



# **Report of the Bank Millennium S.A. Capital Group for 1Q 2010**

## MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	I quarter / period from 1.01.2010 - 31.03.2010	I quarter / period from 1.01.2009 - 31.03.2009*	I quarter / period from 1.01.2010 - 31.03.2010	I quarter / period from 1.01.2009 - 31.03.2009*
I. Interest income	575 840	631 528	145 162	137 306
II. Fee and commission income	161 899	145 570	40 813	31 650
III. Operating income	437 775	415 819	110 358	90 407
IV. Operating profit	85 485	13 315	21 550	2 895
V. Profit / (loss) before taxes	85 485	13 315	21 550	2 895
VI. Profit (loss) after taxes	68 100	12 096	17 167	2 630
VII. Total comprehensive income of the period	84 854	177 232	21 391	38 533
VIII. Net cash flows from operating activities	-192 184	-15 877	-48 447	-3 452
IX. Net cash flows from investing activities	-240 434	-160 865	-60 611	-34 975
X. Net cash flows from financing activities	1 040 950	1 876	262 411	408
XI. Net cash flows, total	608 332	-174 866	153 353	-38 019
XII. Total Assets	45 278 461	44 913 824	11 723 489	10 932 726
XIII. Deposits from banks	4 838 261	4 909 370	1 252 722	1 195 017
XIV. Deposits from customers	31 937 359	31 558 664	8 269 214	7 681 871
XV. Equity	3 912 699	2 787 336	1 013 075	678 481
XVI. Share capital	1 213 117	849 182	314 100	206 704
XVII. Number of shares	1 213 116 777	849 181 744	1 213 116 777	849 181 744
XVIII. Book value per share (in PLN / EUR)	3.23	3.28	0.84	0.80
XIX. Diluted book value per share (in PLN / EUR)	3.23	3.28	0.84	0.80
XX. Capital adequacy ratio	14.95%	11.29%	14.95%	11.29%
XXI. Earnings (losses) per ordinary share (in PLN / EUR)	0.07	0.01	0.02	0.00
XXII. Diluted earnings (losses) per ordinary share (in PLN / EUR)	0.07	0.01	0.02	0.00
XXIII. Pledged or paid dividend per share (in PLN/EUR)	-	-	-	-

\* Comparative balance sheet data (items XII-XX and XXIII) were presented, in compliance with IFRS requirements, as at 31 December 2009. Other comparative data are presented for the period from 1 January 2009 to 31 March 2009.

### EXCHANGE RATES ACCEPTED TO CONVERT SELECTED FINANCIAL DATA INTO EURO

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

- for balance sheet items: 3.8622 PLN/EURO – the exchange rate of 31 March 2010 (for comparative data as at 31.12.2009: 4.1082 PLN/EURO),
- for profit and loss account items for the period from 1 January – 31 March 2010 - 3.9669 PLN/EURO, the exchange rate was calculated as the average of the rates at the end of the months covered by the financial statements (for comparative data for the 1quarter 2009: 4.5994 PLN/EURO).

## **Information about the activity of Bank Millennium Capital Group after 1<sup>st</sup> quarter of 2010**

During the 1st Quarter 2010 Bank Millennium successfully completed its capital increase through a rights issue raising in February more than PLN 1 bn funds. This capital increase marked an important step to resume the growth strategy of the Group, which was announced in November last year. The new strategy envisages the sustained growth of both main business segments: retail and companies, with special focus on SMEs in the latter one. The Group wants to leverage on its key strengths, including the existing retail network of c.a. 470 branches and strong team of corporate specialists operating from 32 locations throughout Poland, in order to achieve the goals established for 2012.

1Q 2010 showed continued improvement of core income, which together with well-managed costs and stabilizing impairment provisions, brought Net Profit of the Group in the amount of PLN 68 million (consolidated figures).

### **a) Macroeconomic situation in Poland after 1Q 2010**

Although the economic activity was subdued by extremely difficult weather conditions at the beginning of the year, first quarter of 2010 showed the continuation of the economic recovery. GDP went up by 3.3% year-on-year in 4Q 2009 driven by net exports and individual consumption. The investment dynamics also went into positive territory in 4Q 2009 after half-year of decreases. The difficult weather conditions that led to the 15.2% deterioration of construction and assembly production, probably led to the annual decline of investment outlays in 1Q 2010. This was probably a short-lived disturbance, which will be neutralized in the remainder of the year. Industrial production increased by 10.1% in the first quarter of 2010 after growing by 5.0% in the 4Q 2009, suggesting that the industry is now the main driver of the value added growth. The recovery in the sector is export-driven and reflects improved business climate in our main trade partners. We estimate that the economic growth in the first quarter was equal to c.a. 3.0% year-on-year.

The main risk to the growth comes from the households sector. Private consumption dynamics deteriorated to 1.8% year-on-year in the last quarter of 2009 from 2.2% in the 3Q 2009 and 5.7% in the corresponding period of 2008. In the first three months of 2010 retail sales increased in real terms by only 0.3% year-on-year, after growing by 1.0% in the 4Q 2009. Sales could have been affected by difficult weather conditions, but the weak dynamics suggest that consumption growth in the first quarter was not much higher than in the previous period.

The labour market conditions worsened in the 1Q 2010, but the decline was driven by seasonal factors. Registered unemployment increased to 12.9% at the end of March 2010 from 11.9% at the end of December 2009. However the first signs of the recovery on the labour market could be seen. March showed an increase in employment in corporate sector despite unfavourable weather conditions. In February and March the number of declared job offers increased by ca 25% year-on-year.

In the first quarter 2010 annual CPI inflation stayed above the NBP target but within the desired target range. The annual inflation decreased from 3.5% in December to 2.6% in March, and the decrease resulted from the statistical base effects connected with the hikes of administrative prices and PLN depreciation at the beginning of 2009. Decreasing PPI inflation, especially in the manufacturing sector, suggests that firms keep engaging in aggressive promotional activity, as market conditions remain competitive.

The Monetary Policy Council kept interest rates unchanged at 3.50% in the first quarter of 2010. The Monetary Policy Council assesses the probabilities of inflation in the medium term running below or above the inflation target to be balanced, signalling neutral monetary policy bias and no rate changes in the nearest future.

In the first quarter of 2010 households deposits continued to grow on the back of stable wage growth. Corporate deposits increased as well supported by improving financial standing of corporations. At the same time high liquidity of the enterprises and low investment activity limited demand for corporate credit. Credit to households recorded moderate growth in 1Q 2010. The credit portfolio was influenced by the PLN appreciation, that reduced the PLN value of FX loans.

#### **b) Group profit and loss account on 1Q 2010**

<b>Operating Income</b> (PLN million)	<b>1Q 2010</b>	<b>4Q 2009</b>	<b>1Q 2009</b>	<b>Change q/q</b>	<b>Change y/y</b>
Net Interest Income *	233.4	205.7	180.4	13.5%	29.4%
Net Commissions Income	147.8	139.3	125.9	6.1%	17.3%
Other Non-Interest Income **	42.3	72.0	94.0	-41.3%	-55.1%
<b>Total Operating Income</b>	<b>423.5</b>	<b>417.0</b>	<b>400.4</b>	<b>1.5%</b>	<b>5.8%</b>

(\*) Pro-forma data: Net Interest Income includes margin from all derivatives. From 1st January 2006 the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps (From 1<sup>st</sup> of April 2009 the Bank extended hedge accounting principles also to FX swaps). The margin from these operations is reflected in Net Interest Income since afore-mentioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides pro-forma data, which presents all margin from derivatives in Net Interest Income caption, whereas in accounting terms part of this margin (PLN 16.0 m in 1Q 2010 and PLN 52.5 m in 1Q 2009) 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.

(\*\*) includes net "other operating income and costs"

**Net Interest Income** (pro-forma) in 1Q 2010 amounted to PLN 233.4 million and continued its recovery path started in 3Q 2009, growing by 13.5% compared to the previous quarter as a result of lower cost of deposits and lower average cost of funding in foreign currencies through FX swaps and cross-currency swaps. The total NIM (on interest earnings assets) increased to 2.2% from 1.9% in 4Q 2009 (of which spread on loans was 3.0% and spread on deposits was – 0.1%). In annual terms, Net Interest Income increased by 29.4% compared to 1Q 2009.

**Net Commission Income** grew by 6.1% quarterly, and reached PLN 147.8 million. It was mainly driven by growing bancassurance commissions, which are usually higher in the first quarter of a financial year. In annual terms Net Commissions were higher by 17.3% compared to 1Q 2009 due to increase in payment cards and account related fees, as well as fees from mutual funds and other investment products.

**Core Income** defined as the sum of Net Interest Income and Net Commission Income, grew by 10.5% quarterly and 24.4% yearly.

**Other Non-interest Income** recorded PLN 42.3 million (of which PLN 32.0 million was FX income) and was not affected by any relevant one-off items.

**Total Operating Income** of the Group reached PLN 423.5 million continuing its quarterly growth trend. Although the quarterly growth in 1Q 2010 was 1.5% only (5.8% on yearly basis), it was much more based on Core Income, whereas in the previous quarter the contribution of other non-interest income was higher.

<b>Operating Costs</b> (PLN million)	<b>1Q 2010</b>	<b>4Q 2009</b>	<b>1Q 2009</b>	<b>Change q/q</b>	<b>Change y/y</b>
Personnel Costs	122.3	107.3	118.0	14.0%	3.7%
Administrative Costs	113.2	113.4	120.0	-0.2%	-5.7%
Depreciation*	19.2	19.8	19.8	-2.8%	-2.9%
<b>Total Operating Costs</b>	<b>254.7</b>	<b>240.5</b>	<b>257.7</b>	<b>5.9%</b>	<b>-1.2%</b>

(\*) includes impairment of non-financial assets

**Total Costs** in 1Q 2010 amounted to PLN 254.7 million, which was similar to the cost values of the first three quarters of 2009. The growth of costs compared to 4Q 2009 (+5.9%) resulted from exceptionally low cost level in this particular quarter (which was partially generated by release of some cost provisions). The stable level of costs clearly proves that the Bank keeps the cost base tightly managed after the cost control measures successfully implemented in 2009.

**Personnel Costs** stood at a similar level of 1-3Q 2009 average level, although increasing by 14% compared to 4Q'09 namely due to the above mentioned release of cost provisions. Total number of employees in the Group slightly decreased in 1Q 2010 to 6,212 FTEs as at the end March, being 502 FTEs lower than in March 2009.

The structure of employment of Bank Millennium Group is presented in the table below:

<b>Employment structure</b> (in FTEs)	<b>31.03.2010</b>	<b>31.12.2009</b>	<b>31.03.2009</b>	<b>Change q/q</b>	<b>Change y/y</b>
Bank Millennium S.A.	5 823	5 862	6 298	-0.7%	-7.5%
Subsidiaries	389	383	416	1.6%	-6.5%
<b>Total Bank Millennium Group</b>	<b>6 212</b>	<b>6 245</b>	<b>6 714</b>	<b>-0.5%</b>	<b>-7.5%</b>

**Administrative Costs** remain on a low level (-5.7% y/y, flat q/q) thanks to the cost savings initiatives implemented last year and a strict cost discipline.

**Depreciation** (together with impairment charges for non-financial assets) slightly decreased by 2.8% during 1Q 2010.

**Cost to Income ratio** after 1Q 2010 decreased to 60.2% compared to 64.4% one year ago thanks to visible improvement in operating income while maintaining similar cost level.

**Impairment Provisions** created in 1Q 2010 amounted to PLN 83.3 million, which was 8.9% lower versus the previous quarter and represented 102 bps over total net loans. In annual horizon, net provisions decreased by 36% versus 1Q 2009, when there was a significant increase of impaired exposures (including the ones connected to FX derivatives). Unlike last year, significant part of new provisions in 1Q 2010 was done for retail exposures (51%), most of which connected with consumer loans. The level of new provisions created by the Bank in 1Q 2010 was still influenced by the general market situation of higher level of impaired exposures.

Bank Millennium Group reached 1Q 2010 **net profit** of PLN 68.1 million, 1.0% higher compared to 4Q 2009 and almost six times higher compared to 1Q 2009. Net profit of the Bank (on unconsolidated level) reached PLN 74.5 million in 1Q 2010.

**c) Business results after 1Q 2010**

**Total assets** of the Group reached the amount of PLN 45,278 million on 31 March 2010, which is 1% higher than total assets at the end of 2009.

Total **deposits** and retail bonds of Bank Millennium Group continued positive trend from the previous quarter and grew by 1.4% to the amount of PLN 32,266 million. Retail deposits grew by 1.9% and deposits from companies kept their high level reached in the end of 2009.

Group's deposit base is well diversified, with predominance of retail, and without big concentrations in corporate clients. The structure shows also increasing share of longer maturities, driven by structured deposits and bonds sold to individuals, as well as other retail deposits placed successfully in recent months.

At the same time other **investment products** kept the strong growth trend: 68% growth yearly (by PLN 1,525 million) and 8% growth quarterly (by PLN 292 million). Total amount of PLN 3,785 million of non-deposits investments products sold to customers (including PLN 2,533 million of own mutual funds), gives the Bank Millennium Group 3.5% share of entire market.

Total customers' funds of the Group, including deposits, bond sold to retail customers and other investment products, reached PLN 36,050 million at the end of March, i.e. a 2.1% increase during the quarter and 3.8% increase during the year.

The structure of Group's customer funds is presented in the table below:

<b>Customer Funds</b> (PLN million)	<b>31.03.2010</b>	<b>31.12.2009</b>	<b>31.03.2009</b>	<b>Change (%)</b>	
				<b>q/q</b>	<b>y/y</b>
<i>Deposits of individuals *</i>	20 475.0	20 042.7	22 182.8	2.2%	-7.7%
<i>Deposits of corporate Clients and public sector</i>	11 790.4	11 778.5	10 299.3	0.1%	14.5%
<b>Total Deposits</b>	<b>32 265.5</b>	<b>31 821.1</b>	<b>32 482.0</b>	<b>1.4%</b>	<b>-0.7%</b>
Investment products	3 785	3 493	2 260	8.4%	67.5%
<b>TOTAL Customer Funds</b>	<b>36 050.2</b>	<b>35 313.8</b>	<b>34 741.7</b>	<b>2.1%</b>	<b>3.8%</b>

(\*) including retail bonds issued by the Bank and deposits in the form of insurance policies

Total **loans** of Bank Millennium Group reached PLN 32,979 million in the end of March 2010 and decreased both in yearly and quarterly terms (by –9.0% and –1.5% respectively), which was entirely driven by an effect of depreciation of foreign currencies versus Polish Zloty.

Despite the drop of 11.3% yearly and 2.1% quarterly (due to FX effect), mortgage loans still predominate in the total portfolio structure having 65% share. Their high quality ensures low Group's cost of credit risk. Consumer loans grew by 15.4% yearly (1.1% quarterly) with 1Q'10 production of cash loans similar to 4Q'09. (PLN 225 million). The Bank continues tighter risk criteria and concentrates mainly on own customers when selling new cash loans.

FX effect caused also a drop in companies portfolio (-9.8% yearly and –0.8% quarterly) despite observed increase in production in some areas. For instance leasing quarterly sales reached the excellent level of PLN 375 million in 1Q'10, growing both yearly (37%) and quarterly (+11%), and allowing the Group to take third position on the Polish market with remarkable 8.5% market share\*. Also in factoring the Bank managed to grow turnover by 61% yearly thus improving market share to 6.4%\*\*. The Group began to implement ambitious growth strategy in companies segment having in place a strong network of sales-force supported by modern IT tools, complemented recently by a new advertising campaign.

The structure and evolution of loans and advances to Bank Millennium Group Clients, by key types of loans, is presented in the table below:

<b>Loans and advances to Clients</b> (PLN million)	<b>31.03.2010</b>	<b>31.12.2009</b>	<b>31.03.2009</b>	<b>Change (%)</b>	
				<b>q/q</b>	<b>y/y</b>
Loans to households	24 375.4	24 809.7	26 716.5	-1.8%	-8.8%
- mortgage loans	21 445.5	21 913.1	24 177.8	-2.1%	-11.3%
- other loans to households	2 929.9	2 896.6	2 538.6	1.1%	15.4%
Loans to businesses	8 603.8	8 675.3	9 543.4	-0.8%	-9.8%
- leasing	3 188.4	3 194.9	3 745.5	-0.2%	-14.9%
- other loans to businesses	5 415.4	5 480.3	5 797.9	-1.2%	-6.6%
<b>Total Loans &amp; Advances to Clients</b>	<b>32 979.1</b>	<b>33 484.9</b>	<b>36 259.9</b>	<b>-1.5%</b>	<b>-9.0%</b>

\* according to data from Polish Leasing Association

\*\* According to data from Polish Factor Association

#### **d) Asset quality, solvency and liquidity**

The total value of **impaired loans** went up during 1Q'10 by PLN 26 million to the amount of PLN 2,059 million and was partially supported by PLN 58 million write-off during the quarter of some corporate exposures. Although in 1Q 2010 impaired loans in retail rose by PLN 98 million, impaired loans in corporate portfolio dropped by PLN 72 million.

As regards loans past due over 90 days, the main driver of increase during 1Q'10 came from consumer loans that grew by PLN 53 million on a total PLN 58 million growth for the entire portfolio.

Small growth of impaired loans coupled with decrease of entire portfolio during 1Q'10 (FX effect) caused the increase of impaired loans ratio during the quarter from 5.9% to 6.0%, which is a clear slowdown when compared to the previous quarters. The market average impaired loans ratio, calculated according to NBP criteria, reached 7.9% in February.

The evolution of main indicators of the Groups loan portfolio quality during the year and last quarter is presented below:

<b>Total portfolio quality indicators</b>	<b>31.03.2010</b>	<b>31.12.2009</b>	<b>31.03.2009</b>
Total impaired loans (PLN million)	2 059	2 033	1 620
Loans past-due over 90 days (PLN million)	943	885	413
Total provisions (PLN million)*	1 130	1 106	913
Impaired over total loans ratio (%)	6.0	5.9	4.4
Past-due >90d over total loans ratio (%)	2.8	2.6	1.1
Total provisions/impaired loans (%)	55%	54%	56%

(\*) The Group made a write-off of loans in charge of provisions in the amount of: PLN 74 million in 2009 and PLN 58 million during 1Q 2010.

Impaired ratio for mortgage loans increased from 0.7% to 0.9% due to increase of impaired exposures (by PLN 36 million) and partially due to the decrease of the portfolio (effect of appreciation of the zloty). Share of past-due more than 90 days loans in mortgage portfolio remained at very low 0.3% level. As regards consumer loans, impairment ratio increased during the quarter to 11.9%.

For the first time since 2Q'08 companies portfolio observed the drop of impaired loans ratios. The impaired loans ratio for leasing dropped during 1Q'10 to 14.3% and for other companies exposures to 17% level.

The breakdown of the quarterly evolution of the loan portfolio quality by main loan categories is presented in the following table:

Loan type	Change of impaired loans volume (PLN m)	Loans past-due > 90 days ratio		Impaired loans ratio		Coverage by total provisions (on 31/03/10) of	
		31/03/10	31/12/09	31/03/10	31/12/09	Impaired	Past-due 90d
Mortgage	+ 36.0	0.3%	0.3%	0.9%	0.7%	75%	201%
Other individuals	+61.8	10.2%	8.7%	11.9%	10.3%	86%	101%
Leasing	-29.0	3.0%	2.5%	14.3%	15.1%	30%	144%
Other companies	-71.9	7.5%	7.7%	17.0%	17.5%	51%	116%
<b>Total loan portfolio</b>	<b>+ 25.9</b>	<b>2.8%</b>	<b>2.6%</b>	<b>6.0%</b>	<b>5.9%</b>	<b>55%</b>	<b>120%</b>

As regards **coverage ratio**, the total impaired portfolio coverage with all provisions went up to 55% during the quarter, despite a write-off of PLN 58 million of lost corporate exposures. Total provisions covering loans past-due over 90 days remain above 100% level for all groups of loan products.

Total equity on a consolidated level increased during the quarter by PLN 1,125 million mainly due to the rights issue concluded in February 2010. Consequently, **Capital Adequacy Ratio (CAR)** improved during 1Q 2010 and reached 14.9% and Tier 1 CAR ratio reached 12.6%.

Increase of deposits and drop of loans (because of FX effect) caused that **Loans-to-Deposits** ratio (under definition provided in the table above) went down during 1Q 2010 below 100% level, for the first time since 3Q'08 reaching 98%. The portfolio of liquid debt securities increased to PLN 8.5 bn, as the Bank invested some short term excess of liquidity in Treasury Bonds, T-Bills and NBP Bills.

Main solvency and liquidity ratios (in %)	31.03.2010	31.12.2009	31.03.2009
Consolidated equity (PLN million)	3913	2787	2992
Capital Adequacy Ratio (consolidated)	14.9	11.3	10.4
Tier 1 ratio (consolidated)	12.6	8.9	7.9
Loans to Deposits ratio *	97.8	100.4	108.9

(\*) Includes liabilities (bonds) from leasing securitisation, bonds for retail clients and repo transactions with customers

#### e) Rating and share price main indicators

In the 1Q 2010 all main indices on WSE gradually increased. Main WIG index gained 4.1% but in comparison to March 2009 it increased by 77%. Index WIG40 of mid cap companies, which comprises the shares of Bank Millennium, gained 5% during the quarter and 81% during the year and WIG Banking index grew 2.6% quarterly and 120% yearly.

The price of Bank Millennium shares was influenced by the rights issue. Despite that, share price of the Bank grew by 1.4% during the quarter (in comparison to TERP – theoretical ex-rights price) and increased significantly by 143% since end of March 2009.

Market indicators	31.03.2010	04.01.2010	31.03.2009	Change y-t-d (%)	Change Yearly (%)
Number of shares (in ths.)	1 213 117	849 182	849 182	42.9	42.9
Daily turnover (PLN ths, average)	5 853	-	4 949	-	18.3
Price of the Bank shares (PLN)	4.37	4.31*	1.80	1.4	142.8
Market capitalisation (PLN million)	5 301	4 169	1 529	27.2	246.7
WIG - main index	42 447	40 775	24 036	4.1	76.6
WIG Banki	6 158	6 003	2 799	2.6	120.1
mWIG 40	2 496	2 378	1 382	5.0	80.7

(\*) TERP price

During the 1st quarter of 2010, rating of Moody's agency remained unchanged. Fitch rating agency affirmed on 31<sup>st</sup> March 2010 all ratings assigned to Bank Millennium but changed the outlook of long-term IDR rating from stable to negative as a consequence of an earlier revision of the outlook of the Parent company - Millennium bcp.

Shown below are the current ratings assigned to the Bank by both agencies: Moody's and Fitch.

Type of rating	FITCH	MOODY'S
Long-term deposit rating/IDR	A (negative outlook)	Baa2 (negative outlook)
Short-term deposit rating	F-1	Prime-3
Financial strength rating	C/D	D
Support	1	"high probability" support from the Parent

**f) Main drivers which may affect financial situation of the Bank in 2Q 2010**

The most important factors that could influence financial standing of the Bank in the current quarter include:

- Labour market conditions may improve driven by both seasonal factors and further economic recovery. Consequently, unemployment rate may fall in the next two quarters, limiting credit risk associated with household loans. Stable wage growth and falling inflation along with growing employment may support demand for deposits and mutual funds.
- Improved financial standing of the companies should reduce credit risk associated with corporate loans.
- Further fall of WIBOR3M rate may lead to increased pressure on net interest margin.

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**I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK  
MILLENNIUM S.A. CAPITAL GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2010**

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## I. GENERAL INFORMATION ON THE ISSUER

**Name (business name) and seat:** Bank Millennium S.A., ul. Stanisława Żaryna 2 a, Warsaw, Poland

**Registration court and register entry no.:** 13th Business Division of the National Court Register, District Court for the Capital City of Warsaw, no. 0000010186

**Issuer's primary line of business:** banking activity and other financial intermediation activity, excluding insurance and pension funds,

**The Capital Group's line of business includes:** banking, leasing, factoring, brokerage, capital activity and management of mutual funds.

**Composition of the Supervisory Board of the Bank Millennium S.A. as at 31 Mar 2010 was as follows:**

1. Maciej Bednarkiewicz – Chairman of the Supervisory Board,
2. Ryszard Pospieszynski – Deputy Chairman of the Supervisory Board,
3. Carlos Jorge Ramalho dos Santos Ferreira – Deputy Chairman of the Supervisory Board,
4. Marek Furtek – Secretary of the Supervisory Board,
5. Luis Maria Franca de Castro Pereira Coutinho – Supervisory Board Member,
6. Vitor Manuel Lopes Fernandes – Supervisory Board Member,
7. Andrzej Koźmiński – Supervisory Board Member,
8. Paulo José de Ribeiro Moita de Macedo – Supervisory Board Member,
9. Nelson Ricardo Bessa Machado – Supervisory Board Member,
10. Marek Rocki – Supervisory Board Member,
11. Dariusz Rosati – Supervisory Board Member,

**Composition of the Management Board of the Bank Millennium S.A. as at 31 Mar 2010 was as follows:**

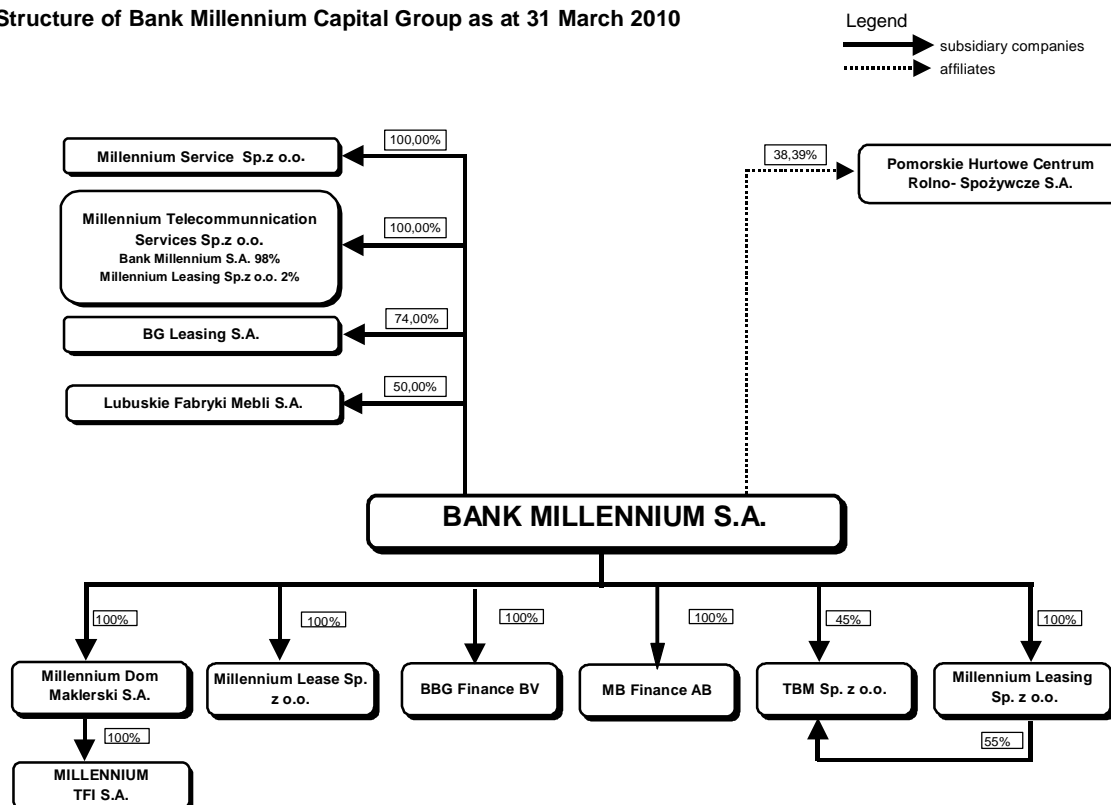
1. Bogusław Kott – Chairman of the Management Board,
2. Rui Manuel Teixeira – Deputy Chairman of the Management Board,
3. Fernando Bicho – Member of the Management Board,
4. Julianna Boniuk-Gorzelańczyk – Member of the Management Board,
5. Wojciech Haase – Member of the Management Board,
6. Joao Bras Jorge – Member of the Management Board,
7. Artur Klimczak – Member of the Management Board.

On 22 April 2010 the Bank's Supervisory Board held a meeting, where the Supervisory Board acknowledged the resignation of Mr. Rui Manuel da Silva Teixeira from the position as Vice-Chairman of the Management Board of Bank Millennium S.A and the Member of the Management Board due to personal reasons, effective as of 22 April 2010.

Moreover, the Supervisory Board changed the composition of the Management Board of the current term in office, increasing the number of the Management Board members from 7 to 8 members. The Supervisory Board appointed one of the Members of the Management Board Mr. Joao Nuno Lima Bras Jorge as Vice-Chairman of Bank Millennium S.A. Management Board and appointed Mr. Andrzej Gliński and Mr. Antonio Pinto Junior for posts of Management Board Members of the current term in office.

Bank Millennium S.A. ("Bank") is the parent company of the Group Millennium S.A. ("Group"). The companies comprising the Group as at 31 March 2010 are presented below:

#### Structure of Bank Millennium Capital Group as at 31 March 2010



Moreover, the Group consolidates a special purpose vehicle Orchis Sp. z o.o., which was established to support a securitization transaction carried out by the Group in 2007. According to IAS 27, IAS 39 and SIC 12, the Company is consolidated despite the fact that the Group has no capital exposure (for this reason it has not been included in the above structure of the Group).

The Group applied provisions of paragraph 8 of IAS 8 ("Accounting Policies, Changes In Accounting Estimates And Errors") according to which IFRS is a complete collection of accounting policies, which do not have to be used if their effect is insignificant. In accordance with the above, provisions of IAS 27 ("Consolidated And Separate Financial Statements") and IAS 28 ("Investments In Associates") were not applied to the financial statements of BG Leasing S.A. where despite holding the majority stake, due to the bankruptcy proceedings, the Group has practically no control over that entity.

There were no changes in Group's structure during 1Q 2010.

## II. INTRODUCTION AND ACCOUNTING PRINCIPLES

This condensed consolidated interim financial statement has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Bank is required to publish the financial results for the three months ended 31 March 2010 which is deemed to be the current interim financial reporting period.

The Board of Directors approved this condensed consolidated interim financial statement on 26 April 2010.

### **L-SERIES SHARE ISSUE**

In connection with implementation of resolution No. 2 of the Extraordinary Annual Meeting of 3 December 2009 as well as resolution No. 5/2010 of the Management Board of the Bank dated 13 January 2010 on increasing initial capital through an issue of ordinary bearer shares, the L-series share issue took place. 722,222,644 shares were duly subscribed and paid for, therefore on 8 February 2010 the number of 363,935,033 L-series shares were allocated. During the subscription period there were 6,410 primary subscriptions for 361,796,921 shares and 804 additional subscriptions for 360,425,723 shares. The reduction of additional subscriptions was 99.41 %. On 26 February 2010 the Court registered the Bank's share capital increase from PLN 849,181,744 up to PLN 1,213,116,777 and respective change in Bank's Statute.

The effect of L-shares issue recognised in unconsolidated and consolidated equity as at 31 March 2010 was as follows (data in PLN):

31.03.2010 (data in PLN)	Unconsolidated equity (Bank)	Consolidation adjustments	Consolidated equity (Group)
Number of L-shares issued	363 935 033		363 935 033
PLN per share	2.90		2.90
Income from L-shares issue	1 055 411 596		1 055 411 596
<b>Share capital</b>	<b>363 935 033</b>		<b>363 935 033</b>
Income from National Depository for Securities	1 162 694		1 162 694
Costs of issue	-16 325 827	261 000	-16 064 827
<b>Share premium</b>	<b>676 313 429</b>	<b>261 000</b>	<b>676 574 429</b>

#### ***COSTS OF BANK'S SERIES L SHARES ISSUE***

In connection to current report no 19/2010 dated February 11 2010, the final costs of Bank's series L shares issue are presented below.

As at 23 April 2010 the final costs of the issue calculated on the grounds of the invoices received and accepted by the Bank totalled 17,741,424.73 PLN gross (the difference between data presented in table above resulted from the fact that data in table is calculated as at 31 March 2010), including:

- a) Preparation, conducting of the offer and underwriting the issue: 9,590,929.81 PLN;
- b) Preparation of the issue prospectus: 2,203,306.26 PLN;
- c) Promotion of the offer: 2,460,357.17 PLN; and
- d) Taxes (including VAT): 3,486,831.49 PLN.

The method of relevant accounting in the books and capturing in the financial report: the costs of the Bank's series L shares issue were accounted in the books through reduction of the share premium - surplus of the value of the shares issued over their nominal value. These costs were reflected in the financial statement under "Share premium".

According to the costs calculated on the basis of the invoices received and accepted by the Bank as at 23 April 2010, average cost of conducting the series L share issue per share of series L under the subscription was 0.05 PLN.

#### ***RECLASSIFICATION OF DEBT SECURITIES***

In 2008, the Bank reclassified 7-year variable income treasury bonds WZ0911 from the "held for trading" portfolio to the "available for sale" portfolio. This reclassification was possible based on the updated IAS 39 and IFRS 7 implemented by the Directive of the Commission Regulation (EC) No 1004/2008 of 15 October 2008. According to the aforementioned standard, the reclassification was done according to the fair value – revaluation losses recognized in the profit and loss account until reclassification were not reversed and the fair value of the instrument on the reclassification date became the new cost of acquisition. The reason for this reclassification (resulting from IAS 39.50B) was a changed intention concerning keeping such securities in the Bank's portfolio; short-term investment profits were no longer available due to changes in macroeconomic environment.

Disclosure requirements for this transaction, which result from provisions of IFRS 7, are satisfied by the data presented in the following tables:

Name	WZ0911
Notional value as at reclassification date	PLN 120,000,000
Book value as at reclassification date	PLN 119,132,400
Interest rate as at reclassification date	6.64%

Data in PLN ths.	Valuation recognized in P&L (with tax effect)	Valuation recognized in revaluation reserve (with tax effect)	Total effect recognized in equity
<b>Year 2007</b>			
Before reclassification in "trading" portfolio	-3	-	-3
<b>Year 2008</b>			
Before reclassification in "trading" portfolio	-1 016	-	-1 016
After reclassification in "available for sale" portfolio		-2 509	-2 509
<b>TOTAL 2008</b>	<b>-1 016</b>	<b>-2 509</b>	<b>- 3 525</b>
<b>Year 2009</b>			
After reclassification in "available for sale" portfolio	-	- 461	- 1 477
<b>Year 2010</b>			
After reclassification in "available for sale" portfolio	-	419	-597
<b>Year 2010 (proforma)</b>			
If the reclassification did not occur	880	-	-597

### III. CONSOLIDATED FINANCIAL DATA (GROUP)

#### CONSOLIDATED INCOME STATEMENT

<i>Amount '000 PLN</i>	<b>Note</b>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
I. Interest income	1	575 840	631 528
II. Interest expense	2	-358 421	-503 635
<b>III. Net interest income</b>		<b>217 419</b>	<b>127 893</b>
IV. Fee and commission income	3	161 899	145 570
V. Fee and commission expense	4	-14 121	-19 622
<b>VI. Net fee and commission income</b>		<b>147 778</b>	<b>125 948</b>
VII. Dividend income		219	1
VIII. Result on investment financial assets		484	5 633
IX. Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	55 843	137 847
X. Other operating income		16 032	18 497
<b>XI. Operating income</b>		<b>437 775</b>	<b>415 819</b>
XII. General and administrative expenses	6	-235 500	-237 953
XIII. Impairment losses on financial assets	7	-83 258	-129 320
XIV. Impairment losses on non financial assets		203	-296
XV. Depreciation and amortization		-19 428	-19 501
XVI. Other operating expenses		-14 307	-15 434
<b>XVII. Operating expenses</b>		<b>-352 290</b>	<b>-402 504</b>
<b>XVIII. Operating profit</b>		<b>85 485</b>	<b>13 315</b>
XIX. Share of profit of associates		0	0
<b>XX. Profit / (loss) before taxes</b>		<b>85 485</b>	<b>13 315</b>
XXI. Corporate income tax	8	-17 385	-1 219
<b>XXII. Profit / (loss) after taxes</b>		<b>68 100</b>	<b>12 096</b>
Attributable to:			
Equity holders of the parent		68 100	12 096
Minority interests		0	0
<b>Weighted average number of ordinary shares</b>		<b>982 624 589</b>	<b>849 181 744</b>
<b>Earnings (losses) per ordinary share (in PLN)</b>		<b>0.07</b>	<b>0.01</b>

<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT</b>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
<b>Profit / (loss) after taxes</b>	<b>68 100</b>	<b>12 096</b>
<b>OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:</b>		
Effect of valuation of available for sale debt securities	17 188	2 623
Effect of valuation of available for sale shares	595	-378
Hedge accounting	2 901	201 629
<b>OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES</b>	<b>20 684</b>	<b>203 874</b>
Corporate income tax on other elements of total comprehensive income	-3 930	-38 738
<b>OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES</b>	<b>16 754</b>	<b>165 136</b>
<b>TOTAL COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>84 854</b>	<b>177 232</b>
Attributable to:		
Equity holders of the parent	84 854	177 232
Minority interests	0	0

## CONSOLIDATED BALANCE SHEET

### ASSETS

<i>Amount '000 PLN</i>	<b>Note</b>	<b>31.03.2010</b>	<b>31.12.2009</b>
I. Cash, balances with the Central Bank		1 411 991	2 191 227
II. Loans and advances to banks	9	726 339	695 697
III. Financial assets valued at fair value through profit and loss (held for trading)	10	4 107 079	3 032 081
IV. Hedging derivatives	11	315 128	377 334
V. Loans and advances to customers	12	32 979 146	33 484 935
VI. Investment financial assets	13	5 016 423	4 163 657
- available for sale		5 016 423	4 163 657
- held to maturity		0	0
VII. Investments in associates		12 000	12 000
VIII. Receivables from securities bought with sell-back clause (loans and advances)		26 613	208 781
IX. Property, plant and equipment		281 601	346 671
X. Intangible assets		18 593	22 821
XI. Non-current assets held for sale		748	869
XII. Receivables from Tax Office resulting from current tax		24 331	37 475
XIII. Deferred tax assets		144 793	140 325
XIV. Other assets		213 676	199 951
<b>Total Assets</b>		<b>45 278 461</b>	<b>44 913 824</b>

### LIABILITIES

<i>Amount '000 PLN</i>		<b>31.03.2010</b>	<b>31.12.2009</b>
I. Deposits from banks	14	4 838 261	4 909 370
II. Financial liabilities valued at fair value through profit and loss (held for trading)	15	687 365	682 203
III. Hedging derivatives	16	157 803	122 813
IV. Deposits from customers	17	31 937 359	31 558 664
V. Liabilities from securities sold with buy-back clause		1 198 935	2 342 684
VI. Debt securities	18	1 090 410	1 024 335
VII. Provisions		22 498	24 577
VIII. Deferred income tax liabilities		0	0
IX. Current tax liabilities		756	2 080
X. Other liabilities		537 515	513 967
XI. Subordinated debt		894 860	945 795
<b>Total Liabilities</b>		<b>41 365 762</b>	<b>42 126 488</b>

**EQUITY**

<i>Amount '000 PLN</i>			
I. Share capital		1 213 117	849 182
II. Share premium		1 148 917	472 343
III. Revaluation reserve		27 953	11 199
IV. Retained earnings		1 522 712	1 454 612
Total equity attributable to equity holders of the parent company		3 912 699	2 787 336
Minority interests		0	0
<b>Total Equity</b>		<b>3 912 699</b>	<b>2 787 336</b>
Total Liabilities and Equity		<b>45 278 461</b>	<b>44 913 824</b>
<b>Book value</b>		<b>3 912 699</b>	<b>2 787 336</b>
<b>Number of shares</b>		<b>1 213 116 777</b>	<b>849 181 744</b>
<b>Book value per share (in PLN)</b>		<b>3.23</b>	<b>3.28</b>

# **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
<b>Equity at the beginning of the period 01.01.2010</b>	<b>2 787 336</b>	<b>849 182</b>	<b>472 343</b>	<b>11 199</b>	<b>1 454 612</b>
- L-shares issue	1 040 509	363 935	676 574	0	0
- total comprehensive income of the I quarter of 2010	84 854	0	0	16 754	68 100
<b>Equity at the end of the period 31.03.2010</b>	<b>3 912 699</b>	<b>1 213 117</b>	<b>1 148 917</b>	<b>27 953</b>	<b>1 522 712</b>

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
<b>Equity at the beginning of the period 01.01.2009</b>	<b>2 814 883</b>	<b>849 182</b>	<b>472 343</b>	<b>40 241</b>	<b>1 453 117</b>
- total comprehensive income of 2009	-27 547	0	0	-29 042	1 495
<b>Equity at the end of the period 31.12.2009</b>	<b>2 787 336</b>	<b>849 182</b>	<b>472 343</b>	<b>11 199</b>	<b>1 454 612</b>

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
<b>Equity at the beginning of the period 01.01.2009</b>	<b>2 814 883</b>	<b>849 182</b>	<b>472 343</b>	<b>40 241</b>	<b>1 453 117</b>
- total comprehensive income of the I quarter of 2009	177 232	0	0	165 136	12 096
<b>Equity at the end of the period 31.03.2009</b>	<b>2 992 115</b>	<b>849 182</b>	<b>472 343</b>	<b>205 377</b>	<b>1 465 213</b>

## CONSOLIDATED CASH FLOW

### A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
<b>I. Profit (loss) after taxes</b>	<b>68 100</b>	<b>12 096</b>
<b>II. Adjustments for:</b>	<b>-260 284</b>	<b>-27 973</b>
1. Minority profit (loss)	0	0
2. Interests in net income (loss) of associated companies	0	0
3. Depreciation and amortization	19 428	19 501
4. Foreign exchange (gains)/ losses	-181 608	416 054
5. Dividends	-219	-1
6. Changes in provisions	-2 079	-2 909
7. Result on sale and liquidation of investing activity assets	2 447	-4 215
8. Change in financial assets valued at fair value through profit and loss (held for trading)	-220 247	1 415 779
9. Change in loans and advances to banks	-29 140	499 639
10. Change in loans and advances to customers	556 469	-2 528 047
11. Change in receivables from securities bought with sell-back clause (loans and advances)	182 168	-319 312
12. Change in financial liabilities valued at fair value through profit and loss (held for trading)	40 152	-2 232 369
13. Change in deposits from banks	53 673	1 151 906
14. Change in deposits from customers	378 695	642 664
15. Change in liabilities from securities sold with buy-back clause	-1 143 749	662 796
16. Change in debt securities	65 634	15 292
17. Change in income tax settlements	16 261	3 045
18. Income tax paid	-12 839	-3 129
19. Change in other assets and liabilities	9 559	221 683
20. Other	5 111	13 650
<b>III. Net cash flows from operating activities</b>	<b>-192 184</b>	<b>-15 877</b>

### B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
<b>I. Inflows:</b>	<b>903</b>	<b>1 208</b>
1. Proceeds from sale of property, plant and equipment and intangible assets	684	1 207
2. Proceeds from sale of shares in associates	0	0
3. Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds from sale of investment financial assets	0	0
5. Other	219	1
<b>II. Outflows:</b>	<b>-241 337</b>	<b>-162 073</b>
1. Acquisition of property, plant and equipment and intangible assets	-3 298	-17 431
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	-238 039	-144 642
5. Other	0	0
<b>III. Net cash flows from investing activities</b>	<b>-240 434</b>	<b>-160 865</b>

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

<i>Amount '000 PLN</i>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
<b>I. Inflows:</b>	<b>1 040 950</b>	<b>1 876</b>
1. Long-term bank loans	0	0
2. Issue of debt securities	441	1 876
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	1 040 509	0
5. Other	0	0
<b>II. Outflows:</b>	<b>0</b>	<b>0</b>
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
<b>III. Net cash flows from financing activities</b>	<b>1 040 950</b>	<b>1 876</b>
<b>D. NET CASH FLOWS, TOTAL (A III+B III+C III)</b>	<b>608 332</b>	<b>-174 866</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD</b>	<b>4 128 608</b>	<b>2 939 685</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)</b>	<b>4 736 940</b>	<b>2 764 819</b>

#### IV. NOTES TO CONSOLIDATED FINANCIAL DATA

##### Note (1) Interest income and other of similar nature

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
Interest income and other of similar nature, including:		
Balances with the Central Bank	8 246	11 500
Deposits, loans and advances to banks	1 406	2 820
Loans and advances to customers	389 042	432 471
Transactions with repurchase agreement	2 109	3 572
Hedging derivatives	88 247	96 990
Financial assets held for trading (debt securities)	30 779	40 969
Investment securities	56 011	43 206
<b>Total</b>	<b>575 840</b>	<b>631 528</b>

Interest income for 1Q 2010 year-to-date includes interest accrued on loans with recognized impairment of PLN 23,802 thousand (for the comparative data for 1Q 2009 year-to-date, such interest was PLN 21,701 thousand). This interest income is calculated based on net exposure amounts, which take into account the impairment charges made.

##### Note (2) Interest expense and other of similar nature

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
Interest expense and other of similar nature, including:		
Banking deposits	-7 798	-1 801
Loans and advances	-19 428	-23 695
Transactions with repurchase agreement	-14 494	-29 187
Hedging derivatives	0	0
Deposits from customers	-298 663	-423 366
Subordinated debt	-5 891	-12 560
Debt securities	-11 161	-12 647
Other	-986	-379
<b>Total</b>	<b>-358 421</b>	<b>-503 635</b>

**Note (3) Fee and commission income**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
Resulting from accounts service	25 605	18 238
Resulting from money transfers, cash payments and withdrawals and other payment transactions	9 222	8 695
Resulting from loan activity	7 938	11 036
Resulting from guarantees and sureties granted	3 651	2 757
Resulting from payment and credit cards	43 565	37 688
Resulting from sale of insurance products	34 583	42 552
Resulting from distribution of investment funds units and other savings products	8 759	1 915
Resulting from brokerage and custody service	7 290	6 304
Resulting from investment funds managed by the Group	18 840	13 520
Other	2 446	2 864
<b>Total</b>	<b>161 899</b>	<b>145 569</b>

**Note (4) Fee and commission expense**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
Resulting from accounts service	-215	-373
Resulting from money transfers, cash payments and withdrawals and other payment transactions	-194	-48
Resulting from loan activity	-1 439	-655
Resulting from payment and credit cards	-9 348	-16 319
Resulting from brokerage and custody service	-1 555	-1 331
Resulting from investment funds managed by the Group	-898	-545
Other	-471	-352
<b>Total</b>	<b>-14 121</b>	<b>-19 622</b>

**Note (5) Result on financial instruments valued at fair value through profit and loss**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
Operations on securities	6 671	18 894
Operations on derivatives	20 949	190 800
Hedge accounting operations	-3 617	1 724
Foreign exchange result	32 003	-73 693
Other financial operations	-163	122
<b>Total</b>	<b>55 843</b>	<b>137 847</b>

**Note (6) General and administrative expenses**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
<b>Staff costs:</b>	<b>-122 338</b>	<b>-117 970</b>
Salaries	-119 310	-114 136
Employee benefits, including:	-3 028	-3 834
- provisions for retirement benefits	0	0
- provisions for unused employee holiday	0	0
- other	-3 028	-3 834
<b>General administrative costs</b>	<b>-113 162</b>	<b>-119 983</b>
Costs of advertising, promotion and representation	-7 654	-1 926
Costs of software maintenance and IT services	-5 241	-4 708
Costs of renting	-41 763	-45 090
Costs of buildings maintenance, equipment and materials	-6 613	-7 755
ATM and cash costs	-4 390	-6 230
Costs of communications and IT	-16 287	-15 701
Costs of consultancy, audit and legal advisory and translation	-3 471	-4 782
Taxes and fees	-4 058	-3 860
KIR clearing charges	-680	-684
PFRON costs	-1 412	-1 502
Banking Guarantee Fund costs	-3 405	-3 788
Financial Supervision costs	-2 308	-2 415
Other	-15 880	-21 542
<b>Total</b>	<b>-235 500</b>	<b>-237 953</b>

**Note (7) Impairment losses on financial assets**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
Impairment losses on loans and advances to customers	<b>-85 207</b>	<b>-132 907</b>
- Impairment write-offs created in the period	-243 193	-462 997
- Impairment write-offs released in the period	157 594	329 144
- Amounts recovered from loans written off	392	946
<b>Impairment losses on off-balance sheet liabilities</b>	<b>1 949</b>	<b>3 587</b>
- Impairment write-offs for off-balance sheet liabilities	-4 819	-10 429
- Reversal of impairment write-offs for off-balance sheet liabilities	6 768	14 016
<b>Total</b>	<b>-83 258</b>	<b>-129 320</b>

**Note (8a) Income tax reported in income statement**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
<b>Current tax</b>	<b>- 25 781</b>	<b>- 82 936</b>
Current year	- 25 781	- 82 936
Deferred tax	<b>8 396</b>	<b>81 717</b>
Recognizing and reversal of temporary differences	16 014	79 219
Appearance / (Utilisation) of tax loss	- 7 618	2 498
<b>Total income tax reported in income statement</b>	<b>-17 385</b>	<b>- 1 219</b>

**Note (8b) Effective tax rate**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.03.2009
<b>Gross profit / (loss)</b>	<b>85 485</b>	<b>13 315</b>
Statutory tax rate	19%	19%
Income tax according to obligatory income tax rate of 19%	<b>- 16 242</b>	<b>-2 530</b>
<b>Impact of permanent differences on tax charges:</b>	<b>- 1 143</b>	<b>1 311</b>
- Non taxable income	201	4 036
Dividend income	39	0
Reversal of other provisions	0	2 363
Other	162	1 673
- Cost which is not a tax cost	- 1 344	-2 725
Loss on sale of receivables	0	-3
PFRON fee	- 268	- 285
Other	-1 076	- 2 437
<b>Total income tax reported in income statement</b>	<b>-17 385</b>	<b>- 1 219</b>

**Note (8c) Deferred tax reported directly in equity**

	31.03.2010	31.12.2009
Valuation of available for sale securities	- 5 727	-2 349
Valuation of cash flow hedging instruments	- 829	-278
<b>Deferred tax reported directly in equity</b>	<b>-6 556</b>	<b>-2 627</b>

In light of the binding legal regulations, the Group does not constitute a fiscal group, and as a result the burden to the consolidated gross result with both current and deferred tax is the sum of respective tax values of individual consolidated companies.

In the consolidated balance sheet, the deferred tax liability and deferred tax assets are offset in accordance with IAS 12.

**Note (9) Loans and advances to banks**

	31.03.2010	31.12.2009
Current accounts	273 450	87 647
Deposits in other banks	103 361	265 347
Loans	349 442	342 610
Interest	86	93
<b>Total (gross) loans and advances to banks</b>	<b>726 339</b>	<b>695 697</b>
Impairment write-offs	0	0
<b>Net loans and advances to banks</b>	<b>726 339</b>	<b>695 697</b>

**Note (10) Financial assets valued at fair value through profit and loss (held for trading)**

	31.03.2010	31.12.2009
<b>Debt securities</b>	<b>3 464 949</b>	<b>2 320 318</b>
Issued by State Treasury	3 464 949	2 320 318
a) bills	1 422 475	511 977
b) bonds	2 042 474	1 808 341
<b>Equity instruments</b>	<b>768</b>	<b>430</b>
Quoted on the active market	768	430
a) financial institutions	20	32
b) non-financial institutions	748	398
<b>Positive valuation of derivatives</b>	<b>641 362</b>	<b>710 797</b>
<b>Other financial instruments</b>	<b>0</b>	<b>536</b>
<b>Total</b>	<b>4 107 079</b>	<b>3 032 081</b>

**Note (10)/Note (15) Valuation of derivatives and Liabilities from short sale of securities 31.03.2010**

	Fair value		
	Total	Assets	Liabilities
<b>1. Interest rate derivatives</b>	<b>-67 684</b>	<b>297 737</b>	<b>365 420</b>
Forward Rate Agreements (FRA)	767	1 590	823
Interest rate swaps (IRS)	-65 634	295 627	361 260
Other interest rate contracts: volatility swap, swap with FX option	-2 817	520	3 337
<b>2. FX derivatives</b>	<b>126 068</b>	<b>280 760</b>	<b>154 692</b>
FX contracts	42 876	45 016	2 140
FX swaps	5 911	23 387	17 476
Other FX contracts (CIRS)	70 692	182 057	111 365
FX options	6 589	30 300	23 711
<b>3. Commodity derivatives</b>	<b>243</b>	<b>3 240</b>	<b>2 997</b>
Commodity forwards	93	2 124	2 031
Commodity options	150	1 116	966
<b>4. Embedded instruments</b>	<b>-30 870</b>	<b>11 918</b>	<b>42 788</b>
Options embedded in deposits	-2 080	11 918	13 998
Options embedded in securities issued	-28 790	0	28 790
<b>5. Fair value measurement of items subject to hedging</b>	<b>22 278</b>	<b>22 278</b>	<b>0</b>
Valuation of future FX payments subject to hedging	685	685	0
Valuation of hedged consumer loans portfolio	21 593	21 593	0
<b>6. Indexes options</b>	<b>23 507</b>	<b>25 429</b>	<b>1 922</b>
<b>Valuation of derivatives</b>	<b>73 543</b>	<b>641 362</b>	<b>567 819</b>
<b>Liabilities from short sale of securities</b>			<b>119 546</b>
<b>Financial assets and liabilities valued at fair value through profit and loss (held for trading) - TOTAL</b>		<b>641 362</b>	<b>652 743</b>

**Note (10)/Note (15) Valuation of derivatives and Liabilities from short sale of securities 31.12.2009**

	Fair value		
	Total	Assets	Liabilities
<b>1. Interest rate derivatives</b>	<b>-1 026</b>	<b>342 786</b>	<b>343 812</b>
Forward Rate Agreements (FRA)	141	194	53
Interest rate swaps (IRS)	3 701	342 536	338 835
Other interest rate contracts: volatility swap, swap with FX option	-4 868	56	4 924
<b>2. FX derivatives</b>	<b>128 646</b>	<b>331 384</b>	<b>202 738</b>
FX contracts	61 351	65 450	4 099
FX swaps	80 884	110 356	29 472
Other FX contracts (CIRS)	-17 669	78 261	95 930
FX options	4 080	77 317	73 237
<b>3. Commodity derivatives</b>	<b>288</b>	<b>6 854</b>	<b>6 566</b>
Commodity forwards	139	6 003	5 864
Commodity options	149	851	702
<b>4. Embedded instruments</b>	<b>-19 478</b>	<b>8 118</b>	<b>27 596</b>
Options embedded in deposits	637	8 118	7 481
Options embedded in securities issued	-20 115	0	20 115
<b>5. Fair value measurement of items subject to hedging</b>	<b>6 853</b>	<b>6 853</b>	<b>0</b>
Valuation of future FX payments subject to hedging	0	0	0
Valuation of hedged consumer loans portfolio	6 853	6 853	0
<b>6. Indexes options</b>	<b>13 512</b>	<b>14 802</b>	<b>1 290</b>
<b>Valuation of derivatives</b>	<b>128 795</b>	<b>710 797</b>	<b>582 002</b>
<b>Liabilities from short sale of securities</b>			<b>100 201</b>
<b>Financial assets and liabilities valued at fair value through profit and loss (held for trading) - TOTAL</b>		<b>710 797</b>	<b>682 203</b>

The Group applies the following types of hedge accounting:

	<b>Hedging fair value of the portfolio of long-term consumer loans</b>	<b>Cash flow volatility hedge for the flow generated by FX mortgage portfolio and its underlying PLN deposits</b>	<b>Cash flow volatility hedge for the flow generated by mortgage loans with floating rate, denominated in foreign currency</b>
Description of hedge transactions	The Bank hedges the risk of the fair value of the long-term consumer loan portfolio denominated in PLN based on a fixed interest rate. The risk hedged results from interest rate fluctuations	The Bank hedges the risk of the volatility of cash flows generated by FX mortgages and by PLN deposits financially underlying such loans. The volatility of cash flows results from the currency risk and interest rate risk.	The Group hedges (in time horizon limited to maturity of hedging instruments) currency risk and interest rate risk resulted from volatility in cash flows generated by mortgage loans with floating rate denominated in foreign currency.
Hedged items	Fixed rate PLN long-term consumer loan portfolio.	Cash flows resulting from the mortgage loan portfolio and PLN deposits funding them.	Cash flows resulting from mortgage loans with floating rate denominated in foreign currency.
Hedging instruments	IRS transactions	CIRS transactions	FX Swap transactions
Presentation of the result on the hedged and hedging transactions	adjustment to fair value of hedged assets and of the valuation of hedging instruments is recognised in profit and loss as result on financial instruments valued at fair value through profit and loss; interest on hedging and hedged instruments is recognised in net interest income	effective part of the valuation of hedging instruments is recognised in revaluation capital; interest on both the hedged and the hedging instruments is recognised in net interest income; valuation of hedging and hedged instruments on FX differences is recognised in the net FX income	effective part of valuation of hedging instruments is recognised in revaluation reserve; Interest from hedging instruments (settled Swap points) are recognised in the net interest income

**Note (11)/Note (16) Hedge accounting 31.03.2010**

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
<b>1. Fair value hedging derivatives connected with interest rate risk</b>				
- IRS contracts	-35 450	0	35 450	21 593
<b>2. Cash flows hedging derivatives connected with interest rate and/or FX rate</b>				
- CIRS contracts	180 354	302 707	122 353	x
- FX SWAP contracts	12 421	12 421	0	x
<b>3. Total hedging derivatives</b>	<b>157 325</b>	<b>315 128</b>	<b>157 803</b>	<b>x</b>

**Note (11)/Note (16) Hedge accounting 31.12.2009**

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
<b>1. Fair value hedging derivatives connected with interest rate risk</b>				
- IRS contracts	-7 617	3 862	11 479	6 853
<b>2. Cash flows hedging derivatives connected with interest rate and/or FX rate</b>				
- CIRS contracts	157 787	269 121	111 334	x
- FX SWAP contracts	104 351	104 351	0	x
<b>3. Total hedging derivatives</b>	<b>254 521</b>	<b>377 334</b>	<b>122 813</b>	<b>x</b>

**Note (12) Loans and advances to customers**

	31.03.2010	31.12.2009
<b>Loans and advances</b>	<b>29 739 498</b>	<b>30 249 097</b>
- to companies	5 294 252	5 404 678
- to private individuals	23 930 291	24 334 758
- to public sector	514 955	509 661
<b>Receivables on account of payment cards</b>	<b>865 194</b>	<b>854 798</b>
- due from companies	12 256	8 896
- due from private individuals	852 938	845 902
<b>Purchased receivables</b>	<b>12 983</b>	<b>19 325</b>
- from companies	9 704	16 479
- from private individuals	0	0
- from public sector	3 279	2 846
Guarantees and sureties realised	794	2 496
Debt securities eligible for rediscount at Central Bank	22 788	22 826
Financial leasing receivables	3 330 994	3 332 506
Other	2 425	2 595
Interest	134 641	107 783
<b>Total gross</b>	<b>34 109 317</b>	<b>34 591 426</b>
Impairment write-offs	-1 130 171	-1 106 491
<b>Total net</b>	<b>32 979 146</b>	<b>33 484 935</b>

**Note (12) Quality of loans and advances to customers portfolio**

	31.03.2010	31.12.2009
<b>Loans and advances to customers (gross)</b>	<b>34 109 317</b>	<b>34 591 426</b>
- impaired	2 058 717	2 032 835
- not impaired	32 050 600	32 558 591
<b>Impairment write-offs</b>	<b>1 130 171</b>	<b>1 106 491</b>
- for impaired exposures	849 066	819 383
- for incurred but not reported losses (IBNR)	281 105	287 108
<b>Loans and advances to customers (net)</b>	<b>32 979 146</b>	<b>33 484 935</b>

**Note (12) Loans and advances to customers portfolio by methodology of impairment assessment**

	31.03.2010	31.12.2009
<b>Loans and advances to customers (gross)</b>	<b>34 109 317</b>	<b>34 591 426</b>
- case by case analysis	1 334 584	1 403 552
- collective analysis	32 774 733	33 187 874
<b>Impairment write-offs</b>	<b>1 130 171</b>	<b>1 106 491</b>
- on the basis of case by case analysis	454 362	482 172
- on the basis of collective analysis	675 809	624 319
<b>Loans and advances to customers (net)</b>	<b>32 979 146</b>	<b>33 484 935</b>

**Note (12) Loans and advances to customers portfolio by customers**

	31.03.2010	31.12.2009
<b>Loans and advances to customers (gross)</b>	<b>34 109 317</b>	<b>34 591 426</b>
- corporate customers	9 259 693	9 348 166
- private individuals	24 849 624	25 243 260
<b>Impairment write-offs</b>	<b>1 130 171</b>	<b>1 106 491</b>
- for receivables from corporate customers	655 942	672 910
- for receivables from private individuals	474 229	433 581
<b>Loans and advances to customers (net)</b>	<b>32 979 146</b>	<b>33 484 935</b>

**Note (12) Change of impairment write-offs for loans and advances to customers**

	1.01.2010 - 31.03.2010	1.01.2009 - 31.12.2009
<b>Balance at the beginning of the period</b>	<b>1 106 491</b>	<b>749 078</b>
Change in value of provisions:	23 680	357 413
Impairment write-offs created in the period	243 193	894 460
Amounts written off	-58 082	-73 970
Impairment write-offs released in the period	-157 594	-457 631
Sale of receivables	0	-77
Changes resulting from FX rates differences	-4 221	-6 269
Other	384	900
<b>Balance at the end of the period</b>	<b>1 130 171</b>	<b>1 106 491</b>

**Note (13) Investment financial assets available for sale**

	31.03.2010	31.12.2009
<b>Debt securities</b>	<b>5 001 773</b>	<b>4 150 277</b>
Issued by State Treasury	3 263 424	2 462 341
a) bills	1 028 173	539 287
b) bonds	2 235 251	1 923 054
Issued by Central Bank	1 699 835	1 499 417
a) bills	1 699 835	1 499 417
b) bonds	0	0
Other securities	38 514	188 519
a) listed	8 037	55 459
b) not listed	30 477	133 060
<b>Shares and interests in other entities</b>	<b>13 948</b>	<b>13 380</b>
<b>Other financial instruments</b>	<b>702</b>	<b>0</b>
<b>Total financial assets available for sale</b>	<b>5 016 423</b>	<b>4 163 657</b>

**Note (14) Deposits from banks**

	31.03.2010	31.12.2009
In current account	361 239	45 670
Term deposits	1 962 746	2 221 768
Loans and advances received	2 507 882	2 625 839
Interest	6 394	16 093
<b>Total</b>	<b>4 838 261</b>	<b>4 909 370</b>

**Note (17) Deposits from customers by type structure**

	31.03.2010	31.12.2009
<b>Amounts due to private individuals</b>	<b>20 112 892</b>	<b>19 583 888</b>
Balances on current accounts	5 756 341	5 442 404
Term deposits	14 021 800	13 673 853
Other	121 584	125 565
Accrued interest	213 167	342 066
<b>Amounts due to companies</b>	<b>9 405 238</b>	<b>9 841 049</b>
Balances on current accounts	2 714 088	2 384 458
Term deposits	6 464 042	7 196 292
Other	194 257	224 316
Accrued interest	32 852	35 983
<b>Amounts due to public sector</b>	<b>2 419 230</b>	<b>2 133 727</b>
Balances on current accounts	731 075	954 505
Term deposits	1 660 766	1 161 374
Other	21 078	14 923
Accrued interest	6 311	2 925
<b>Total</b>	<b>31 937 360</b>	<b>31 558 664</b>

**Note (18) Change of debt securities**

	01.01.2010 – 31.03.2010	01.01.2009 – 31.12.2009
<b>Balance at the beginning of the period</b>	<b>1 024 335</b>	<b>917 094</b>
- change of bonds issued in leasing portfolio securitization transaction	441	-42 018
- change of bonds issued by the Bank	65 634	149 259
<b>Balance at the end of the period</b>	<b>1 090 410</b>	<b>1 024 335</b>

## V. CHANGES IN RISK MANAGEMENT PROCESS

Risk management plays a key role in the strategy of sustained and stable development of the Bank Millennium Group, thus supporting optimisation of the risk vs. return proportion within different business lines as well as maintenance of adequate risk profile in terms of principal and liquidity.

To ensure effective risk management and consistent policy, the Bank Millennium Group implemented risk management model, which provides integrated management for credit, market, liquidity and operational risk.

### Credit risk

Change in the economic situation, demonstrated by improvement in the macroeconomic ratios and standing of companies in 1Q 2010, made it possible to conduct in-house evaluation of the Group's credit policy assumptions. As a result, the rationale behind maintaining selected crisis measures taken at the turn of 2008 and 2009 was reviewed, in scope of purpose of financing, collaterals and crediting periods. Additionally in the retail segment "Rodzina na swoim" /Family with the place of their own programme/ has been introduced to the mortgage offer. A project to adjust the principles of Bank's operations to the requirements of recommendation T has been started.

It should be noted that the changes made in the policy were selective and supported by individual assessment of the current risk level and current market conditions.

In 1Q 2010, restructuring and recovery actions consistently followed 2010 strategy and plans.

Actions regarding receivables from individuals were focussed among others on two areas of receivable collection: portfolio monitoring for early collection of receivables in order not to allow generation of liabilities-at-risk portfolio and intensification of works in the final phase of recovery in order to reduce the liabilities-at-risk portfolio.

Actions for business receivables were conducted in accordance with the restructuring and recovery policy adopted at the Bank for this client group and based on case-by-case action strategies for maximum efficiency and process monitoring.

In '000 PLN	31.03.2010		31.12.2009	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Not overdue and without impairment	30 288 192	726 339	30 785 445	695 697
Overdue, but without impairment	1 762 408	0	1 773 146	0
With impairment	2 058 717	0	2 032 835	0
<b>Gross</b>	<b>34 109 317</b>	<b>726 339</b>	<b>34 591 426</b>	<b>695 697</b>
Impairment write-offs together with IBNR	-1 130 171	0	-1 106 491	0
<b>Net</b>	<b>32 979 146</b>	<b>726 339</b>	<b>33 484 935</b>	<b>695 697</b>

### **Market risk**

In 1Q 2010, the Bank continued its conservative approach to market risk management adopted in 2009. As a result of this VaR ratios for the Trading Book and Banking Book demonstrated average exposure to market risk at the level of approx. 6.4 million PLN (22% of the limit) and 15.0 million PLN (21% of the limit), respectively.

In 1Q 2010 the limits for value at risk were not exceeded.

In connection with implementation of the procedure to transfer interest rate risk from the Commercial area, a process was started to calculate changes in the value of hedge portfolios (cash loans and leasing) in a series of additional stress tests conducted for hedging structures. These tests are to verify the effectiveness of hedging against interest rate risk.

Additionally, the VaR measurement system was expanded by a functionality that enables stress testing in all the risk areas covered by the system.

### **Liquidity risk**

In 1Q 2010, immediate and quarterly liquidity risk ratios were positive and remained within a growing trend. At the end of March 2010 they reached PLN 6.5 billion and PLN 4.5 billion, respectively. Positive trends were also recorded in structural liquidity risk.

Over this period, the limits for all the internal and supervisory measures were observed.

As regards liquidity measures, including supervisory ones, a systematic improvement was observed, which was mostly related to PLN appreciation and increase of Bank's equity by approx. PLN 1 billion in February 2010.

In the period under review the Bank continued the works to supplement the structural liquidity risk examination model with additional stress tests aimed at early identification of potential risks.

### **Operational risk**

In order to identify and assess the operational risk in its operations the Group applies 3 matching and supplementing actions:

- it collects loss data, both for internal and external losses,
- it monitors key risk ratios and
- conducts periodic self-assessment of the process risk level.

In 1Q 2010 the Group carried on its actions aimed at continuous fine-tuning and improvement in risk awareness among all the employees, and in particular those who impact the process flow in the organisation. In the last quarter the Group emphasised strongly risk identification, risk limitation approaches and risk monitoring in this area.

## **VI. OPERATIONAL SEGMENTS**

The Group's activity is pursued on the basis of diverse business lines, which offer specific products and services targeted at the market segments listed below:

### **a) Retail Customer Segment**

The Retail Customers Segment covers activity targeted at mass-market Customers, affluent Customers, micro companies and individual entrepreneurs.

The activity of the above business lines is developed with use of the full offer of banking products and services as well as sales of specialised products offered by subsidiaries in the group. In the credit products area the key portfolio growth factors are mortgage loans, retail credit products, credit card revolving credit as well as leasing products for small companies. Meanwhile key Customers funds include: current accounts, term deposits, mutual funds and structured products. Additionally the offer comprises insurance products, mainly linked with loans and credit cards, as well as specialised savings products. The product offer for affluent customers was enriched to include selected mutual funds of other financial intermediaries, foreign funds and structured bonds issued by the Bank.

### **b) Corporate Customer Segment**

The Corporate Customers Segment is based on activity targeted at Small and Medium Companies as well as Large Corporations. The offer is also addressed to Customers from the Public Sector.

Business in the Corporate Customers segment is pursued with use of a high quality offer of typical banking products (loans for day-to-day activity, investment loans, current accounts, term deposits) supplemented by a range of cash management products as well as treasury products (including derivatives) and leasing and factoring services.

### **c) Treasury and investment activity**

This segment covers the Group's activity as regards investments by the Treasury Department, brokerage, inter-bank market transactions and taking positions in debt securities, which are not assigned to other segments. This segment includes other assets and other liabilities, assets and liabilities connected with hedging derivatives and deferred income tax assets not assigned to any of the segments.

### **d) Unallocated (Other) assets and liabilities and revenues and expenses**

The income tax charge has been presented at the Group level only.

## **Accounting principles**

For each segment the pre-tax profit is determined, comprising:

- Net interest income calculated on the basis of interest on external working assets and liabilities of the segment as well as allocated assets and liabilities generating internal interest income or cost. Internal income and costs are calculated based on market interest rates;
- Net commission income;

- Other income from financial transactions and FX gains, such as: dividend income, result on investment and trading activity, FX gains/losses and result on other financial instruments;
- Other operating income and expenses;
- Costs on account of impairment of financial and non-financial assets;
- Segment share in operating costs, including personnel and administration costs;
- Segment share in depreciation costs.

The assets and liabilities of commercial segments are the operating assets and liabilities used by the segment in its operations, allocated on reasonable business grounds. The difference between operating assets and liabilities is covered by money market assets/liabilities and debt securities. The assets and liabilities of the Treasury and Investment Banking segment are money market assets/liabilities and debt securities.

Adjustment of fair value on account of measurement of credit risk component of FX derivatives concluded with Customers is assigned to the "Corporate Banking" segment.

#### Income statement 01.01.2010 – 31.03.2010

In '000 PLN	Retail Banking	Corporate Banking	Investment and Treasury Banking	Other	Total consolidated
Net interest income	188 043	53 180	-23 804	0	217 419
external income	287 713	124 533	163 594	0	575 840
external cost	-211 252	-84 763	-62 406	0	-358 421
External income less cost	76 461	39 770	101 188	0	217 419
internal income	209 394	78 363	-287 757	0	0
internal cost	-97 812	-64 953	162 765	0	0
Internal income less cost	111 582	13 410	-124 992	0	0
Net fee and commission income	118 655	25 050	4 073	0	147 778
Dividends, other income from financial operations and foreign exchange profit	21 682	10 847	24 017	0	56 546
Other operating income and cost	-2 225	-3 093	7 043	0	1 725
Operating income	<b>326 155</b>	<b>85 983</b>	<b>11 329</b>	0	<b>423 468</b>
Staff costs	-86 148	-26 836	-9 354	0	-122 338
Administrative costs	-93 676	-13 482	- 6 004	0	-113 162
Impairment losses on assets	-42 645	-40 093	-317	0	-83 055
Depreciation and amortization	-15 297	- 3 601	-531	0	-19 428
Operating expenses	<b>-237 766</b>	<b>-84 012</b>	<b>-16 205</b>	0	<b>-337 983</b>
Share of profit of associates				0	0
<b>Profit / (loss) before taxes</b>	<b>88 389</b>	<b>1 972</b>	<b>-4 876</b>	0	<b>85 485</b>
Income taxes					-17 385
<b>Profit / (loss) after taxes</b>					<b>68 100</b>

**Balance sheet 31.03.2010**

In '000 PLN	Retail Banking	Corporate Banking	Investment and Treasury Banking	Other	Total consolidated
<b>ASSETS</b>					
Segment assets	25 979 240	11 820 777	7 478 444	0	45 278 461
Assets allocated to segment	1 895 502	101 739	-1 997 241	0	0
<b>Total</b>	<b>27 874 742</b>	<b>11 922 516</b>	<b>5 481 203</b>	<b>0</b>	<b>45 278 461</b>
<b>LIABILITIES</b>					
Segment liabilities	22 219 354	11 195 825	7 950 583	0	41 365 762
Liabilities allocated to segment	4 199 483	182 362	-4 381 846	0	0
Equity allocated to segment	1 455 905	544 328	1 912 466	0	3 912 699
<b>Total</b>	<b>27 874 742</b>	<b>11 922 516</b>	<b>5 481 203</b>	<b>0</b>	<b>45 278 461</b>

**Income statement 01.01.2009 – 31.03.2009**

In '000 PLN	Retail Banking	Corporate Banking	Investment and Treasury Banking	Other	Total consolidated
Net interest income	142 425	54 633	-69 165	0	127 893
external income	272 381	140 591	218 557	0	631 528
external cost	-338 657	-118 382	-46 597	0	-503 635
External income less cost	-66 276	22 209	171 960	0	127 893
internal income	326 026	117 941	-443 967	0	0
internal cost	-117 325	-85 517	202 842	0	0
Internal income less cost	208 702	32 424	-241 126	0	0
Net fee and commission income	91 466	30 693	3 789	0	125 948
Dividends, other income from financial operations and foreign exchange profit	26 296	35 045	82 140	0	143 480
Other operating income and cost	53	26	2 984	0	3 063
<b>Operating income</b>	<b>260 240</b>	<b>120 397</b>	<b>19 747</b>	<b>0</b>	<b>400 385</b>
Staff costs	-87 885	-27 203	-2 881	0	-117 969
Administrative costs	-94 084	-17 704	-8 195	0	-119 984
Impairment losses on assets	-27 732	-105 172	3 288	0	-129 616
Depreciation and amortization	-13 074	-3 790	-2 636		-19 501
<b>Operating expenses</b>	<b>-222 776</b>	<b>-153 869</b>	<b>-10 424</b>	<b>0</b>	<b>-387 069</b>
<b>Profit / (loss) before taxes</b>	<b>37 464</b>	<b>-33 472</b>	<b>9 324</b>	<b>0</b>	<b>13 315</b>
Income taxes					-1 219
<b>Profit / (loss) after taxes</b>					<b>12 096</b>

**Balance sheet 31.12.2009**

In '000 PLN	Retail Banking	Corporate Banking	Investment and Treasury Banking	Other	Total consolidated
<b>ASSETS</b>					
Segment assets	26 376 319	10 293 886	8 243 619	0	44 913 824
- including capital investment outlays	13 547	1 706	35	0	15 288
Assets allocated to segment	433 163	2 280 126	-2 713 290	0	0
<b>Total</b>	<b>26 809 482</b>	<b>12 574 012</b>	<b>5 530 329</b>	<b>0</b>	<b>44 913 824</b>
<b>LIABILITIES</b>					
Segment liabilities	22 371 437	11 774 305	7 980 748	0	42 126 490
Liabilities allocated to segment	2 984 296	204 001	-3 188 297	0	0
Equity allocated to segment	1 453 750	595 706	737 878	0	2 787 334
<b>Total</b>	<b>26 809 482</b>	<b>12 574 012</b>	<b>5 530 329</b>	<b>0</b>	<b>44 913 824</b>

**VII. DATA ON ASSETS SECURING LIABILITIES**

As at 31 March 2010, the Bank's following assets secured its liabilities:

					In '000 PLN
No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds DZ0811	available for sale	Lombard credit granted to the Bank by the NBP	65 000	66 995
2.	Treasury bonds OK0711	available for sale	Lombard credit granted to the Bank by the NBP	75 000	71 036
3.	Treasury bonds DZ0811	available for sale	Initial security deposit for bond futures	500	515
4.	Treasury bonds OK0710	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	70 000	69 342
5.	Treasury bonds DZ0811	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	30 000	30 921
6.	Treasury bonds DS1110	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	67 279	69 687
7.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70
8.	Deposits	Deposits on other banks	Settlement on transactions entered	63 361	63 361
<b>TOTAL</b>				<b>371 210</b>	<b>371 927</b>

As at 31 December 2009, the Bank's following assets secured its liabilities:

					In '000 PLN
No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds DZ0811	available for sale	Lombard credit granted to the Bank by the NBP	65 000	66 250
2.	Treasury bonds OK0711	available for sale	Lombard credit granted to the Bank by the NBP	75 000	69 795
3.	Treasury bonds DZ0811	available for sale	Initial security deposit for bond futures	500	510
4.	Treasury bonds DS1110	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	67 279	68 759
5.	Treasury bonds DZ0811	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	30 000	30 577
6.	Treasury bonds OK0710	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	70 000	68 506
7.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70
8.	Deposits	Deposits on other banks	Settlement on transactions entered	41 055	41 055
<b>TOTAL</b>				<b>348 904</b>	<b>345 522</b>

#### VIII. DIVIDEND FOR 2009

Accordingly decision of Ordinary General Meeting of Shareholders taking place 22 April 2010, the Bank will not pay dividend from profits generated in financial year ending 31 December 2009.

#### IX. EARNINGS PER SHARE

Profit per share calculated for 1Q 2010 on the basis of the consolidated data, with effect of issue of L-shares considered in weighted average amount of shares calculation (value presented in P&L) amounted to PLN 0.07.

#### X. SHAREHOLDERS HOLDING NO LESS THAN 5% OF THE TOTAL NUMBER OF VOTES AT THE SHAREHOLDER MEETING OF THE GROUP'S PARENT COMPANY - BANK MILLENNIUM SA

The data relating to number of shares, percentage share in equity, number of votes and their percentage share in total number of votes at the Shareholder Meeting were prepared based on information included in the shareholders' announcements sent to the Bank in accordance with art 69 of the "Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies", as well as based on information provided by shareholders when registering at the Bank's Shareholder Meeting (the number of shares registered at the Shareholder Meeting may be lower than the number of shares actually held).

Data as at the delivery date of the quarterly for 1Q 2010

<b>Shareholder</b>	<b>Number of shares</b>	<b>% share in share capital</b>	<b>Number of votes</b>	<b>% share in votes at Shareholders' Meeting</b>
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK	96 341 239	7.94	96 341 239	7.94

List of Shareholders as presented in annual report for 2009

<b>Shareholder</b>	<b>Number of shares</b>	<b>% share in share capital</b>	<b>Number of votes</b>	<b>% share in votes at Shareholders' Meeting</b>
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK	69 568 623	8.19	69 568 623	8.19

## **XI. INFORMATION ABOUT LOAN SURETIES OR GUARANTEES EXTENDED BY THE GROUP**

In 1Q 2010, the Group did not grant any sureties or guarantees for a loan or bank loan to a single entity, which would cause the Group's exposure on this account to the Client as at 31 March 2010 to exceed 10% of the Group's equity as at the balance sheet date.

## **XII. DESCRIPTION OF RELATED PARTY TRANSACTIONS**

### **(1) DESCRIPTION OF RELATED PARTY TRANSACTIONS**

All the transactions concluded between Group entities in the period from 1 January 2010 to 31 March 2010 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities, which were eliminated in the data consolidation process:

- BANK MILLENNIUM S.A.,
- MILLENNIUM LEASING Sp. z o.o.,
- MILLENNIUM LEASE Sp. z o.o.,
- MILLENNIUM DOM MAKLERSKI S.A.,
- MILLENNIUM TFI S.A.,
- BBG FINANCE B.V.,
- MB FINANCE A.B.,
- ORCHIS Sp. z o.o.,
- MILLENNIUM SERVICE Sp. z o.o.,
- MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.,
- TBM Sp. z o.o.

and transaction amounts with the Bank Millennium's parent – Banco Comercial Portugues.

Apart from transactions described herein, in the indicated period neither Bank Millennium S.A., nor subsidiaries of Bank Millennium S.A. made any other transactions with related entities, which individually or jointly may have been significant and concluded under terms and conditions other than market-based.

**ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
AS AT 31.03.2010**

	With subsidiaries	With controlling entity
<b>ASSETS</b>		
Loans and advances to banks – accounts and deposits	311 632	70 035
Loans and advances to customers	2 314 725	
Receivables from securities bought with sell-back clause	3 540	
Investments in associates	261 125	
Hedging derivatives		20 012
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	4 623	144 955
Other assets	15 986	
<b>LIABILITIES</b>		
Deposits from banks	2 182 276	2 835 362
Deposits from customers	1 093 199	
Liabilities from securities sold with buy-back clause	3 540	
Debt securities	-762 310	
Financial liabilities valued at fair value through profit and loss (held for trading)	2 346	735
Other liabilities	173 722	27
- including liabilities from financial leasing	147 347	

**ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
AS AT 31.12.2009**

	With subsidiaries	With controlling entity
<b>ASSETS</b>		
Loans and advances to banks – accounts and deposits	229 807	70 542
Loans and advances to customers	2 220 036	
Receivables from securities bought with sell-back clause	3 506	
Investments in associates	263 720	
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	4 160	53 043
Hedging derivatives		74 839
Other assets	12 761	
<b>LIABILITIES</b>		
Deposits from banks	2 219 232	2 892 670
Deposits from customers	1 020 686	
Liabilities from securities sold with buy-back clause	3 506	
Debt securities	-761 869	
Financial liabilities valued at fair value through profit and loss (held for trading)	2 644	757
Other liabilities	164 187	5
- including liabilities from financial leasing	150 320	

**PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
FOR THE PERIOD OF 1.01-31.03.2010**

	With subsidiaries	With controlling entity
Income from:		
Interest	37 695	14 520
Commissions	12 978	
Derivatives net	761	5 747
Dividends	17 679	
Other net operating income	4 055	
Expense from:		
Interest	22 763	15 915
Commissions	12 846	
General and administrative expenses	20 152	36

**PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
FOR THE PERIOD OF 1.01-31.03.2009**

	With subsidiaries	With controlling entity
Income from:		
Interest	30 622	2 764
Commissions	9 336	
Dividends	108 342	
Other net operating income	27 848	
Expense from:		
Interest	32 139	2 388
Commissions	9 138	
Derivatives net	17	15 925
General and administrative expenses	24 702	2 371

**OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2010**

	With subsidiaries	With controlling entity
Conditional commitments	146 971	121 462
Derivatives (par value)	402 545	5 508 820

**OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2009**

	With subsidiaries	With controlling entity
Conditional commitments	274 008	160 481
Derivatives (par value)	439 504	4 316 181

**(2) BALANCE OF THE BANK'S SHARES HELD BY THE BANK'S SUPERVISORY AND MANAGEMENT BOARD****MEMBERS**

<b>Name and surname</b>	<b>Function</b>	<b>Number of shares according to data in Group's report prepared for 2009</b>	<b>Number of shares as of reporting date for quarterly report prepared as at 31.03.2010</b>
Bogusław Kott	Chairman of the Management Board	3 126 174	4 465 391
Joao Bras Jorge	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	492 248
Wojciech Haase	Member of the Management Board	5 246	7 494
Artur Klimczak	Member of the Management Board	0	0
Antonio Pinto Junior	Member of the Management Board	0	0
Andrzej Gliński	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	94	134
Carlos Jorge Ramalho dos Santos Ferreira	Deputy Chairman of the Supervisory Board	0	0
Ryszard Pospieszyński	Deputy Chairman of the Supervisory Board	60 470	86 100
Marek Furtek	Secretary of the Supervisory Board	1	1
Andrzej Koźmiński	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
Paulo Jose de Ribeiro Moita de Macedo	Member of the Supervisory Board	0	0
Vitor Manuel Lopes Fernandes	Member of the Supervisory Board	0	0
Nelson Ricardo Bessa Machado	Member of the Supervisory Board	0	0
Luis Pereira Coutinho	Member of the Supervisory Board	0	0

### XIII. CONTINGENT ASSETS AND LIABILITIES

The total value of the largest lawsuits as at 31 March 2010, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 544.0 million. The total value of the largest lawsuits, in which Group companies acted as defendants was PLN 369.9 million and the total value of the largest lawsuits, in which Group companies acted as claimants was PLN 174.1 million.

The largest lawsuits in which Group companies are defendants:

1. **Plaintiff:** joint stock company in bankruptcy

**Value of the subject matter of the dispute:** PLN 159,461,349

**Re:** Ruling ineffectiveness of:

- conditional real estate sale agreement in Świnoujście between a joint stock company seated in Świnoujście and a joint stock company seated in Sopot;
- real estate sale agreement in Świnoujście;
- three operating sale and leaseback agreements dated 18 June 2002.

**Description of the case:** Currently, the case is pending at the District Court in Gdańsk – at evidence proceedings. The Court allowed evidence in the form of expert's opinion as regards property appraisal as at October 25 2002 and next expanded the evidence thesis by its decision of September 2008. The experts appointed by the Court addressed a letter drafted on February 22 2010, in which they informed that it was impossible to prepare an opinion pursuant to the evidence decision. Following this letter, a letter was sent to the Court with comments and reservations concerning the position presented by the experts. In response to the procedural letter of the plaintiff dated 15.03.2010 with application for change in the evidence thesis, a procedural letter was filed by the defendant applying for dismissal of the plaintiff's application for changing the decision of the District Court dated September 8 2008.

According to the Group's estimations, regardless of the verdict issued by the court, there is no need to establish any reserves; the only financial consequences for the Group are limited to incurred court fees.

2. **Plaintiff:** legal person

**Value of the subject matter of the dispute:** PLN 31,049,160

**Re:** The Plaintiff raised in his claim that transaction, which is the subject of dispute, was not concluded effectively due to the failed agreement of significant items. The Plaintiff additionally says that he avoided legal consequences of his declarations of will, which were placed under the impact of a mistake.

**Case status:** Reply to the suit was submitted.

In the Bank's opinion the above arguments are ungrounded, and raised arguments are not justified by the collected evidence materials in the case under consideration.

**OFF-BALANCE ITEMS**

<i>Amount '000 PLN</i>	<b>31.03.2010</b>	<b>31.12.2009</b>
<b>Off-balance conditional commitments granted and received</b>	<b>8 144 375</b>	<b>8 118 413</b>
1. Commitments granted:	7 474 455	7 134 510
a) financial	5 950 258	5 647 744
b) guarantee	1 524 197	1 486 766
2. Commitments received:	669 920	983 903
a) financial	188 952	480 398
b) guarantee	480 968	503 505

**XIV. MATERIAL EVENTS OCCURRING BETWEEN THE DATE OF THIS REPORT AND THE PUBLICATION DATE, WHICH COULD IMPACT GROUP'S FUTURE FINANCIAL RESULTS**

On 22 April 2010 the Bank's Supervisory Board held a meeting, where the Supervisory Board acknowledged the resignation of Mr. Rui Manuel da Silva Teixeira from the position as Vice-Chairman of the Management Board of Bank Millennium S.A and the Member of the Management Board due to personal reasons, effective as of 22 April 2010.

Moreover, the Supervisory Board changed the composition of the Management Board of the current term in office, increasing the number of the Management Board members from 7 to 8 members. The Supervisory Board appointed one of the Members of the Management Board Mr. Joao Nuno Lima Bras Jorge as Vice-Chairman of Bank Millennium S.A. Management Board and appointed Mr. Andrzej Gliński and Mr. Antonio Pinto Junior for posts of Management Board Members of the current term in office.

**II. CONDENSED INTERIM FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE 3 MONTHS ENDED 31 MARCH 2010**

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## **I. INTRODUCTION AND ACCOUNTING PRINCIPLES**

This condensed interim financial statement has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. The condensed interim financial statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2009.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Bank is required to publish the financial results for the three months ended 31 March 2010 which is deemed to be the current interim financial reporting period.

The Board of Directors approved this condensed unconsolidated interim financial statement on 26 April 2010.

## II. BANK'S UNCONSOLIDATED FINANCIAL DATA

<b>INCOME STATEMENT</b>		
<i>Amount '000 PLN</i>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
I. Interest income	536 958	577 364
II. Interest expense	-351 371	-493 631
<b>III. Net interest income</b>	<b>185 587</b>	<b>83 733</b>
IV. Fee and commission income	148 907	136 255
V. Fee and commission expense	-11 196	-17 753
<b>VI. Net fee and commission income</b>	<b>137 711</b>	<b>118 502</b>
VII. Dividend income	17 898	87 832
VIII. Result on investment financial assets	484	5 633
IX. Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	54 995	136 822
X. Other operating income	9 421	6 194
<b>XI. Operating income</b>	<b>406 096</b>	<b>438 716</b>
XII. General and administrative expenses	-222 721	-229 043
XIII. Impairment losses on financial assets	-70 041	-106 307
XIV. Impairment losses on non financial assets	-61	-277
XV. Depreciation and amortization	-18 739	-13 078
XVI. Other operating expenses	-5 737	-3 465
<b>XVII. Operating expenses</b>	<b>-317 299</b>	<b>-352 170</b>
<b>XVIII. Operating profit</b>	<b>88 797</b>	<b>86 546</b>
<b>XIX. Profit / (loss) before taxes</b>	<b>88 797</b>	<b>86 546</b>
XX. Corporate income tax	-14 303	-1 859
<b>XXI. Profit / (loss) after taxes</b>	<b>74 494</b>	<b>84 687</b>
Weighted average number of ordinary shares	982 624 589	849 181 744
<b>Earnings (losses) per ordinary share (in PLN)</b>	<b>0.08</b>	<b>0.10</b>

<b>TOTAL COMPREHENSIVE INCOME STATEMENT</b>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
<b>Profit / (loss) after taxes</b>	<b>74 494</b>	<b>84 687</b>
<b>OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:</b>		
Effect of valuation of available for sale debt securities	17 188	2 623
Effect of valuation of available for sale shares	521	-378
Hedge accounting	2 901	201 629
<b>OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES</b>	<b>20 610</b>	<b>203 874</b>
Corporate income tax on other elements of total comprehensive income	-3 916	-38 738
<b>OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES</b>	<b>16 692</b>	<b>165 136</b>
<b>TOTAL COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>91 186</b>	<b>249 823</b>

## BALANCE SHEET

### ASSETS

<i>Amount '000 PLN</i>	<b>31.03.2010</b>	<b>31.12.2009</b>
I. Cash, balances with the Central Bank	1 411 792	2 191 027
II. Loans and advances to banks	726 325	695 689
III. Financial assets valued at fair value through profit and loss (held for trading)	4 106 508	3 029 253
IV. Hedging derivatives	315 128	377 334
V. Loans and advances to customers	31 945 954	32 482 473
VI. Investment financial assets	5 015 139	4 163 076
- available for sale	5 015 139	4 163 076
- held to maturity	0	0
VII. Investments in associates	261 987	262 288
VIII. Receivables from securities bought with sell-back clause (loans and advances)	26 613	208 781
IX. Property, plant and equipment	273 820	285 490
X. Intangible assets	16 271	18 458
XI. Non-current assets held for sale	0	0
XII. Receivables from Tax Office resulting from current tax	23 646	36 548
XIII. Deferred tax assets	109 318	102 660
XIV. Other assets	148 621	116 073
<b>Total Assets</b>	<b>44 381 122</b>	<b>43 969 150</b>

### LIABILITIES

<i>Amount '000 PLN</i>	<b>31.03.2010</b>	<b>31.12.2009</b>
I. Deposits from banks	4 838 261	4 909 356
II. Financial liabilities valued at fair value through profit and loss (held for trading)	688 359	683 378
III. Hedging derivatives	157 803	122 813
IV. Deposits from customers	32 039 433	31 653 587
V. Liabilities from securities sold with buy-back clause	1 202 475	2 346 190
VI. Debt securities	328 100	262 466
VII. Provisions	21 116	23 196
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	0	0
X. Other liabilities	561 655	504 744
XI. Subordinated debt	894 860	945 795
<b>Total Liabilities</b>	<b>40 732 062</b>	<b>41 451 525</b>

**EQUITY**

<i>Amount '000 PLN</i>	<b>31.03.2010</b>	<b>31.12.2009</b>
I. Share capital	1 213 117	849 182
II. Share premium	1 148 656	472 343
III. Revaluation reserve	27 891	11 199
IV. Retained earnings	1 259 395	1 184 901
<b>Total Equity</b>	<b>3 649 059</b>	<b>2 517 625</b>

<b>Total Liabilities and Equity</b>	<b>44 381 121</b>	<b>43 969 150</b>
-------------------------------------	-------------------	-------------------

<b>Book value</b>	<b>3 649 059</b>	<b>2 517 625</b>
<b>Number of shares</b>	<b>1 213 116 777</b>	<b>849 181 744</b>
<b>Book value per share (in PLN)</b>	<b>3.01</b>	<b>2.96</b>

# STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
<b>Equity at the beginning of the period 01.01.2010</b>	<b>2 517 625</b>	<b>849 182</b>	<b>472 343</b>	<b>11 199</b>	<b>1 184 901</b>
- L-shares issue	1 040 248	363 935	676 313	0	0
- total comprehensive income of the I quarter of 2010	91 186	0	0	16 692	74 494
<b>Equity at the end of the period 31.03.2010</b>	<b>3 649 059</b>	<b>1 213 117</b>	<b>1 148 656</b>	<b>27 891</b>	<b>1 259 395</b>

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
<b>Equity at the beginning of the period 01.01.2009</b>	<b>2 462 552</b>	<b>849 182</b>	<b>472 343</b>	<b>40 241</b>	<b>1 100 786</b>
- total comprehensive income of 2009	55 073	0	0	-29 042	84 115
<b>Equity at the end of the period 31.12.2009</b>	<b>2 517 625</b>	<b>849 182</b>	<b>472 343</b>	<b>11 199</b>	<b>1 184 901</b>

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
<b>Equity at the beginning of the period 01.01.2009</b>	<b>2 462 552</b>	<b>849 182</b>	<b>472 343</b>	<b>40 241</b>	<b>1 100 786</b>
- total comprehensive income of the I quarter of 2009	249 823	0	0	165 136	84 687
<b>Equity at the end of the period 31.03.2009</b>	<b>2 712 375</b>	<b>849 182</b>	<b>472 343</b>	<b>205 377</b>	<b>1 185 473</b>

## CASH FLOWS

### A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
<b>I. Profit (loss) after taxes</b>	<b>74 494</b>	<b>84 687</b>
<b>II. Adjustments for:</b>	<b>-284 009</b>	<b>-184 229</b>
1. Interests in net income (loss) of associated companies	0	0
2. Depreciation and amortization	18 739	13 078
3. Foreign exchange (gains) losses	-181 307	415 387
4. Dividends	-17 898	-87 832
5. Changes in provisions	-2 079	-2 909
6. Result on sale and liquidation of investing activity assets	-325	-6 525
7. Change in financial assets valued at fair value through profit and loss (held for trading)	-222 504	1 433 749
8. Change in loans and advances to banks	-29 134	499 639
9. Change in loans and advances to customers	536 481	-2 569 610
10. Change in receivables from securities bought with sell-back clause (loans and advances)	182 168	-319 312
11. Change in financial liabilities valued at fair value through profit and loss (held for trading)	39 971	-2 230 170
12. Change in deposits from banks	53 687	1 151 906
13. Change in deposits from customers	383 590	557 152
14. Change in liabilities from securities sold with buy-back clause	-1 143 715	662 860
15. Change in debt securities	65 634	15 292
16. Change in income tax settlements	14 305	1 860
17. Income tax paid	-11 976	0
18. Change in other assets and liabilities	24 364	267 874
19. Other	5 990	13 332
<b>III. Net cash flows from operating activities</b>	<b>-209 515</b>	<b>-99 542</b>

### B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
<b>I. Inflows:</b>	<b>17 974</b>	<b>90 058</b>
1. Proceeds from sale of property, plant and equipment and intangible assets	76	2 226
2. Proceeds from sale of shares in associates	0	0
3. Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds from sale of investment financial assets	0	0
5. Other	17 898	87 832
<b>II. Outflows:</b>	<b>-240 374</b>	<b>-165 410</b>
1. Acquisition of property, plant and equipment and intangible assets	-2 962	-774
2. Acquisition of shares in associates	0	-20 000
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	-237 412	-144 636
5. Other	0	0
<b>III. Net cash flows from investing activities</b>	<b>-222 400</b>	<b>-75 352</b>

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

<i>Amount '000 PLN</i>	<b>1.01.2010 - 31.03.2010</b>	<b>1.01.2009 - 31.03.2009</b>
<b>I. Inflows:</b>	<b>1 040 248</b>	<b>0</b>
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	1 040 248	0
5. Other	0	0
<b>II. Outflows:</b>	<b>0</b>	<b>0</b>
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
<b>III. Net cash flows from financing activities</b>	<b>1 040 248</b>	<b>0</b>
<b>D. NET CASH FLOWS, TOTAL (A III+B III+C III)</b>	<b>608 333</b>	<b>-174 894</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD</b>	<b>4 128 408</b>	<b>2 939 493</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)</b>	<b>4 736 741</b>	<b>2 764 599</b>

**ADDITIONAL EXPLANATIONS TO FINANCIAL DATA*****WRITING OFF UNCOLLECTABLE RECEIVABLES TO IMPAIRMENT PROVISIONS***

In the period from 1 January to 31 March 2010, the Bank wrote off uncollectable receivables of PLN 50,770 thousand and charged them to impairment provisions established.

***RECLASSIFICATION OF DEBT SECURITIES***

This information was presented in the Abbreviated Consolidated Statements, in Chapter II "Introduction and Accounting Principles".

**III. SEASONALITY AND BUSINESS CYCLES**

In the Bank's activity, there are no significant phenomena which are cyclical or subject to seasonal variations.

**IV. DESCRIPTION OF NON-STANDARD FACTORS AND EVENTS**

The Bank's unconsolidated profit and loss account includes dividends received from subsidiaries, which, for the purposes of the Group's consolidated statements are eliminated as intra-group transactions. The value of such dividends for 1 quarter of 2010 and 1 quarter of 2009 (comparative data) was PLN 17,679 thousand and PLN 87,831 thousand, respectively.

## V. ISSUE, REDEMPTION OR REPAYMENT OF DEBT OR EQUITY INSTRUMENTS

During the 3 months ended 31 March 2010, the Bank's liabilities on account of a debt securities issues increased by PLN 65,634 thousand as a result of commercial bond issues. The bonds were issued under the Banks' Bond Issue Scheme, under which the Bank may issue multiple bond series (private placement issues) in the total nominal value not exceeding PLN 2,000,000,000 or its equivalent in EUR, USD, CHF.

## VI. DIVIDEND FOR 2009

The Bank does not foresee payment of dividend in 2010, i.e. for the financial year ending 31 December 2009.

## VII. OFF-BALANCE SHEET LIABILITIES

As at 31 March 2010 and 31 December 2009, the structure of off-balance sheet liabilities was as follows:

### OFF-BALANCE ITEMS

<i>Amount '000 PLN</i>	<b>31.03.2010</b>	<b>31.12.2009</b>
<b>Off-balance conditional commitments granted and received</b>	<b>8 291 346</b>	<b>8 392 421</b>
1. Commitments granted:	7 620 251	7 407 330
a) financial	6 023 075	5 867 405
b) guarantee	1 597 176	1 539 925
2. Commitments received:	671 095	985 091
a) financial	188 952	480 398
b) guarantee	482 143	504 693

## VIII. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2010 to 31 March 2010 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities:

- MILLENNIUM LEASING Sp. z o.o.,
- MILLENNIUM LEASE Sp. z o.o.,
- MILLENNIUM DOM MAKLERSKI S.A.,
- MILLENNIUM TFI S.A.,
- BBG FINANCE B.V.,
- MB FINANCE A.B.,
- ORCHIS Sp. z o.o.

- MILLENNIUM SERVICE Sp. z o.o.,
- MILLENNIUM TELECOMMUNICATION SERVICES,
- TBM Sp. z o.o.

and transaction amounts with the Bank Millennium's parent – Banco Comercial Portugues.

Apart from transactions described herein, in the indicated period neither Bank Millennium S.A., nor subsidiaries of Bank Millennium S.A. made any other transactions with related entities, which individually or jointly may have been significant and concluded under terms and conditions other than market-based.

**ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
AS AT 31.03.2010**

	With subsidiaries	With controlling entity
<b>ASSETS</b>		
Loans and advances to banks – accounts and deposits		70 035
Loans and advances to customers	2 156 257	
Receivables from securities bought with sell-back clause		
Investments in associates	252 772	
Hedging derivatives		20 012
Financial assets valued at fair value through profit and loss (held for trading)	4 623	144 955
Other assets	15 527	
<b>LIABILITIES</b>		
Deposits from banks		2 835 362
Deposits from customers	309 081	
Liabilities from securities sold with buy-back clause	3 540	
Debt securities		
Financial liabilities valued at fair value through profit and loss (held for trading)	994	735
Other liabilities	157 286	
- including liabilities from financial leasing	146 867	

**ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
AS AT 31.12.2009**

	With subsidiaries	With controlling entity
<b>ASSETS</b>		
Loans and advances to banks – accounts and deposits		70 542
Loans and advances to customers	2 193 055	
Investments in associates	252 772	
Financial assets valued at fair value through profit and loss (held for trading)	4 093	53 043
Hedging derivatives		74 839
Other assets	12 264	

**LIABILITIES**

Deposits from banks		2 892 670
Deposits from customers	235 627	
Liabilities from securities sold with buy-back clause	3 506	
Financial liabilities valued at fair value through profit and loss (held for trading)	1 175	757
Other liabilities	151 155	
- including liabilities from financial leasing	149 057	

**PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
FOR THE PERIOD OF 1.01-31.03.2010**

	With subsidiaries	With controlling entity
<b>Income from:</b>		
Interest	14 640	14 520
Commissions	12 655	
Derivatives net	1 002	5 747
Dividends	17 679	
Other net operating income	881	
<b>Expense from:</b>		
Interest	1 789	15 915
Commissions	11	
General and administrative expenses	17 740	9

**PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)  
FOR THE PERIOD OF 1.01-31.03.2009**

	With subsidiaries	With controlling entity
<b>Income from:</b>		
Interest	22 475	2 764
Commissions	9 273	
Dividends	87 831	
Other net operating income	588	
<b>Expense from:</b>		
Interest	2 335	2 388
Commissions	11	
Derivatives net	7 353	15 925
General and administrative expenses	22 101	2 347

**OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2010**

	With subsidiaries	With controlling entity
Conditional commitments	146 971	121 462
Derivatives (par value)	402 545	5 508 820

**OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2009**

	With subsidiaries	With controlling entity
Conditional commitments	274 008	160 481
Derivatives (par value)	439 504	4 316 181