable revenue were:

- ☐ Additional payments to principal of concluded CIRS transactions;
- ☐ Cash proceeds on debt securities;
- ☐ Received premiums under option contracts.

Income tax due in the amount of PLN 6.2 million, reported in the consolidated profit and loss account comprised the tax burden on subsidiaries Millennium Leasing Sp. z o.o. and Millennium TFI S.A.

q Deferred income tax

On the grounds of the Accounting Act business entities are obliged to establish provision for deferred tax, as a result of the differences in recognition of the income as obtained and cost as incurred, following the Act on corporate income tax. Therefore, companies-members of the Group establish provision for income tax every month assuming as the basis for provisioning all the timing differences, which will certainly become tax cost or income in the following reporting periods. The application of this approach allows consistent debiting of the gross financial result and guarantees that the costs and income of the current financial year will not impact the financial result of the following years. The deferred part captured in the income statement constitutes the difference between the change in the deferred tax provision and asset. In the consolidated balance sheet the deferred tax provision and assets are offset pursuant to IAS 12.

The deferred income tax recognised in the Group's income statement for the first quarter 2007 totalled PLN 15.3 million.

XV. INFORMATION ON ISSUE/REPURCHASE/REPAYMENT OF DEBT SECURITIES AND EQUITIES

In the period under review the change in the Group's liabilities from issue of debt securities was as follows (data in PLN thousands):

MOVEMENTS IN LIABILITIES FROM ISSUE OF DEBT SECURITIES

	01.01.2007- 31.03.2007
Balance at the beginning of the period	5 705
a) increases (of which)	798
- issue of short-term bonds by a subsidiary	798
b) decreases (of which)	0
Balance at the end of the period	6 503

XVI. DESCRIPTION OF TRANSACTIONS WITH RELATED ENTITIES

Any transactions made between the Group's entities in the 1st quarter of 2007 were concluded on market terms and resulted from current operations. Below please find the amounts of group-internal transactions eliminated in the process of consolidation.

MOST IMPORTANT ELIMINATIONS OF GROUP-INTERNAL TRANSACTIONS AND CONSOLIDATION ADJUSTMENTS (PLN thous.)

	31.03.2007
ASSETS	
Accounts and deposits kept in the Bank	417 095
Loans, advances, purchased receivables	1 669 966
Receivables from securities bought with a sell-back clause	60 070
Investment debt securities	133 802
Shares in associated companies	169 828
Other assets	249 356
LIABILITIES	
Liabilities from accepted deposits, loans, advances, sold receivables	2 218 687
Liabilities from securities sold with a buy-back clause	60 070
Other liabilities	129 152
INCOME STATEMENT	
	1.01.2007 - 31.03.2007
Income from:	
Interest on accounts, deposits and receivables from loans, advances, purchased receivables	20 400
Bank and brokerage commissions	24 167
Group internal dividends	111 062
Other net operating income	6 266
Expense from:	
Interest on accounts, deposits and receivables on loans, advances, sold receivables	20 215
Bank and brokerage commissions	27 360
Operations of entities subject to consolidation	5 428