

Report of the Bank Millennium S.A. Capital Group for 1 quarter 2013



MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	Period from 1.01.2013 - 31.03.2013	Period from 1.01.2012 - 31.03.2012*	Period from 1.01.2013 - 31.03.2013	Period from 1.01.2012 - 31.03.2012*
Interest income	712 141	762 603	170 622	182 659
Fee and commission income	166 995	156 518	40 010	37 489
Operating income	492 318	471 890	117 954	113 028
Operating profit	152 266	137 175	36 481	32 856
Profit (loss) before taxes	150 719	140 297	36 111	33 604
Profit (loss) after taxes	120 024	110 107	28 757	26 373
Total comprehensive income of the period	129 402	(48 769)	31 003	(11 681)
Net cash flows from operating activities	1 671 404	1 192 011	400 451	285 512
Net cash flows from investing activities	(1 361 659)	(406 549)	(326 240)	(97 377)
Net cash flows from financing activities	(5 487)	(73 025)	(1 315)	(17 491)
Net cash flows, total	304 258	712 437	72 897	170 644
Total Assets	56 604 429	52 742 499	13 550 158	12 901 154
Deposits from banks	2 781 440	2 491 745	665 830	609 497
Deposits from customers	44 253 163	41 434 077	10 593 470	10 135 042
Equity	4 953 572	4 824 170	1 185 803	1 180 023
Share capital	1 213 117	1 213 117	290 400	296 736
Number of shares	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN/EUR)	4.08	3.98	0.98	0.97
Diluted book value per share (in PLN/EUR)	4.08	3.98	0.98	0.97
Capital adequacy ratio	14.88%	14.45%	14.88%	14.45%
Earnings (losses) per ordinary share (in PLN/EUR)	0.10	0.09	0.02	0.02
Diluted earnings (losses) per ordinary share (in PLN/EUR)	0.10	0.09	0.02	0.02
Pledged or paid dividend per share (in PLN/EUR)	-	-	-	-

* Comparative balance sheet data was presented, in compliance with IFRS requirements, as at 31.12.2012. Other comparative data is presented for the period from 1.01.2012 to 31.03.2012.

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: 4.1774PLN/EURO - the exchange rate of 31 March 2013 (for comparative data as at 31 December 2012: 4.0882 PLN/EURO),
- for profit and loss account items for the period from 1 January - 31 March 2013: 4.1738 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; 1 January - 31 March 2012: 4.1750 PLN/EURO).

INFORMATION ABOUT THE ACTIVITY OF BANK MILLENNIUM CAPITAL GROUP DURING 1 QUARTER OF 2013

Bank Millennium Group (the "Group") consolidated net profit amounted to PLN 120 million during first quarter of 2013, which is a 9% increase when compared to corresponding period of 2012.

This growth was driven by a visible increase of net revenue, by +4.5% y/y, accompanied by a reduction of operating cost by -3.4% y/y. Positive surplus generated by the main operating items more than compensated the growth of risk provisions, by 39.7% y/y. Higher provision (versus 1Q 2012) were created despite improvement of asset quality ratio, which dropped again below 5.0% level. In consequence, coverage by provisions of impaired loans increased during 1Q 2013 to the level of 60%.

First quarter of 2013 marked continuation of fast reduction of interest rates in Poland. Between January and March NBP official rates were reduced by 100 basis points and currently interest rates reached the lowest ever level. This situation caused the necessity of quick adjustment of deposit rates, which altogether could have negative impact on deposit margin and volumes. Despite that, Bank Millennium managed to increase volume of deposits, by 6.8% quarterly. Loans grew modestly, by 0.9% quarterly. Thus, liquidity of the Group improved again with Loan-to-deposit ratio reaching very comfortable level of 91% - the lowest level since 2006 year.

Bank Millennium Group is successfully implementing its updated strategy. Strong growth of customer funds (17.4% yearly) allowed to reach the highest ever volume of above PLN 50 billion. Also the structure shows increasing share of current and saving accounts. On loan side the Bank grew strongly in cash loans so already in 1st quarter its quarterly sales exceeded the sales volume of mortgage loans, which is consistent with the Group's effort of changing asset mix.

On April 11th Bank Millennium run the General Shareholders Meeting, which accepted the Management Board proposal of keeping entire 2012 profit in the Bank's equity. This fact and earlier approval of Internal Rating Based (IRB) methods of capital calculation, brought an improvement of Capital adequacy ratios: to 14.9% for total Groups's CAR and 13.4% for Group's Core Tier 1 ratio.

Macroeconomic situation

According to latest GUS data in Q4 2012 economic growth (data seasonally not adjusted) was only 0.7% y/y and not 1.1% y/y as was estimated in February. This is the worst result since the first three months of 2009. Q1 2013 data available so far have confirmed the continuing weakness of the business climate in Poland's economy, as seen in the last quarter of 2012. In the first three months of the current year sold industrial output was 2.0% lower than in the same period of 2012. An analysis of the sectoral structure confirms trends visible in previous periods, that the strongest declines are experienced by exporters, who are focusing their sales on European markets, as well as manufacturers who work with the construction sector. Moreover unfavourable weather conditions connected with the long winter also contributed to the decline of construction and assembly output in the first quarter of the year. Also poor domestic demand, especially private consumption adversely affected the situation in the Polish economy. Retail sales grew by 0.4% year-on-year in a real terms in first three months of this year as compared to a decline of 0.8% year-on-year in the Q4 2012.

In the 1st quarter of 2013 the labour market situation deteriorated further. The registered unemployment rate was 14.3% in March, 1 p.p. higher than in the same period of last year. Polish businesses continue to refrain from recruiting new staff due to uncertainty of the future of global economy. Companies are still pursuing a conservative employment policy, keeping personnel costs well under control. It appears that the current decreases of employment in the corporate sector is more the result of natural staff churn than labour discharges at the employers' initiative. Wage dynamics remained low though sliding inflation helped work income to gain in buying power.

CPI fell in Q1 2013 to 1.0% y/y at end of March, reaching the lowest level since mid-2006. Simultaneously for the first time since the end of 2006 CPI fell below the lower threshold of central bank's target. Low inflationary pressure was also confirmed by core inflation ratios. Core inflation index, net of food and energy prices, fell in March by 1.0% y/y. Low inflationary pressure results from dwindling economic growth and better-than-last-year trends on food and fuel markets. In subsequent months inflation should come down, though the potential for its further shrinking is gradually nearing its limit.

Monetary Policy Council continued the cycle - started in November last year - of relaxing monetary policy, cutting the reference rate by an additional 100 basis points. In March MPC surprised financial markets, by trimming 50 b.p. off interest rates, bringing the reference rate to the record low level of 3.25%. The increasing slowdown in the economy and the decline of inflation rate were they key arguments for rate cuts. According to MPC the March decision completes the cycle of easing monetary policy, which means that MPC has ended the current phase of cuts and switched to a "wait-and-see" bias. This suggests that the coming months will see interest rates remain unchanged.

In Q1 2013 the growth trend of household deposits continued to be strong, despite a decline of nominal interest rates and low dynamics of disposable income. This suggests that given uncertainty as to economic prospects and concern about employment stability, households were increasing savings at the expense of consumption. The value of household deposits in March was 17.5 billion PLN higher than in December 2012 and 45.6 billion PLN above the March 2012 result. Meanwhile their annual dynamics accelerated to 9.3%, coming from 7.8% in December last year. However dynamics of corporate deposits has stayed low, though not declining further. Also credit dynamics improved somewhat, though still in the lows. Annual total credit dynamics was 3.4% at end of March 2013, as compared with 1.2% in December 2012. In the household sector loans increased 2.7% y/y, while growing in the corporate sector by 4.6% y/y. At the same time stabilisation can be observed of the loans portfolio, both in its household as well as corporate part.

Group profit and loss account in 1 quarter 2013

Operating Income (PLN million)	1Q 2013	1Q 2012	Change y/y
Net Interest Income *	288.9	295.4	-2.2%
Net Commissions Income	141.8	132.6	7.0%
CORE INCOME **	430.7	428.0	0.7%
Other Non-Interest Income ***	47.1	29.4	60.1%
Total Operating Income	477.8	457.4	4.5%

(*) Pro-forma data: Net Interest Income includes margin from all derivatives. From 1st January 2006 the Bank started to apply hedge accounting principles. Starting from that date 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 22.1 million in 1Q 2013 and PLN -0.5 million in 1Q 2012) 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.

(**) Sum of Net Interest Income and Net Commission Income.

(***) Includes FX results, Results on Financial Operations and net other operating income and costs.

Net Interest Income (pro-forma) reached PLN 288.9 million in 1 quarter 2013, which means a contraction of 2.2% versus 1 quarter of 2012 and of 6.1% versus previous quarter. Still low spreads on deposits and lower coupons on bonds, caused by very fast decrease of PLN interest rates were the reasons of this contraction. Between January and March, NBP official rates were reduced by 100 basis points and currently PLN interest rates reached the lowest ever level.

However, most of banks, including Bank Millennium, were quickly adjusting deposit rates to lower levels, so average spread on deposits in 1Q 2013 slightly improved from 7 to 9 b.p.s. At the same time average spread on loans also remained on the similar level of 3%, but the total Net Interest Margin in 1Q 2013 dropped by 10 bps quarterly to 2.2% due to the bigger share of Treasury and NBP bonds and bills.

Net Commissions Income in 1 quarter 2013 reached PLN 141.8 million which means a strong 7% growth versus 1Q and 4Q 2012. Sale of own and third party investment products was the main growth driver in yearly horizon, whereas bancassurance fees contributed also to the quarterly growth.

Core income, defined as a combination of net interest and commission income, grew by 0.7% compared to 1 quarter 2012 and reached the amount of PLN 430.7 million.

Other non-interest income grew by 60.1% versus 1 quarter 2012, as there was not negative valuation of FX derivatives, which happened in 1Q 2012.

Total operating income of the Group reached PLN 477.8 million in 1 quarter 2013 and increased by 4.5% yearly.

Operating Costs (PLN million)	1Q 2013	1Q 2012	Change y/y
Personnel Costs	(139.2)	(142.4)	-2.2%
Other Administrative Costs*	(133.6)	(140.1)	-4.6%
Total Operating Costs	(272.8)	(282.4)	-3.4%
Cost/Income Ratio	57.1%	61.8%	-4.7 p.p.

(*) including depreciation

Total costs in 1 quarter 2013 amounted to PLN 272.8 million, which means a decrease by 3.4% compared to the corresponding period of 2012. Costs fell in both main items: personnel and other administrative costs (including depreciation).

Personnel costs decreased by 2.2% yearly and total number of employees in the Group also decreased by 5.6% compared to the end of March 2012 to the level of 5,920 persons (in Full Time Equivalents).

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

Employment structure (in FTEs)	31.03.2013	31.12.2012	31.03.2012	Change y/y
Bank Millennium S.A.	5 550	5 627	5 871	-5.5%
Subsidiaries	370	374	401	-7.7%
Total Bank Millennium Group	5 920	6 001	6 272	-5.6%

Other administrative costs (including depreciation) in 1 quarter 2013 fell by 4.6% compared to 1 quarter 2012, caused by savings in several areas especially in IT and communications costs. Depreciation only slightly grew by 2.4% yearly.

Cost-to-Income ratio strongly improved by almost 5 p.p. when compared to 1 quarter 2012 and reached 57.1% level i.a. slightly better than the average for entire 2012.

Total net impairment provisions created by the Group during 1 quarter 2013 amounted to PLN 52.8 million. They were higher by 40% compared to 1Q 2012 but were lower by 21% when compared to the previous quarter, when higher provisions were created for the construction sector. From total provisions created during 1Q 2013, PLN 28 million was associated with retail portfolio and 24.8 million with loans to companies. In relative terms (i.e. compared to the average net loans) total provisions created in 1 quarter 2013 stood at 52 bps level i.e. lower than average cost of risk for 2012 (58 bps).

Pre-tax Income for 1 quarter 2013 amounted to PLN 150.7 million, which is 7.4% higher than gross income for 1 quarter 2012. **Net Income** for the analysed period amounted to PLN 120 million i.e. by 9% higher compared to the net income for 1 quarter 2012. The growth, although supported by operating income increase by 4.5% y/y and cost reduction by 3.4% y/y, was adversely affected by higher provisions (by 40% y/y).

Pre-tax Income and Net Income (PLN million)	1Q 2013	1Q 2012	Change y/y
Operating Income	477.8	457.4	4.5%
Operating Costs *	(272.8)	(282.4)	-3.4%
Impairment provisions	(52.8)	(37.8)	39.7%
Pre-tax Income	150.7	140.3	7.4%
Income tax	(30.7)	(30.2)	
Net Income	120.0	110.1	9.0%

(*) without impairment provisions for financial and non-financial assets

Business results after 1Q 2013

Total assets of the Group reached PLN 56,604 million as at 31 March 2013, which means an increase by 11.6% compared to 31 March 2012.

Total customer funds of Bank Millennium Group exceeded for the first time a PLN 50 billion level growing by 17.4% yearly and by 7.3% quarterly. The strong growth of customer funds resulted from both: strong growth of deposits (16.4% y/y and 6.6% q/q) and growth of investment products (26.7% y/y and 13.2% q/q). Strong reduction of interest rates in Poland during 1Q 2013 caused, that the Bank was putting more attention to margin protection on main, retail deposit base than on keeping their volumes. Retail deposits contracted quarterly by -2.7% q/q, but deposits from companies more than compensated this drop and grew by 22.6% q/q. But changes to the structure of retail deposit are favourable in the context of potential further decreases of interest rates, with an increasing share of saving and current accounts.

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

Customer Funds (PLN million)	31.03.2013	31.12.2012	31.03.2012	Change y/y	Change q/q
Deposits of individuals *	25 721.0	26 431.3	23 219.2	10.8%	-2.7%
Deposits of Companies and public sector	18 899.6	15 416.1	15 124.3	25.0%	22.6%
Total Deposits	44 620.6	41 847.5	38 343.5	16.4%	6.6%
Investment products **	5 596.3	4 944.0	4 416.9	26.7%	13.2%
Total Customer Funds	50 216.9	46 791.5	42 760.4	17.4%	7.3%

(*) including retail bonds issued by the Bank and the retail saving-insurance products (PLN 642.7 million) presented in Balance Sheet as deposits of an insurance company (corporate deposits)

(**) Millennium TFI mutual funds and other investment products of third parties sold to Group's clients

Total loans of Bank Millennium Group reached PLN 40,874 million (in net terms) as at the end of March 2013, which means an increase by 0.9% versus corresponding date of last year. In quarterly terms the portfolio increased by 1.6% q/q with small positive impact from FX effect.

Loans to households amounted to PLN 30,490 million as at 31 March 2013 and increased by 1.5% year-on-year. It is clearly visible, that share of mortgage loans is decreasing in the portfolio. Mortgage loans grew only 0.4% yearly, whereas consumer loans grew much stronger, by 12.5% yearly. Within the mortgage portfolio, share of FX loans is steadily dropping, from 74.5% year ago to below 70% in March 2013.

According to the new sales priorities, Bank Millennium is increasing sale of consumer loans. During 1Q 2013 quarterly sale of cash loans in the amount of PLN 435 million reached the highest ever level and also for the first time outpaced the quarterly sale of mortgage loans: PLN 280 million in 1Q 2013.

Loans to companies (including leasing) amounted to PLN 10,384 million as at 31 March 2013, which means a solid 3.8% increase quarterly and small reduction, by 0.8% in yearly horizon. Leasing exposure contracted by 1.5% quarterly (and was flat yearly) whereas other loans to companies grew by 6.3% during 1Q 2013.

Lower leasing quarterly sales (PLN 309 million) is driven by overall market trend. Factoring turnover in 1Q (PLN 1,826 million), a typical lower quarter, was by 4% smaller than quarter ago but by 31% higher when comparing to 1Q 2012. Group's market share in quarterly sales of leasing was 6.9% and in factoring 7.6%.

The structure and evolution of loans and advances to Clients is presented in the table below:

Loans and advances to Clients (PLN million, net values)	31.03.2013	31.12.2012	31.03.2012	Change y/y	Change q/q
Loans to households	30 490.0	30 226.3	30 029.9	1.5%	0.9%
- mortgage loans	27 359.2	27 235.3	27 248.0	0.4%	0.5%
- other loans to households	3 130.8	2 991.0	2 781.9	12.5%	4.7%
Loans to companies	10 384.0	10 005.9	10 468.2	-0.8%	3.8%
- leasing	3 175.0	3 222.1	3 177.2	-0.1%	-1.5%
- other loans to businesses	7 208.9	6 783.8	7 291.0	-1.1%	6.3%
Total Loans & Advances to Clients	40 874.0	40 232.2	40 498.2	0.9%	1.6%

Liquidity, asset quality and solvency

Strong growth of deposits during 1Q 2013 (by 6.6% q/q) accompanied by smaller growth of loans (0.9% q/q) brought a further improvement of liquidity position of the Bank. Loan-to-deposit ratio is clearly below 100% and reached 91% level - the lowest since 2006 year. The Bank increased significantly volume of liquid assets (T-Bonds and Bills) to almost PLN 10 billion.

After 1 quarter 2013 the Group maintains high asset quality of its loan portfolio. Share of impaired loans in the consolidated portfolio dropped to 4.95% and share of past-due more than 90 days loans was at 2.84% as at the end of March 2013. The quality of mortgage portfolio remains very good with impaired loans ratio at 1.17% and past due over 90 days at 0.58%. The quality of other retail loans improved again - the impaired loans ratio decreased to 14.7%. The impaired loans ratio in companies portfolio also improved from 12% in December 2012 to 11.2% in March 2013. The share of loans 90 day past-due in this segment remains at 6.1% - similar to end of last year level.

The coverage ratio, defined as the share of total provisions in total impaired loans improved to 60% and coverage of loans past-due over 90 days was at 104%.

The evolution of main indicators of the Group's loan portfolio quality is presented below:

Total portfolio quality indicators	31.03.2013	31.12.2012	31.03.2012
Total impaired loans (PLN million)	2 085	2 111	2 084
Loans past-due over 90 days (PLN million)	1 195	1 160	1 033
Total provisions (PLN million)	1 241	1 238	1 225
Impaired over total loans ratio (%)	4.95%	5.09%	5.00%
Past-due >90d over total loans ratio (%)	2.84%	2.80%	2.48%
Total provisions/impaired loans (%)	59.5%	58.6%	58.8%
Total provisions/Past-due 90 d loans (%)	103.9%	106.7%	118.6%

Capital adequacy ratio of the Group improved in 1Q 2013 to 14.9% (CAR) and to 13.4% in Core Tier 1 ratio thanks to the decision of retaining entire 2012 net profit taken by Annual General Shareholders Meeting on April 11th. Such level of capital gives the Group very significant capital buffers above the minimal regulatory requirements.

Main solvency and liquidity indicators	31.03.2013 *	31.12.2012 *	31.03.2012
Consolidated equity (PLN million)	4 953.6	4 824.2	4 537.5
Regulatory capital (PLN million)	5 371.5	5 032.7	5 067.2
Capital requirement (PLN million):	2 887.0	2 785.8	2 838.0
- Credit risk	2 598.0	2 534.5	2 578.0
- Market risk	40.2	24.8	33.5
- Operating risk	248.9	226.5	226.5
Risk Weighted Assets (PLN million)	36 087.5	34 822.5	35 475.0
Capital Adequacy Ratio (% , consolidated)	14.9%	14.5%	14.3%
Core Tier 1 ratio (% , consolidated)	13.4%	12.9%	12.5%
Loans to Deposits ratio (%)**	90.7%	95.4%	103.6%

(*) under constrained IRB approach, after approval received at the end of 2012

(**) Includes liabilities (bonds) from leasing securitisation, bonds for retail clients and sell-buy-back/ buy-sell-back transactions with customers

Share price main indicators and ratings

In 1st quarter of 2013 the main WIG index fell by 6.2% and banking index WIG-banks by 5.3%. In the same time mWIG 40, which comprises the shares of Bank Millennium, increased by 2.2% while Bank Millennium shares gained 3.2%.

In yearly horizon Bank's shares recorded increase by 9.1% which was similar pace of growth for main indices (WIG: +9.4%, WIG-banks: +8.1%).

	28.03.2013	02.01.2013	Change (%) quarterly	30.03.2012	Change (%) yearly
Number of shares of the Bank (in ths.)	1 213 117	1 213 117	0.00%	1 213 117	0.00%
Daily trading (PLN ths, avg. quarterly)	3 383	-	-	4 195	-19.3%
Price of the Bank shares (PLN)	4.80	4.65	3.23%	4.40	9.09%
Market cap. (PLN million)	5 823	5 641	3.23%	5 338	9.09%
WIG - main index	45 148	48 108	-6.15%	41 267	9.40%
WIG Banks	6 369	6 723	-5.27%	5 894	8.06%
mWIG 40	2 625	2 569	2.19%	2 504	4.84%

In 1st quarter 2013 there have been no changes of ratings of Bank Millennium.

Rating	FITCH	MOODY'S
Long-term deposit rating/IDR	BBB- (stable outlook)	Ba2 (negative outlook)
National Long-term IDR	A-(pol) (stable outlook)	-
Short-term deposit rating	F-3	NP
Viability rating / financial strength	bbb- (no outlook)	E+ (stable outlook)
Support Rating	3	-

Main factors that could affect the situation of the Bank in 2nd quarter 2013.

Crucial factors, which may affect the financial standing of Bank Millennium Group in Q2, include:

- possible further cuts of Central Bank interest rates, which may reduce costs of financing on the domestic market, but also shrink interest spreads in the banking sector,
- continuing low dynamics of private consumption may curb demand for consumer loans on part of households, though the Central Bank rate cuts and easing of Recommendation T may support private consumption performance,
- uncertainty associated with fiscal problems of some Eurozone countries may lead to growing volatility on financial markets. An aversion to risk on global markets may weaken the Polish zloty, which in consequence may decrease liquidity surplus and increase the cost of raising funding.

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I. CONDENSED INTERIM FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE THREE MONTHS ENDED 31 MARCH 2013

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I. GENERAL INFORMATION ON THE ISSUER

Bank Millennium S.A. (the Bank) is a nationwide universal bank, offering its services to all market segments via a network of branches, corporate centers, individual advisors and electronic banking.

The Bank, entered under the number KRS 0000010186 in the National Court Register kept by the Local Court for the Capital City of Warsaw, 13th Business Department of the National Court Register, is seated in Warsaw, ul. Stanisława Żaryna 2A.

The Bank is listed on the Warsaw Stock Exchange since 1992, first Bank ever to float its shares on the WSE.

The Bank is parent company of a Capital Group (the Group) with almost 6,000 employees with core business comprising banking, leasing, factoring, brokerage, capital operations, and investment fund management.

Supervisory Board and Management Board of Bank Millennium S.A. as at 31 March 2013

Composition of the Supervisory Board is as follows:

- Maciej Bednarkiewicz - Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado - Deputy Chairman of the Supervisory Board,
- Marek Furtek - Secretary of the Supervisory Board,
- Miguel de Campos Pereira de Bragança - Member of the Supervisory Board,
- Luís Maria França de Castro Pereira Coutinho - Member of the Supervisory Board,
- Andrzej Koźmiński - Member of the Supervisory Board,
- Maria da Conceição Mota Soares de Oliveira Callé Lucas - Member of the Supervisory Board,
- Marek Rocki - Member of the Supervisory Board,
- Dariusz Rosati - Member of the Supervisory Board,
- Rui Manuel da Silva Teixeira - Member of the Supervisory Board.

Among elected to the Supervisory Board by the General Meeting on 20 April 2012, is also Mr. Bogusław Kott - conditional on his resignation from the position of Chairman of the Management Board of the Bank, however not earlier than 1 July 2013.

General Meeting held on 11 April 2013 appointed Mr. Grzegorz Jędryś as a member of the Supervisory Board.

Composition of the Management Board is as follows:

- Bogusław Kott - Chairman of the Management Board,
- Joao Nuno Lima Bras Jorge - First Deputy Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho - Deputy Chairman of the Management Board,
- Artur Klimczak - Deputy Chairman of the Management Board,
- Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
- Wojciech Haase - Member of the Management Board,
- Andrzej Gliński - Member of the Management Board,
- Maria Jose Henriques Barreto De Matos De Campos - Member of the Management Board.

Bank Millennium S.A. Capital Group

Bank Millennium S.A. is the parent company of the Group Millennium S.A. The companies comprising the Group as at 31 March 2013 are presented in table below:

Company	Activity domain	Head office	% of the Group's capital share	% of the Group's voting share	Recognition in financial statements
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warsaw	100	100	consolidated
MILLENNIUM DOM MAKLERSKI S.A.	brokerage services	Warsaw	100	100	consolidated
MILLENNIUM TFI SA	investment funds management	Warsaw	100	100	consolidated
MB FINANCE AB	funding companies from the Group	Stockholm	100	100	consolidated
MILLENNIUM SERVICE Sp. z o.o.	general construction and engineering	Warsaw	100	100	consolidated
TBM Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	consolidated
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	consolidated
LUBUSKIE FABRYKI MEBLI S.A.	furniture manufacturer	Świebodzin	50	50	equity method valuation (*)
BG LEASING S.A. under bankruptcy	leasing services	Gdańsk	74	74	historical cost (*)
PHCRS S.A.	wholesale market	Gdańsk	38,39	42,92	equity method valuation

(*) Despite having a majority shareholding of the Lubuskie Fabryki Mebli S.A., accordingly adopted an investment policy, the Group actually affect neither financial nor operational policy of the company in order to achieve the economic benefits. As a result of aforementioned lack of control the Group does not consolidate capital involvement in the Lubuskie Fabryki Mebli S.A applying equity method instead, recognizing (based on IAS 28), this involvement as associate company. Additionally under the same criterion of control the Group does not consolidate accounts of BG Leasing S.A., in view of the ongoing company bankruptcy proceedings.

Moreover, the Group is consolidating a special purpose vehicle Orchis Sp. z o.o. (SPV). The Company was created for the needs of a securitisation transaction conducted by the Group in 2007. In accordance with the provisions of IAS 27, IAS 39 and SIC 12 the Company started to be consolidated, despite the Group not having capital exposure (for this reason the Company is not included in the table presented above).

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 2012.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements of Bank Millennium S.A. Capital Group for the year ended 31 December 2012.

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 with later amendments) the Bank is required to publish the financial results for the three months ended 31 March 2013.

Condensed consolidated financial statements of the Group prepared for the period from 1 January 2013 to 31 March 2013:

- include financial data of the Bank and its subsidiaries forming the Group, and data of associates accounted under the equity method;
- are prepared on the basis of the assumption of business continuity by the Group, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

The Board of Directors approved this condensed consolidated interim financial statement on 24 April 2013.

III. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Interest income	1	712 141	762 603
Interest expense	2	(445 336)	(466 737)
Net interest income		266 805	295 866
Fee and commission income	3	166 995	156 518
Fee and commission expense	4	(25 152)	(23 967)
Net fee and commission income		141 843	132 551
Dividend income		0	20
Result on investment financial assets		6 295	1 426
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	61 747	29 322
Other operating income		15 628	12 705
Operating income		492 318	471 890
General and administrative expenses	6	(258 409)	(268 381)
Impairment losses on financial assets	7	(52 216)	(37 735)
Impairment losses on non-financial assets		(549)	(26)
Depreciation and amortization		(14 398)	(14 063)
Other operating expenses		(14 480)	(14 510)
Operating expenses		(340 052)	(334 715)
Operating profit		152 266	137 175
Share of profit of associates		(1 547)	3 122
Profit / (loss) before taxes		150 719	140 297
Corporate income tax	8	(30 695)	(30 190)
Profit / (loss) after taxes		120 024	110 107
Attributable to:			
Owners of the parent		120 024	110 107
Non-controlling interests		0	0
Weighted average number of ordinary shares		1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)		0.10	0.09

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Profit / (loss) after taxes	120 024	110 107
Other elements of total comprehensive income, including:		
Effect of valuation of available for sale debt securities	(15 117)	7 177
Effect of valuation of available for sale shares	1	278
Hedge accounting	26 694	(203 598)
Other elements of total comprehensive income before taxes	11 578	(196 143)
Corporate income tax on other elements of total comprehensive income	(2 200)	37 267
Other elements of total comprehensive income after taxes	9 378	(158 876)
Total comprehensive income of the period	129 402	(48 769)
Attributable to:		
Owners of the parent	129 402	(48 769)
Non-controlling interests	0	0

CONSOLIDATED BALANCE SHEET

ASSETS

Amount '000 PLN	Note	31.03.2013	31.12.2012
Cash, balances with the Central Bank		2 243 305	2 465 879
Loans and advances to banks	9	1 398 477	1 392 424
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	1 899 793	662 404
Hedging derivatives	11	180 696	277 812
Loans and advances to customers	12	40 874 000	40 232 240
Investment financial assets	13	8 659 005	6 751 104
- available for sale		8 659 005	6 751 104
- held to maturity		0	0
Investments in associates		11 805	13 352
Receivables from securities bought with sell-back clause (loans and advances)		357 936	17 469
Property, plant and equipment		180 428	184 642
Intangible assets		41 920	43 694
Non-current assets held for sale		35 282	24 954
Receivables from Tax Office resulting from current tax		10 731	16 270
Deferred tax assets	15	167 671	165 206
Other assets		543 380	495 049
Total Assets		56 604 429	52 742 499

LIABILITIES AND EQUITY

Amount '000 PLN	Note	31.03.2013	31.12.2012
LIABILITIES			
Deposits from banks	16	2 781 440	2 491 745
Financial liabilities valued at fair value through profit and loss (held for trading)	17	648 469	467 573
Hedging derivatives	18	1 075 117	1 115 202
Deposits from customers	19	44 253 163	41 434 077
Liabilities from securities sold with buy-back clause		642 315	174 788
Debt securities	20	820 485	900 016
Provisions	21	58 215	44 805
Deferred income tax liabilities	22	0	0
Current tax liabilities		9 282	2 484
Other liabilities		731 575	674 029
Subordinated debt		630 796	613 610
LIABILITIES		51 650 857	47 918 329
EQUITY			
Share capital		1 213 117	1 213 117
Share premium		1 147 502	1 147 502
Revaluation reserve		(125 013)	(134 391)
Retained earnings		2 717 966	2 597 942
Total Equity		4 953 572	4 824 170
Total equity attributable to owners of the parent		4 953 572	4 824 170
Non-controlling interests		0	0
Total Liabilities and Equity		56 604 429	52 742 499
Book value			
Book value		4 953 572	4 824 170
Number of shares		1 213 116 777	1 213 116 777
Book value per share (in PLN)		4.08	3.98

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amount '000 PLN</i>	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2013	4 824 170	1 213 117	1 147 502	(134 391)	2 597 942
- total comprehensive income for I quarter 2013	129 402	0	0	9 378	120 024
Equity at the end of the period 31.03.2013	4 953 572	1 213 117	1 147 502	(125 013)	2 717 966

<i>Amount '000 PLN</i>	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 586 245	1 213 117	1 147 502	99 865	2 125 761
- total comprehensive income of 2012	237 925	0	0	(234 256)	472 181
Equity at the end of the period 31.12.2012	4 824 170	1 213 117	1 147 502	(134 391)	2 597 942

<i>Amount '000 PLN</i>	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 586 245	1 213 117	1 147 502	99 865	2 125 761
- total comprehensive income for I quarter 2012	(48 769)	0	0	(158 876)	110 107
Equity at the end of the period 31.03.2012	4 537 476	1 213 117	1 147 502	(59 011)	2 235 868

CONSOLIDATED CASH FLOW

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Profit (loss) after taxes	120 024	110 107
Adjustments for:	1 551 380	1 081 904
Non-controlling interests profit (loss)	0	0
Interests in net income (loss) of associated companies	1 547	(3 122)
Depreciation and amortization	14 398	14 063
Foreign exchange (gains)/ losses	37 620	(105 120)
Dividends	0	(20)
Changes in provisions	13 410	(6 088)
Result on sale and liquidation of investing activity assets	(10 243)	(1 991)
Change in financial assets valued at fair value through profit and loss (held for trading)	(1 116 565)	(806 213)
Change in loans and advances to banks	(27 832)	976 091
Change in loans and advances to customers	(660 307)	834 071
Change in receivables from securities bought with sell-back clause (loans and advances)	(340 467)	(36 203)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	140 811	(1 060 076)
Change in deposits from banks	231 744	127 344
Change in deposits from customers	2 819 086	505 402
Change in liabilities from securities sold with buy-back clause	467 527	843 036
Change in debt securities	(40 305)	(284 314)
Change in income tax settlements	30 562	94 921
Income tax paid	(22 890)	(27 459)
Change in other assets and liabilities	9 215	11 742
Other	4 069	5 840
Net cash flows from operating activities	1 671 404	1 192 011

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Inflows:	5 874	2 374
Proceeds from sale of property, plant and equipment and intangible assets	5 874	2 354
Proceeds from sale of shares in associates	0	0
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	0	0
Other	0	20
Outflows:	(1 367 533)	(408 923)
Acquisition of property, plant and equipment and intangible assets	(10 627)	(504)
Acquisition of shares in associates	0	0
Acquisition of financial assets valued at fair value through profit and loss	0	0
Acquisition of investment financial assets	(1 356 906)	(408 419)
Other	0	0
Net cash flows from investing activities	(1 361 659)	(406 549)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Inflows:	60 000	0
Long-term bank loans	60 000	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other	0	0
Outflows:	(65 487)	(73 025)
Repayment of long-term bank loans	(24 162)	0
Redemption of debt securities	(39 226)	(70 348)
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Other	(2 099)	(2 677)
Net cash flows from financing activities	(5 487)	(73 025)

D. NET CASH FLOWS, TOTAL (A + B + C)	304 258	712 437
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	6 294 360	3 643 000
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	6 598 618	4 355 437

IV. NOTES TO CONSOLIDATED FINANCIAL DATA

Note (1) Interest income and other of similar nature, including:

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Balances with the Central Bank	13 887	14 328
Deposits, loans and advances to banks	1 521	1 976
Loans and advances to customers	474 000	491 062
Transactions with repurchase agreement	1 502	1 898
Hedging derivatives	123 732	194 179
Financial assets held for trading (debt securities)	3 332	7 881
Investment securities	94 167	51 279
Total	712 141	762 603

Interest income for I quarter 2013 includes interest accrued on loans with recognized impairment of PLN 21,192 thousand (for the comparative data for I quarter 2012, such interest was PLN 30,043 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, including:

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Banking deposits	(9 291)	(2 574)
Loans and advances	(13 923)	(15 231)
Transactions with repurchase agreement	(12 047)	(18 371)
Deposits from customers	(396 037)	(416 574)
Subordinated debt	(3 778)	(5 149)
Debt securities	(10 026)	(8 413)
Other	(234)	(425)
Total	(445 336)	(466 737)

Note (3) Fee and commission income

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Resulting from accounts service	21 927	22 901
Resulting from money transfers, cash payments and withdrawals and other payment transactions	9 864	9 154
Resulting from loans granted	16 133	16 738
Resulting from guarantees and sureties granted	3 440	5 555
Resulting from payment and credit cards	51 075	47 721
Resulting from sale of insurance products	22 416	24 564
Resulting from distribution of investment funds units and other savings products	16 298	4 324
Resulting from brokerage and custody service	4 840	5 555
Resulting from investment funds managed by the Group	17 635	16 301
Other	3 366	3 705
Total	166 995	156 518

Note (4) Fee and commission expense

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Resulting from accounts service	(424)	(413)
Resulting from money transfers, cash payments and withdrawals and other payment transactions	(371)	(383)
Resulting from loans granted	(3 052)	(4 439)
Resulting from payment and credit cards	(18 245)	(15 266)
Resulting from brokerage and custody service	(930)	(1 129)
Resulting from investment funds managed by the Group	(964)	(1 090)
Other	(1 166)	(1 247)
Total	(25 152)	(23 967)

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

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Operations on securities	3 477	1 131
Operations on derivatives	26 901	(12 694)
Fair value hedge accounting operations including:	441	2 573
- result from hedging derivatives	2 131	5 041
- result from items subjected to hedging	(1 690)	(2 468)
Foreign exchange result	31 207	38 488
Costs of financial operations	(279)	(176)
Total	61 747	29 322

Note (6) General and administrative expenses

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Staff costs:	(139 234)	(142 392)
Salaries	(115 390)	(118 729)
Surcharges on pay	(20 181)	(20 025)
Employee benefits, including:	(3 663)	(3 638)
- provisions for unused employee holiday	(7)	(5)
- other	(3 656)	(3 633)
General administrative costs:	(119 175)	(125 989)
Costs of advertising, promotion and representation	(8 231)	(8 463)
Costs of software maintenance and IT services	(5 783)	(5 501)
Costs of renting	(47 358)	(47 606)
Costs of buildings maintenance, equipment and materials	(6 232)	(6 493)
ATM and cash maintenance costs	(4 505)	(5 176)
Costs of communications and IT	(13 201)	(15 507)
Costs of consultancy, audit and legal advisory and translation	(2 477)	(3 117)
Taxes and fees	(3 610)	(4 698)
KIR clearing charges	(913)	(765)
PFRON costs	(917)	(1 519)
Banking Guarantee Fund costs	(8 468)	(8 613)
Financial Supervision costs	(2 736)	(2 605)
Other	(14 744)	(15 926)
Total	(258 409)	(268 381)

Note (7) Impairment losses on financial assets

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Impairment losses on loans and advances to customers	(39 742)	(44 062)
Impairment write-offs created in the period	(188 552)	(199 592)
Impairment write-offs released in the period	147 355	151 094
Amounts recovered from loans written off	1 374	882
Sale of receivables	81	3 554
Impairment losses on securities	0	0
Impairment write-offs created in the period	0	0
Impairment write-offs released in the period	0	0
Impairment losses on off-balance sheet liabilities	(12 474)	6 327
Impairment write-offs for off-balance sheet liabilities	(15 257)	(8 389)
Reversal of impairment write-offs for off-balance sheet liabilities	2 783	14 716
Total	(52 216)	(37 735)

Note (8a) Income tax reported in income statement

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Current tax	(35 362)	(52 777)
Current year	(35 362)	(52 777)
Deferred tax:	4 666	22 588
Recognition and reversal of temporary differences	4 452	22 500
Recognition / (Utilisation) of tax loss	214	88
Adjustment resulted from Article 38a of CIT	0	(1)
Total income tax reported in income statement	(30 695)	(30 190)

Note (8b) Effective tax rate

	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Gross profit / (loss)	150 719	140 297
Statutory tax rate	19%	19%
Income tax according to obligatory income tax rate of 19%	(28 637)	(26 656)
Impact of permanent differences on tax charges:	(2 059)	(3 533)
Non taxable income	128	385
Dividend income	0	0
Release of other provisions	120	380
Other	8	5
Non tax-deductible costs	(2 187)	(3 918)
Loss realised on the sale of receivables portfolio	0	(1 363)
PFRON fee	(174)	(288)
Receivables written off	(333)	(806)
Costs of litigations	(309)	(428)
Depreciation and insurance costs of cars (in excess of EUR 20,000)	(297)	(258)
Other	(1 074)	(775)
Adjustment resulted from Article 38a of CIT	0	(1)
Total income tax reported in income statement	(30 695)	(30 190)

Note (8c) Deferred tax reported directly in equity

	31.03.2013	31.12.2012
Valuation of available for sale securities	(5 275)	(8 147)
Valuation of cash flow hedging instruments	34 599	39 671
Deferred tax reported directly in equity	29 324	31 524

On 1 January 2011 the Bank created with a subsidiary - Millennium Service Sp. z o.o. ., Tax Capital Group (TCG). TCG is a vehicle, described in and subject to the provisions of the Polish Corporate Income Tax law. The essence of TCG is to concentrate two or more related entities as one taxpayer for the corporate income tax purposes. The creation of TCG does not lead to the creation of a new entity, and consolidation is done only at the level of corporate income tax settlements.

TCG formation is aimed at increasing the efficiency of tax management within the Group and reducing risks resulting from the corporate income tax settlements through centralization of expertise of tax calculations and payments obligations to one chosen entity of the Group (the Bank).

Tax Inspection Office control procedures*Millennium Leasing Sp. z o.o. tax control*

As a result of findings of the tax inspection carried out in 2011 in Millennium Leasing Sp. z o.o. the correctness of income tax settlements for 2006 has been challenged in the total amount of PLN 11.4 million, including namely; PLN 4.8 million due to underestimation of tax liability for the period 1.01 - 31.08.2006 and PLN 6.6 million due to an overestimation of tax loss for the period 1.09 - 31.12.2006. Company paid the tax arrears of PLN 16.7 million. Of that amount the Tax Office returned PLN 9.8 million to the Company until completion of proceedings. The Company did not agree with the decision and appealed to the Administrative Court. In Q2'2012 the Company created a provision of PLN 2.95 million to cover potential tax liabilities. On 13 November 2012, the Regional Administrative Court ruling upheld the application of the company and annulled the contested decisions about tax period 01.01.-31.08.2006. On 15 March 2013, the Regional Administrative Court ruling upheld the application of the company and annulled the contested decisions about tax period 01.09.-31.12.2006. The company is expecting verdict justification. Tax Authority has the right to bring an appeal against aforementioned judgment. As at 31 March 2012, the Board continues to support its view of the accuracy of tax settlement for 2006 keeping the balance of the provisions at the same level.

Bank Millennium S.A. tax control procedures

As a result of the tax inspection carried out in the Bank in 2011 the Tax Office questioned the correctness of income tax calculation for 2005, having its consequences for subsequent tax years. The Bank fully supports the correctness of its tax calculation, nonetheless several procedural steps have been undertaken, such as: (i) adjusting tax settlements for the period 2005-2010; (ii) paying (in November 2011) the tax arrears of PLN 69 million (to avoid the risk of penalty interest burden); and (iii) raising a claim against the Tax Office for the above mentioned amount. As a result of these proceedings on 30 January 2012 the Tax Office returned to the Bank a substantial part of the amount paid (PLN 66 million).

At the same time the tax authority sustain a negative opinion in the proceedings. As a result of the different positions of the Bank and tax authorities, there are currently ongoing appeals against the decision, in particular:

1 / Proceedings in front of the Tax Chamber resulting from the Bank's appealing against the decision of the Director of the Tax Control Office (first instance) determining a tax loss in the CIT for 2005, appellate authority has not yet considered the appeal but issued an order extending the time for investigation till 26 April 2013,

2 / Appeal proceedings against the decision of the Head of Second Mazovian Tax Office determining CIT for the year 2006, appellate authority has not yet considered the appeal but issued an order extending the time for investigation till 26 April 2013,

3 / Appeal proceedings against the decisions of the Head of Second Mazovian Tax Office - determining tax liabilities for 2007 and 2008, and refusing confirmation of tax overpayment for 2007 and 2008. Appellate authority has not yet issued a decision on the matter.

As at the 31 March 2013 the Management Board continues to fully support the correctness of tax calculation. In the opinion of the Bank the control proceedings of the Tax Office are unfounded and the Bank expects the positive outcome of the proceedings. The positive final outcome is supported by the Bank's external tax advisor.

Note (9) Loans and advances to banks

	31.03.2013	31.12.2012
Current accounts	109 572	211 004
Deposits in other banks	840 209	741 452
Loans	444 343	435 657
Interest	4 353	4 311
Total (gross) loans and advances to banks	1 398 477	1 392 424
Impairment write-offs	0	0
Net loans and advances to banks	1 398 477	1 392 424

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

	31.03.2013	31.12.2012
Debt securities	1 242 645	46 791
Issued by State Treasury	1 242 645	46 791
a) bills	0	436
b) bonds	1 242 645	46 355
Equity instruments	60	138
Quoted on the active market	60	138
a) financial institutions	0	0
b) non-financial institutions	60	138
Adjustment from fair value hedge	15 846	18 414
Positive valuation of derivatives	641 242	597 060
Total	1 899 793	662 404

Note (10)/Note (17) Valuation of derivatives, Adjustment from fair value hedge, and Liabilities from short sale of securities as at 31.03.2013

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	94 911	470 868	375 957
Forward Rate Agreements (FRA)	(1 155)	4 003	5 158
Interest rate swaps (IRS)	97 150	465 985	368 835
Other interest rate contracts: options, swap with FX option	(1 084)	880	1 964
2. FX derivatives	77 551	103 056	25 505
FX contracts	2 121	11 084	8 963
FX swaps	53 858	54 882	1 024
Other FX contracts (CIRS)	21 572	37 090	15 518
FX options	0	0	0
3. Embedded instruments	(53 456)	0	53 456
Options embedded in deposits	(33 439)	0	33 439
Options embedded in securities issued	(20 017)	0	20 017
4. Indexes options	54 159	67 318	13 159
Valuation of derivatives	173 165	641 242	468 077
Valuation of hedged position in fair value hedge accounting		15 846	
Liabilities from short sale of securities			180 392

Note (10)/Note (17) Valuation of derivatives, Adjustment from fair value hedge, and Liabilities from short sale of securities as at 31.12.2012

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	85 712	439 378	353 666
Forward Rate Agreements (FRA)	(1 733)	4 101	5 834
Interest rate swaps (IRS)	89 075	434 244	345 169
Other interest rate contracts: options, volatility swap, swap with FX option	(1 630)	1 033	2 663
2. FX derivatives	45 036	81 162	36 126
FX contracts	3 848	13 468	9 620
FX swaps	21 645	40 551	18 906
Other FX contracts (CIRS)	19 543	27 143	7 600
FX options	0	0	0
3. Embedded instruments	(64 640)	0	64 640
Options embedded in deposits	(38 725)	0	38 725
Options embedded in securities issued	(25 915)	0	25 915
4. Indexes options	63 379	76 520	13 141
Valuation of derivatives	129 487	597 060	467 573
Valuation of hedged position in fair value hedge accounting		18 414	
Liabilities from short sale of securities			0

In first quarter 2013 the Group applied hedge accounting for following transactions:

	Hedging fair value of the fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables	Hedge of volatility of the cash flows generated by the portfolio of PLN mortgage loans
Description of hedge transactions	The Group hedges the risk related to changes in fair value of the fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables resulting from variation in interest rate component (margin)	The Group hedges the risk of the volatility of cash flows generated by PLN mortgages. The volatility of cash flows results from interest rate risk.
Hedged items	Fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables	Cash flows resulting from the PLN mortgage loan portfolio
Hedging instruments	CIRS transactions	IRS transactions
Presentation of the result on the hedged and hedging transactions	adjustment to fair value of hedged and hedging instruments are recognised in profit and loss as result on financial instruments valued at fair value through profit and loss and FX result; interest on hedging and hedged instruments are 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 are recognised in net interest income;

	Cash flow volatility hedge for the flow generated by FX mortgage portfolio and its underlying PLN deposits	Cash flow volatility hedge for the flow generated by future revenues and expenditures denominated in foreign currency
Description of hedge transactions	The Group 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 FX risk resulting from future revenues and expenditures denominated in foreign currency by exchange of aforementioned flows into PLN ones.
Hedged items	Cash flows resulting from the mortgage loan portfolio and PLN deposits funding them.	Cash flows resulting from future revenues and expenditures denominated in foreign currency.
Hedging instruments	CIRS transactions	FX Forward transactions
Presentation of the result on the hedged and hedging transactions	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 financial instruments valued at fair value through profit and loss and foreign exchange result	effective part of spot revaluation of hedging instruments is recognised in revaluation reserve;

Note (11)/Note (18) Hedge accounting 31.03.2013

	Fair values			Adjustment to fair value of hedged items for hedged risk(*)
	Total	Assets	Liabilities	
Fair value hedging derivatives connected with interest rate risk				
CIRS contracts	(80 925)	0	80 925	4 345
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(792 169)	172 487	964 656	x
IRS contracts	5 563	5 563	0	x
FX Forward contracts	(26 890)	2 646	29 536	x
Total	(894 421)	180 696	1 075 117	x

(*) Adjustment is presented for active hedge relationships

Note (11)/Note (18) Hedge accounting 31.12.2012

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
Fair value hedging derivatives connected with interest rate risk				
CIRS contracts	(84 986)	0	84 986	6 034
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(725 856)	271 840	997 696	x
IRS contracts	2 157	2 157	0	x
FX Forward contracts	(28 705)	3 815	32 520	x
Total	(837 390)	277 812	1 115 202	x

Note (12) Loans and advances to customers

	31.03.2013	31.12.2012
Loans and advances	37 589 512	36 843 032
- to companies	6 649 570	6 159 590
- to private individuals	30 183 968	29 869 616
- to public sector	755 974	813 826
Receivables on account of payment cards	728 529	777 919
- due from companies	40 875	38 110
- due from private individuals	687 654	739 809
Purchased receivables	140 964	146 214
- from companies	131 841	130 859
- from public sector	9 123	15 355
Guarantees and sureties realised	35 969	35 005
Debt securities eligible for rediscount at Central Bank	5 016	13 235
Financial leasing receivables	3 316 431	3 367 716
Other	1 813	2 288
Interest	297 090	284 417
Total gross	42 115 324	41 469 827
Impairment write-offs	(1 241 324)	(1 237 586)
Total net	40 874 000	40 232 240

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

	31.03.2013	31.12.2012
Loans and advances to customers (gross)	42 115 324	41 469 826
- impaired	2 084 845	2 110 563
- not impaired	40 030 479	39 359 263
Impairment write-offs	(1 241 324)	(1 237 586)
- for impaired exposures	(1 047 818)	(1 045 565)
- for incurred but not reported losses (IBNR)	(193 506)	(192 021)
Loans and advances to customers (net)	40 874 000	40 232 240

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

	31.03.2013	31.12.2012
Loans and advances to customers (gross)	42 115 324	41 469 826
- case by case analysis	1 106 076	1 125 031
- collective analysis	41 009 248	40 344 795
Impairment write-offs	(1 241 324)	(1 237 586)
- on the basis of case by case analysis	(477 330)	(470 393)
- on the basis of collective analysis	(763 994)	(767 193)
Loans and advances to customers (net)	40 874 000	40 232 240

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

	31.03.2013	31.12.2012
Loans and advances to customers (gross)	42 115 324	41 469 826
- corporate customers	11 037 471	10 665 421
- individuals	31 077 853	30 804 405
Impairment write-offs	(1 241 324)	(1 237 586)
- for receivables from corporate customers	(653 497)	(659 478)
- for receivables from private individuals	(587 827)	(578 108)
Loans and advances to customers (net)	40 874 000	40 232 240

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

	01.01.2013 - 31.03.2013	01.01.2012 - 31.12.2012
Balance at the beginning of the period	1 237 586	1 217 369
Change in value of provisions:	3 738	20 217
Impairment write-offs created in the period	188 552	671 795
Amounts written off	(40 558)	(158 742)
Impairment write-offs released in the period	(147 355)	(408 005)
Changes resulting from FX rates differences	3 093	(70 545)
Sale of receivables	(35)	(15 407)
Other	41	1 121
Balance at the end of the period	1 241 324	1 237 586

Note (13) Investment financial assets available for sale

	31.03.2013	31.12.2012
Debt securities	8 657 657	6 749 758
Issued by State Treasury	4 385 469	3 037 456
a) bills	0	0
b) bonds	4 385 469	3 037 456
Issued by Central Bank	4 158 541	3 598 724
a) bills	4 158 541	3 598 724
b) bonds	0	0
Other securities	113 647	113 578
a) listed	0	0
b) not listed	113 647	113 578
Shares and interests in other entities	1 348	1 346
Total financial assets available for sale	8 659 005	6 751 104

Note (14) Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2013	16 637	20 545	3 988	187	7 374
- Write-offs created	0	0	0	121	680
- Write-offs released	0	(976)	0	0	(251)
- Utilisation	0	0	0	0	(759)
- Other changes	0	0	0	0	0
Balance as at 31.03.2013	16 637	19 569	3 988	308	7 044

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2012	16 637	24 870	3 988	1 913	9 588
- Write-offs created	0	0	0	0	766
- Write-offs released	0	(4 325)	0	(46)	(542)
- Utilisation	0	0	0	(1 680)	(2 438)
- Other changes	0	0	0	0	0
Balance as at 31.12.2012	16 637	20 545	3 988	187	7 374

Note (15) Assets / Note (22) Provision from deferred income tax

	31.03.2013			31.12.2012		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	71 718	(12 553)	59 165	67 211	(11 488)	55 723
Balance sheet valuation of financial instruments	298 942	(293 195)	5 747	359 735	(354 906)	4 829
Unrealised receivables/ liabilities on account of derivatives	77 357	(105 155)	(27 798)	87 170	(117 650)	(30 480)
Interest on deposits and securities to be paid/received	55 215	(81 365)	(26 150)	65 197	(79 150)	(13 953)
Interest and discount on loans and receivables	99	(26 233)	(26 134)	98	(24 771)	(24 673)
Income and cost settled at effective interest rate	6 176	(1 390)	4 786	2 230	(1 304)	926
Provisions for loans presented as temporary differences	106 878	0	106 878	105 026	0	105 026
Employee benefits	12 875	0	12 875	12 736	0	12 736
Provisions for future costs	23 549	0	23 549	18 116	0	18 116
Valuation of investment assets and cash flows hedge recognized in revaluation reserve	34 599	(5 275)	29 324	39 671	(8 147)	31 524
Tax loss deductible in the future	1 379	0	1 379	1 165	0	1 165
Other	7 581	(3 530)	4 051	7 570	(3 303)	4 267
Net deferred income tax asset	696 367	(528 696)	167 671	765 925	(600 719)	165 206

Note (16) Deposits from banks

	31.03.2013	31.12.2012
In current account	253 065	210 646
Term deposits	885 568	709 997
Loans and advances received	1 637 154	1 567 995
Interest	5 653	3 107
Total	2 781 440	2 491 745

Note (19) Deposits from customers by type structure

	31.03.2013	31.12.2012
Amounts due to private individuals	24 710 914	26 017 955
Balances on current accounts	11 744 759	9 910 438
Term deposits	12 666 420	15 747 647
Other	128 991	116 399
Accrued interest	170 744	243 471
Amounts due to companies	15 659 425	13 189 987
Balances on current accounts	2 757 920	3 449 535
Term deposits	12 650 853	9 439 749
Other	179 763	245 143
Accrued interest	70 889	55 561
Amounts due to public sector	3 882 824	2 226 136
Balances on current accounts	706 871	851 063
Term deposits	3 137 946	1 322 798
Other	29 665	45 858
Accrued interest	8 342	6 417
Total	44 253 163	41 434 077

Note (20) Change of debt securities

	01.01.2013 - 31.03.2013	01.01.2012 - 31.12.2012
Balance at the beginning of the period	900 016	1 071 193
- change of bonds issued in leasing portfolio securitization transaction	(39 226)	(244 193)
- change of bonds issued by subsidiary company	0	(299 795)
- change of bonds issued by the Bank	(22 545)	269 347
- change of bank's securities issued	(17 760)	103 464
Balance at the end of the period	820 485	900 016

Note (21) Provisions

	01.01.2013 - 31.03.2013	01.01.2012 - 31.12.2012
Provision for off-balance sheet commitments		
Balance at the beginning of the period	22 463	22 271
Charge of provision	15 257	17 149
Release of provision	(2 783)	(16 911)
FX rates differences	0	(46)
Balance at the end of the period	34 947	22 463
Provision for contentious claims		
Balance at the beginning of the period	22 342	13 156
Charge of provision	1 630	10 462
Release of provision	(632)	(2 316)
Utilisation of provision	(72)	(88)
Reclassification	0	1 128
Balance at the end of the period	23 268	22 342
Total	58 215	44 805

V. CHANGES IN RISK MANAGEMENT PROCESS

Risk management performs a key role in the strategy of balanced and sustainable development of the Bank Millennium Group, supporting optimisation of relationships between risk and returns within various business lines and maintenance of adequate risk profile relative to capital and liquidity.

Credit risk

In I quarter of 2013 Bank Millennium Group in the retail segment carried out sequence of initiatives aiming at optimization of methodology, tools and processes of the credit risk management. These activities largely involved specific solutions in cash loans. Additional initiatives concerned usage of external information in the process of retail customers credit risk assessment and modification of documentary requirements in the process of granting credit transactions for retail customers. The project relating to implementation of the new Recommendation T for consumer loans was launched. Moreover a sequence of analyses and changes were conducted in the credit policy and in the automation of credit process for small business customers.

Above changes were aimed at streamlining of the credit process as well as unifications of the rules concerning the better identification of risks appearing in the process of granting loans to retail segment customers.

On the other hand in the corporate segment, Group focused on further improving of the credit policy as well as the tools and processes of credit risk management, including its adjustment to the changing economic situation and Bank's strategy, and regular monitoring of their effects.

Changes in the loan portfolio of the Group in IQ 2013 are summarized below:

In '000 PLN	31.03.2013		31.12.2012	
	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	37 415 722	1 398 477	36 951 034	1 392 424
Overdue, but without impairment	2 614 757	0	2 408 229	0
With impairment	2 084 845	0	2 110 563	0
Gross	42 115 324	1 398 477	41 469 826	1 392 424
Impairment write-offs together with IBNR	(1 241 324)	0	(1 237 586)	0
Net	40 874 000	1 398 477	40 232 240	1 392 424

Market risk

In the first quarter of 2013, the Bank continued its conservative approach to market risk management that has been adopted since 2009. In effect, the VaR indicators in the period under consideration for the Global Bank, that is jointly Trading Book and Banking Book, remained at relatively low levels with total average exposure to market risk of approx. PLN 23,3 m and approx. PLN 20,0 m as of the end of March 2013. The market risk exposure in the Bank, together with risk type division, is presented in the table below (thb PLN).

VaR measures for market risk

	31.03.2013		VaR (from 31 December 2012 till 31 March 2013 r.)			31.12.2012	
	Exposure	Average use of limit in period	Average	Maximum	Minimum	Exposure	Average use of limit in period
Total risk	19 965	21%	23 268	33 051	11 419	11 419	12%
Generic risk	16 983	18%	20 261	30 031	8 399	8 399	9%
Interest Rate VaR	16 982	18%	20 283	30 136	8 397	8 397	9%
FX Risk	171	2%	175	1 539	13	18	0%
Equity risk	0	n.a.	0	0	0	0	n.a.
Diversification Effect	1%					0%	
Non-linear risk	0	0%	0	0	0	0	0%
Commodities risk	0	0%	0	0	0	0	0%
Specific risk	2 983	7%	3 008	3 037	2 983	3 020	7%

In first quarter of 2013 there were no excesses of the Value at Risk total limits neither in the Banking Book nor in the Trading Book. There were also no excesses in any of risk management area defined in the Bank.

Open positions contain mainly interest rate and FX risk instruments. According to the Risk Strategy approved in the Bank, the FX open position is allowed, however should be kept at low levels. For this purpose, the Bank has introduced a system of conservative limits for FX open positions (both Intraday and Overnight limits) and allows keeping FX open positions only in Trading Book, specifically in the areas of Trading and Market Risk Strategy Portfolio (Positioning Portfolio). In first quarter of 2013, the only risk management area which generated FX risk was Trading area in the Trading Book. Both FX Total and Effective FX Position (Intraday as well Overnight) remained well below the limits in place.

In case of the Banking Book, in order to manage interest rate risk, the non-trading portfolio sensitivity analysis has been performed and hedging strategies have been applied to mitigate this risk. The Bank is performing monthly risk transfer from Commercial Area of the Banking Book to the Areas, where the risk is being managed on the operational level (i.e. respectively ALM and Funding). Those transactions have a macro hedging character.

Liquidity risk

In first quarter of 2013, all the internal liquidity indicators as well as regulatory quantitative liquidity measures remained within the limits. In first quarter of 2013, the buffer of the Supervisory Liquidity Measures M1 and M4 were maintained fair above internally defined minimum safety buffer.

The main source of financing of the Bank is the large and well-diversified deposits base. Deposit base concentration, measured by share of 5 and 20 highest depositors at the end of March 2013 was maintained at levels that have been maintained for years - approximately 5% and 10% respectively. This level of concentration does not have any significant negative impact on the stability of the deposit base. In case of significant increase of the share of the largest depositors, the additional funds from the depositors are not treated as stable. Despite of that, in order to prevent the liquidity position of the Bank resulted from deposit base high fluctuations, the Bank maintains the reserves of liquid assets in the form of securities portfolio. Additionally, in February 2013 the Bank prolonged for one additional year the agreement with Millennium BCP for the unconditional and irrevocable off-balance sheet commitment which gives the Bank right for withdrawal of 200 million EUR. This Stand-by Facility is treated as an additional liquidity buffer which can be used in case of need and has been never utilized by Bank yet.

The Bank manages FX liquidity through the use of FX- deposits, FX-denominated bilateral loans as well as subordinated debt, Cross Currency Swap and FX Swap transactions. The swaps portfolio is diversified in term of counterparties and maturity dates. For the majority of counterparties the Bank has signed a Credit Support Annex to the master agreements. As a result, in case of unfavourable changes of FX rates (PLN depreciation), the Bank is obliged to place deposits as collateral with counterparties in order to secure the settlement of derivative instruments in the future, and in case of favourable FX rates changes (PLN appreciation) receives deposits as collateral from the counterparty.

The Bank assesses the possibility of unfavourable changes of FX rates (especially CHF and EUR, which causes increase of liquidity needs) analyses the impact on liquidity risk and reflects this risk in the liquidity plans.

All the structural liquidity gaps were maintained far away from the defined limits even under stress scenarios. Stress tests as regards structural liquidity are carried out every month to understand the Bank's liquidity risk profile, to make sure that the Bank is able to meet its commitments in the event of a liquidity crisis and to contribute to preparing a contingency plan regarding liquidity and management decisions. The Bank has also contingency procedures for an increased liquidity risk situation - the Liquidity Contingency Plan, which is regularly updated.

Operational risk

In the first quarter of 2013 there could be observed a continuous use of standards implemented for the purpose of efficient management of operational risk, which are in line with the best practice of international financial institutions.

The operational risk management model, implemented by Bank Millennium Group, is reviewed and accepted on a regular basis by the Management Board.

In keeping with the adopted solution, risk management is a process of continuous improvement as regards identification, assessment, monitoring, control/mitigating and reporting by complementary activities.

In the first quarter of 2013 the Group continued efforts to continuously improve business processes in the context of optimizing the exposure to operational risk through preventive measures to reduce the frequency, as well as actions taken to reduce the financial impact of losses.

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:

Retail Customer Segment

The Retail Customers Segment covers activity targeted at mass-market Customers, affluent Customers, small 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 and saving 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.

Corporate Customer Segment

The Corporate Customers Segment is based on activity targeted at Small and Medium sized 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.

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, liabilities connected with external funding of the Group and deferred income tax assets not assigned to any of the segments.

Unallocated (Other) assets and liabilities and revenues and expenses

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

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 with internal valuation model applied;
- 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 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 not allocated to commercial segments.

Income statement 1.01.2013 - 31.03.2013

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	315 597	6 206	(54 997)	266 805
external income	504 581	10 768	196 792	712 141
external cost	(376 061)	(14 416)	(54 858)	(445 336)
External income less cost	128 519	(3 648)	141 934	266 805
internal income	386 891	12 117	(399 007)	0
internal cost	(199 813)	(2 263)	202 076	0
Internal income less cost	187 077	9 854	(196 931)	0
Net fee and commission income	137 770	2 156	1 917	141 843
Dividends, other income from financial operations and foreign exchange profit	33 166	882	33 994	68 042
Other operating income and cost	3 912	(4 401)	1 636	1 146
Operating income	490 445	4 842	(17 450)	477 836
Staff costs	(100 373)	(31 529)	(7 334)	(139 234)
Administrative costs	(96 047)	(15 270)	(7 856)	(119 174)
Impairment losses on assets	(27 460)	(24 758)	(547)	(52 765)
Depreciation and amortization	(13 009)	(1 194)	(195)	(14 398)
Operating expenses	(236 889)	(72 751)	(15 932)	(325 570)
Share in net profit of associated companies	0	0	(1 547)	(1 547)
Profit / (loss) before taxes	253 556	(67 909)	(34 929)	150 719
Income taxes				(30 695)
Profit / (loss) after taxes				120 024

Balance sheet 31.03.2013

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
ASSETS				
Segment assets	31 757 684	16 002 687	8 844 058	56 604 429
Assets allocated to segment	1 078 351	2 507 642	(3 585 993)	0
Total	32 836 035	18 510 329	5 258 065	56 604 429
LIABILITIES				
Segment liabilities	28 408 214	16 770 969	6 471 674	51 650 857
Liabilities allocated to segment	2 948 476	177 520	(3 125 997)	0
Equity allocated to segment	1 479 344	1 561 840	1 912 388	4 953 572
Total	32 836 035	18 510 329	5 258 065	56 604 429

Income statement 1.01.2012 - 31.03.2012

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	247 433	60 731	(12 298)	295 866
external income	357 184	162 698	242 721	762 603
external cost	(262 890)	(153 842)	(50 005)	(466 737)
External income less cost	94 294	8 856	192 716	295 866
internal income	284 035	144 204	(428 238)	0
internal cost	(130 896)	(92 329)	223 224	0
Internal income less cost	153 139	51 875	(205 014)	0
Net fee and commission income	96 640	33 279	2 633	132 551
Dividends, other income from financial operations and foreign exchange profit	21 235	11 768	(2 235)	30 768
Other operating income and cost	1 756	(4 220)	660	(1 805)
Operating income	367 064	101 557	(11 240)	457 381
Staff costs	(101 300)	(33 363)	(7 729)	(142 392)
Administrative costs	(101 440)	(16 304)	(8 245)	(125 989)
Impairment losses on assets	(19 654)	(21 651)	3 544	(37 761)
Depreciation and amortization	(12 267)	(1 598)	(199)	(14 063)
Operating expenses	(234 661)	(72 915)	(12 629)	(320 205)
Share in net profit of associated companies	0	0	3 122	3 122
Profit / (loss) before taxes	132 403	28 642	(20 747)	140 297
Income taxes				(30 190)
Profit / (loss) after taxes				110 107

Balance sheet 31.12.2012

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
ASSETS				
Segment assets	31 760 787	13 352 546	7 629 166	52 742 499
Assets allocated to segment	2 091 660	1 659 972	(3 751 632)	0
Total	33 852 447	15 012 518	3 877 534	52 742 499
LIABILITIES				
Segment liabilities	29 752 952	13 599 181	4 566 197	47 918 329
Liabilities allocated to segment	2 664 045	152 205	(2 816 250)	0
Equity allocated to segment	1 435 451	1 261 132	2 127 588	4 824 170
Total	33 852 447	15 012 518	3 877 534	52 742 499

VII. DESCRIPTION OF RELATED PARTY TRANSACTIONS

All and any transactions between entities of the Group in I quarter 2013 resulted from the current operations.

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.

VII.1. Description of transactions with the Parent Group

The following are the amounts of transactions with the Capital Group of Bank's parent company - Banco Comercial Portugues (these transactions are mainly of banking nature).

	31.03.2013	31.12.2012
ASSETS		
Loans and advances to banks - accounts and deposits	2 720	2 605
Financial assets valued at fair value through profit and loss (held for trading)	0	0
Hedging derivatives	0	0
Other assets	50	45
LIABILITIES		
Deposits from banks	312 196	206 150
Debt securities	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	276	63
Hedging derivatives	136 831	133 578
Other liabilities	486	165

	1.01-31.03.2013	1.01-31.03.2012
Income from:		
Interest	5 854	29 179
Commissions	34	0
Derivatives net	0	0
Other net operating income	141	238
Expense from:		
Interest	1 209	9 499
Commissions	522	760
Derivatives net	304	128
General and administrative expenses	978	979

	31.03.2013	31.12.2012
Conditional commitments	946 457	933 638
- granted	103 653	105 448
- obtained	842 804	828 190
Derivatives (par value)	1 258 312	1 740 865

VII.2. Balance of the Bank's shares held by the Bank's Supervisory and Management Board Members

Name and surname	Function	Number of shares as of delivery date of quarterly report prepared as at 31.03.2013	Number of shares as presented in Corporate Governance report for 2012
Bogusław Kott	Chairman of the Management Board	4 465 791	4 465 791
Joao Bras Jorge	First Deputy Chairman of the Management Board	0	0
Fernando Bicho	Deputy Chairman of the Management Board	0	0
Artur Klimczak	Deputy Chairman of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	492 248	492 248
Wojciech Haase	Member of the Management Board	7 494	7 494
Andrzej Gliński	Member of the Management Board	0	0
Maria Jose Campos	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	134	134
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Marek Furtek	Secretary of the Supervisory Board	1	1
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Luís Maria França de Castro Pereira Coutinho	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Maria da Conceição Mota Soares de Oliveira Callé Lucas	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
Rui Manuel da Silva Teixeira	Member of the Supervisory Board	0	0
Grzegorz Jędrzyś	Member of the Supervisory Board	-	-

VIII. CONTINGENT ASSETS AND LIABILITIES

The total value of lawsuits as at 31 March 2013, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 550.3 million. The total value of lawsuits, in which Group companies acted as defendants was PLN 298.6 million and the total value of lawsuits, in which Group companies acted as claimants was PLN 251.7 million.

As at 31 March 2013 the volume of provisions created by the Group for contentious claims was PLN 23.3 million.

Below are descriptions of the largest, according to the issuer's opinion ongoing cases involving the companies of the Group. Aforementioned information is divided into three categories and classification was based on the nature of the proceedings. The proceedings associated with the Fiscal Control Office stands for separate category and are described in Chapter IV note (8).

Proceedings connected with derivatives

As of 31 March 2013 the Bank was party to 44 lawsuits connected with derivatives, where in 30 cases the Bank was the defendant, while in 14 as the plaintiff. Accordingly to the Bank's best knowledge the total disputed value in these lawsuits was PLN 436.4 million. The highest unit value of the dispute was PLN 71.1 million.

The largest lawsuit connected with derivatives in which Group company is defendant:

Plaintiff: legal person

Value of the object of the dispute: PLN 71,065,496

Object: Claim for return of amounts due on account of settlement of FX options and compensations for lost benefits.

Case status: The bank received a lawsuit in January 2011 and since then the three hearings have been held. Case adjourned sine die.

Expectations: the Group has a positive view of the chances of getting a positive ruling.

The other largest lawsuit in which Group company is defendants except proceedings connected with derivatives and proceedings with participation of the Chairman of UOKiK:

Plaintiff: Limited Liability Company

Value of the subject matter of the dispute: PLN 16,500,000

Object: the plaintiff seeks annulment of legal action

Case status: On 11.12.2012, the Bank received a claim for recognition of the failure of a legal action detrimental to creditors (Article 527 of the Civil Code) - establishing of collateral mortgage to the amount of PLN 16,500,000. The case initiated by the trustee. Case in progress.

Expectations: the Group has a positive view of the chances of getting a positive ruling.

Proceedings with participation of the Chairman of UOKiK:

Proceeding concerning determination of interchange fees in connection with transactions done with Visa and Europay/Eurocard/Mastercard cards

The Bank is a party in proceedings instituted by the Chairman of UOKiK against operators of the Visa and Europay systems as well as banks - issuers of Visa and Europay/Eurocard/Mastercard cards. The proceedings concern practices restricting competition on the card payments market in Poland, whereby interchange fees were said to be agreed jointly for transactions done with Visa and Europay/Eurocard/Mastercard cards and also access was restricted for entrepreneurs who did not belong to the association of card issuers against whom the proceedings were instituted.

On 29 December 2006 the Chairman of UOKiK deemed the practices consisting in jointly agreeing on interchange fees as restricting competition and ordered desisting from their use, at the same time imposing i.a. on the Bank a cash penalty of PLN 12.158.370. On 19 January 2007 the Bank appealed against the decision of the Chairman of UOKiK to SOKiK. On 25 August 2008 SOKiK gave a ruling, in which it decided to suspend enforcement of the appealed decision in the item concerning the order to desist from jointly agreeing on the interchange fees.

In the ruling of 12 November 2008 SOKiK changed the appealed decision so that it did not find use of practice restricting competition, consisting in participation by banks participants in the proceedings (including the Bank) in an agreement restricting competition on the market of outsourcing of services connected with payment of consumers' liabilities to merchants on account of payments for goods and services purchased by the consumers with use of cards in Poland, by jointly agreeing on interchange fees charged on transactions done with Visa and MasterCard cards in Poland.

On 12 January 2009 the Chairman of UOKiK appealed against this ruling. Response to the appeal has been lodged by the Bank on 13 February 2009.

On 22/04/2010, the appeals hearing was held, after which the Court of Appeal overturned the positive for banks verdict entirely, sending the case back to the court of first instance. At the meeting held on 9 February 2012, the Court took into account the request of the representative of the Bank and set the date of the next hearing on April 24, and then on May 8. On May 8, 2012, the Court issued an order suspending the proceedings; the Bank filed a complaint against that ruling on May 29, 2012. The Court of Appeal in Warsaw on 25 October 2012, issued a decision taking into account the complaint in consequence changing the contested resolution of SOKiK in such a way that it rejected the application of MasterCard for suspension of proceedings. The case is pending, no next trial date is known.

Proceedings concerning provisions included in General Agreement Conditions (GAC) of Individual Pension Accounts (IPA)

On 28 December 2012, the Bank received Chairman of UOKiK decision dated 28 December 2012, which stated infringement of collective consumers interests, banned the use of the practices and imposed fines on the Bank a total of PLN 2,857,389. Chairman of UOKiK accused the Bank that:

- In the period from 24 April 2011 to 1 September 2011, the Bank used the GAC IPA, which does not contain provisions on the reasons of GAC IPA change and during the period from 1 April 2011 to 1 April 2012, the Bank applied the terms of use IPA which contains no provisions on liability for proper and timely conduct of monetary settlements;
- Bank changed GAC IPA provisions in September 2011 and April 2012, only to new customers, without changing the old contracts.

Bank on 11 January 2013 filed an appeal of the decision. Case in progress.

OFF-BALANCE ITEMS

Amount '000 PLN	31.03.2013	31.12.2012
Off-balance conditional commitments granted and received	7 934 570	7 821 938
Commitments granted:	6 831 051	6 909 179
- financial	5 497 617	5 610 721
- guarantee	1 333 434	1 298 458
Commitments received:	1 103 519	912 759
- financial	1 047 658	817 640
- guarantee	55 861	95 119

IX. ADDITIONAL INFORMATION

IX.1. Data on assets securing liabilities

As at 31 March 2013, 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 WZ0118	available for sale	Lombard credit granted to the Bank by the NBP	130 000	131 022
2.	Treasury bonds OK0114	available for sale	Initial security deposit for bond futures	500	488
3.	Treasury bonds WZ0115	available for sale	Loan agreement	182 000	183 776
4.	Treasury bonds WZ0117	available for sale	Loan agreement	400 000	403 784
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	55 000	55 520
6.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	195 000	196 533
7.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
8.	Deposits	Deposits in other banks	Settlement on transactions concluded	760 209	760 209
TOTAL				1 722 809	1 731 432

As at 31 December 2012, the Bank's following assets securing its liabilities (In '000 PLN):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds WZ0118	available for sale	Lombard credit granted to the Bank by the NBP	130 000	133 548
2.	Treasury bonds OK0114	available for sale	Initial security deposit for bond futures	500	484
3.	Treasury bonds WZ0115	available for sale	Loan agreement	182 000	187 094
4.	Treasury bonds WZ0117	available for sale	Loan agreement	400 000	411 336
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	55 000	56 559
6.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	195 000	200 322
7.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
8.	Deposits	Deposits in other banks	Settlement on transactions concluded	741 092	741 092
TOTAL				1 703 692	1 730 534

IX.2. Dividend for 2012

According to the decision of the General Meeting held on 11 April 2013, the Bank will not pay the dividend from the profit for the year ended 31 December 2012 (the whole profit was dedicated for reserve capital).

IX.3. Earnings per share

Profit per share calculated for I quarter 2013 (and diluted profit per share) on the basis of the consolidated data amounted to PLN 0.10.

IX.4. Shareholders holding no less than 5% of the total number of votes at the shareholder meeting of the Group's parent company - Bank Millennium S.A.

Because the Bank is a public company whose shares are traded on the WSE primary market, the Bank has no detailed information about the shareholding structure as of March 31, 2013. Information on the shareholder - Banco Comercial Portugues S.A. presented in the table below, is provided on the basis of data collected in connection with the registration of shareholders entitled to participate in the Bank's General Shareholders Meeting held on 11 April 2013. In case of ING OFE the number of shares and their participation in the Bank's share capital were calculated on the basis of annual ING OFE asset structure, published as on 31 December 2012. For the purpose of the above calculation, the average Bank's share price as at the above dates was assumed to amount to 4,41 PLN for 2012.

Data as at the delivery date of the report for I quarter 2013

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING Otworthy Fundusz Emerytalny	112 824 664	9.30	112 824 664	9.30

Data accordingly consolidated annual report for 2012

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING Otworthy Fundusz Emerytalny	112 824 664	9.30	112 824 664	9.30

IX.5. Information about loan sureties or guarantees extended by the Group

In I quarter 2013, 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 2013 to exceed 10% of the Group's equity as at the balance sheet date.

IX.6. Other additional information

As at 31 March 2013, the Group has no material obligations under the purchase of property, plant and equipment, and during the period covered by the condensed consolidated statement, Group did not:

- create substantial write-offs for inventories,
- conclude significant acquisitions and sales of property, plant and equipment,
- make correction of prior period errors,
- introduce significant changes in determining the fair value for financial instruments valued at fair value,
- make any reclassification of financial assets as a result of changes in purpose or use.

Moreover, between the date on which this report is drawn up and the date of its publication, there were no events that could significantly affect Group's future financial results.

II. CONDENSED INTERIM FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE THREE MONTHS ENDED 31 MARCH 2013

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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 2012.

The accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in the financial statements of Bank Millennium S.A. for the year ended 31 December 2012.

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 with later amendments) the Bank is required to publish the financial results for the three months ended 31 March 2013.

Condensed financial statements of the Bank:

- are prepared on the basis of the assumption of business continuity by the Bank, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

In addition to financial data these condensed interim financial statements of the Bank also presents information and data that is important for appropriate assessment of the Bank's economic and financial situation and its financial performance, and which was not included in the condensed interim consolidated statements of the Group for the three months period ended 31 March 2013. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the three months period ended 31 March 2013 contain all important information, which also serves as explanatory data to these unconsolidated statements of the Bank.

The Board of Directors approved this condensed unconsolidated interim financial statement on 24 April 2013.

II. UNCONSOLIDATED FINANCIAL DATA (BANK)

INCOME STATEMENT

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Interest income	683 868	726 448
Interest expense	(444 291)	(460 496)
Net interest income	239 577	265 952
Fee and commission income	151 389	141 106
Fee and commission expense	(20 288)	(19 206)
Net fee and commission income	131 101	121 900
Dividend income	0	13 020
Result on investment financial assets	6 295	1 426
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	61 280	28 459
Other operating income	11 496	8 074
Operating income	449 749	438 831
General and administrative expenses	(244 494)	(254 099)
Impairment losses on financial assets	(47 532)	(31 614)
Impairment losses on non financial assets	(429)	(73)
Depreciation and amortization	(13 948)	(13 575)
Other operating expenses	(8 662)	(9 147)
Operating expenses	(315 065)	(308 508)
Operating profit	134 684	130 323
Profit / (loss) before taxes	134 684	130 323
Corporate income tax	(27 017)	(25 615)
Profit / (loss) after taxes	107 667	104 708
Weighted average number of ordinary shares	1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)	0.09	0.09

TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Profit / (loss) after taxes	107 667	104 708
Other elements of total comprehensive income, including:		
Effect of valuation of available for sale debt securities	(15 117)	7 177
Effect of valuation of available for sale shares	0	0
Hedge accounting	26 694	(203 598)
Other elements of total comprehensive income before taxes	11 577	(196 421)
Corporate income tax on other elements of total comprehensive income	(2 200)	37 320
Other elements of total comprehensive income after taxes	9 377	(159 101)
Total comprehensive income of the period	117 044	(54 393)

BALANCE SHEET

ASSETS

<i>Amount '000 PLN</i>	31.03.2013	31.12.2012
Cash, balances with the Central Bank	2 243 055	2 465 640
Loans and advances to banks	1 398 468	1 392 424
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	1 902 423	664 682
Hedging derivatives	180 696	277 812
Loans and advances to customers	40 053 993	39 341 449
Investment financial assets	8 658 729	6 750 830
- available for sale	8 658 729	6 750 830
- held to maturity	0	0
Investments in associates	307 114	308 648
Receivables from securities bought with sell-back clause (loans and advances)	357 936	17 469
Property, plant and equipment	175 045	179 842
Intangible assets	39 403	41 375
Non-current assets held for sale	0	0
Receivables from Tax Office resulting from current tax	3 411	8 989
Deferred tax assets	102 186	104 569
Other assets	582 053	559 658
Total Assets	56 004 512	52 113 387

LIABILITIES AND EQUITY

Amount '000 PLN	31.03.2013	31.12.2012
LIABILITIES		
Deposits from banks	2 561 714	2 253 000
Financial liabilities valued at fair value through profit and loss (held for trading)	648 502	467 634
Hedging derivatives	1 075 117	1 115 202
Deposits from customers	44 372 891	41 552 183
Liabilities from securities sold with buy-back clause	642 315	174 788
Debt securities	727 281	767 586
Provisions	54 114	40 705
Deferred income tax liabilities	0	0
Current tax liabilities	7 350	0
Other liabilities	691 520	652 811
Subordinated debt	630 796	613 610
Total Liabilities	51 411 600	47 637 519
EQUITY		
Share capital	1 213 117	1 213 117
Share premium	1 147 241	1 147 241
Revaluation reserve	(125 227)	(134 604)
Retained earnings	2 357 781	2 250 114
Total Equity	4 592 912	4 475 868
Total Liabilities and Equity	56 004 512	52 113 387
Book value	4 592 912	4 475 868
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	3.79	3.69

STATEMENT OF CHANGES IN EQUITY

<i>Amount '000 PLN</i>	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2013	4 475 868	1 213 117	1 147 241	(134 604)	2 250 114
- total comprehensive income for I quarter 2013	117 044	0	0	9 377	107 667
Equity at the end of the period 31.03.2013	4 592 912	1 213 117	1 147 241	(125 227)	2 357 781

<i>Amount '000 PLN</i>	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 260 196	1 213 117	1 147 241	99 865	1 799 973
- total comprehensive income of 2012	215 672	0	0	(234 469)	450 141
Equity at the end of the period 31.12.2012	4 475 868	1 213 117	1 147 241	(134 604)	2 250 114

<i>Amount '000 PLN</i>	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 260 196	1 213 117	1 147 241	99 865	1 799 973
- total comprehensive income for I quarter 2012	(54 393)	0	0	(159 101)	104 708
Equity at the end of the period 31.03.2012	4 205 803	1 213 117	1 147 241	(59 236)	1 904 681

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Profit (loss) after taxes	107 667	104 708
Adjustments for:	1 500 847	1 002 631
Interests in net income (loss) of associated companies	0	0
Depreciation and amortization	13 948	13 575
Foreign exchange (gains) losses	32 915	(86 933)
Dividends	0	(13 020)
Changes in provisions	13 409	(6 088)
Result on sale and liquidation of investing activity assets	(8 238)	(1 456)
Change in financial assets valued at fair value through profit and loss (held for trading)	(1 116 917)	(808 673)
Change in loans and advances to banks	(27 823)	976 088
Change in loans and advances to customers	(712 544)	482 396
Change in receivables from securities bought with sell-back clause (loans and advances)	(340 467)	(36 203)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	140 783	(1 060 134)
Change in deposits from banks	230 220	125 501
Change in deposits from customers	2 820 708	496 814
Change in liabilities from securities sold with buy-back clause	467 527	837 832
Change in debt securities	(40 305)	15 481
Change in income tax settlements	21 234	93 305
Income tax paid	(13 701)	(27 243)
Change in other assets and liabilities	16 309	(3 810)
Other	3 789	5 199
Net cash flows from operating activities	1 608 514	1 107 339

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Inflows:	5 416	14 698
Proceeds from sale of property, plant and equipment and intangible assets	5 416	1 678
Proceeds from sale of shares in associates	0	0
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	0	0
Other	0	13 020
Outflows:	(1 366 016)	(408 754)
Acquisition of property, plant and equipment and intangible assets	(9 111)	(334)
Acquisition of shares in associates	0	0
Acquisition of financial assets valued at fair value through profit and loss	0	0
Acquisition of investment financial assets	(1 356 905)	(408 420)
Other	0	0
Net cash flows from investing activities	(1 360 600)	(394 056)

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2013 - 31.03.2013	1.01.2012 - 31.03.2012
Inflows:	60 000	0
Long-term bank loans	60 000	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other	0	0
Outflows:	(1 026)	(834)
Repayment of long-term bank loans	0	0
Redemption of debt securities	0	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Other	(1 026)	(834)
Net cash flows from financing activities	58 974	(834)

D. NET CASH FLOWS, TOTAL (A + B + C)	306 888	712 449
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	6 294 121	3 642 752
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	6 601 009	4 355 201

III. SUPPLEMENTARY INFORMATION FOR UNCONSOLIDATED FINANCIAL DATA

Change of impairment write-offs for loans and advances to customers

	01.01.2013 - 31.03.2013	01.01.2012 - 31.12.2012
Balance at the beginning of the period	1 093 170	1 078 603
Change in value of provisions:	8 640	14 567
Write-offs in the period	150 725	519 581
Amounts written off	(27 837)	(137 237)
Reversal of write-offs in the period	(117 011)	(285 179)
Write-offs decrease due to sale of receivables	(35)	(70 545)
Changes resulting from FX rates differences	2 778	(12 842)
Other	20	789
Balance at the end of the period	1 101 810	1 093 170

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2013	16 637	2 449	20 524	0	6 894
- Write-offs created	0	1 547	0	0	680
- Write-offs released	0	0	(976)	0	(251)
- Utilisation	0	0	0	0	(758)
- Other changes	0	0	0	0	0
Balance as at 31.03.2013	16 637	3 996	19 548	0	6 565

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2012	16 637	5 184	24 849	0	9 103
- Write-offs created	0	0	0	0	766
- Write-offs released	0	(2 735)	(4 325)	0	(542)
- Utilisation	0	0	0	0	(2 433)
- Other changes	0	0	0	0	0
Balance as at 31.12.2012	16 637	2 449	20 524	0	6 894

Impairment losses on financial assets

	01.01.2013 - 31.03.2013	01.01.2012 - 31.03.2012
Impairment losses on loans and advances to customers	(33 511)	(37 941)
- Impairment charges on loans and advances to customers	(150 725)	(162 527)
- Reversal of impairment charges on loans and advances to customers	117 011	120 150
- Amounts recovered from loans written off	122	882
- Result from sale of receivables portfolio	81	3 554
Impairment losses on investment securities	0	0
- Impairment write-offs for investment securities	0	0
Impairment losses on investments in associates	(1 547)	0
- Impairment write-offs for investments in associates	(1 547)	0
- Reversal of impairment write-offs for investments in associates	0	0
Impairment losses on off-balance sheet liabilities	(12 474)	6 327
- Impairment write-offs for off-balance sheet liabilities	(15 257)	(8 389)
- Reversal of impairment write-offs for off-balance sheet liabilities	2 783	14 716
Total	(47 532)	(31 614)

Creation, charge, utilisation and release of provisions

	01.01.2013 - 31.03.2013	01.01.2012 - 31.12.2012
Provision for off-balance sheet commitments		
Balance at the beginning of the period	22 463	22 271
Charge of provision	15 257	17 149
Release of provision	(2 783)	(16 911)
FX rates differences	10	(46)
Balance at the end of the period	34 947	22 463
Provision for contentious claims		
Balance at the beginning of the period	18 242	12 699
Charge of provision	1 630	7 808
Release of provision	(633)	(2 177)
Utilisation of provision	(72)	(88)
Balance at the end of the period	19 167	18 242
Total	54 114	40 705

Assets and provision from deferred income tax

	31.03.2013			31.12.2012		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	5 583	0	5 583	5 861	0	5 861
Balance sheet valuation of financial instruments	289 830	(293 195)	(3 365)	352 013	(354 906)	(2 893)
Unrealised receivables/ liabilities on account of derivatives	77 357	(105 155)	(27 798)	87 170	(117 650)	(30 480)
Interest on deposits and securities to be paid/ received	54 452	(81 153)	(26 701)	64 192	(78 879)	(14 687)
Interest and discount on loans and receivables	0	(25 541)	(25 541)	0	(24 030)	(24 030)
Income and cost settled at effective interest rate	5 980	(227)	5 753	2 034	(245)	1 789
Provisions for loans presented as temporary differences	106 878	0	106 878	105 026	0	105 026
Employee benefits	11 949	0	11 949	11 760	0	11 760
Provisions for future costs	21 959	0	21 959	16 702	0	16 702
Valuation of investment assets and cash flows hedge recognized in revaluation reserve	34 599	(5 225)	29 374	39 671	(8 097)	31 574
Other	5 426	(1 331)	4 095	5 108	(1 161)	3 947
Net deferred income tax asset	614 013	(511 827)	102 186	689 537	(584 968)	104 569

IV. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2013 to 31 March 2013 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 DOM MAKLEPSKI S.A.,
- MILLENNIUM TFI S.A.,
- MB FINANCE A.B.,
- ORCHIS Sp. z o.o.
- MILLENNIUM SERVICE Sp. z o.o.,
- MILLENNIUM TELECOMMUNICATION SERVICES,
- TBM Sp. z o.o.

and with the Capital Group of Bank parent company - Banco Comercial Portugues (these transactions are mainly of banking nature).

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 31.03.2013

	With subsidiaries	With parent Group
ASSETS		
Loans and advances to banks - accounts and deposits	0	2 720
Loans and advances to customers	2 356 348	0
Investments in associates	295 310	0
Financial assets valued at fair value through profit and loss (held for trading)	2 791	0
Hedging derivatives	0	0
Other assets	191 511	50
LIABILITIES		
Deposits from banks	0	312 196
Deposits from customers	213 278	0
Liabilities from securities sold with buy-back clause	0	0
Hedging derivatives	0	136 831
Financial liabilities valued at fair value through profit and loss (held for trading)	33	276
Subordinated debt	630 796	0
Other liabilities	98 063	486
- including liabilities from financial leasing	74 179	0

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2012

	With subsidiaries	With parent Group
ASSETS		
Loans and advances to banks - accounts and deposits	0	2 605
Loans and advances to customers	2 333 191	0
Investments in associates	295 297	0
Financial assets valued at fair value through profit and loss (held for trading)	2 813	0
Hedging derivatives	0	0
Other assets	207 448	45
LIABILITIES		
Deposits from banks	0	206 150
Deposits from customers	225 108	0
Liabilities from securities sold with buy-back clause	0	0
Hedging derivatives	0	133 578
Financial liabilities valued at fair value through profit and loss (held for trading)	61	63
Subordinated debt	613 610	0
Other liabilities	97 113	165
- including liabilities from financial leasing	70 864	0

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-31.03.2013

	With subsidiaries	With parent Group
Income from:		
Interest	24 154	5 854
Commissions	11 730	34
Derivatives net	22	0
Dividends	0	0
Other net operating income	1 035	141
Expense from:		
Interest	5 634	1 209
Commissions	8	522
Derivatives net	0	304
Other net operating income	0	0
General and administrative expenses	24 072	940

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-31.03.2012

	With subsidiaries	With parent Group
Income from:		
Interest	20 904	29 179
Commissions	10 651	0
Derivatives net	0	0
Dividends	13 000	0
Other net operating income	0	238
Expense from:		
Interest	2 298	7 986
Commissions	12	760
Derivatives net	92	128
Other net operating income	314	0
General and administrative expenses	23 761	940

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2013

	With subsidiaries	With parent Group
Conditional commitments	59 401	946 457
- granted	58 128	103 653
- received	1 273	842 804
Derivatives (par value)	38 305	1 258 312

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2012

	With subsidiaries	With parent Group
Conditional commitments	67 947	933 638
- granted	66 664	105 448
- received	1 283	828 190
Derivatives (par value)	66 322	1 740 865

V. ADDITIONAL INFORMATION**V.1. Seasonality and business cycles**

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

V.2. 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. During the first quarter of 2013 there were no the dividend payments whereas during the first quarter of 2012 (comparable data), its value amounted to PLN 13,000 thousand.

V.3. Issue, redemption or repayment of debt or equity instruments

During the 3 months ended 31 March 2013, the Bank's liabilities on account of a debt securities issues decreased by PLN 40.3 million. 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. Additionally Bank offers new structured products in the form of Bank Securities, which are issued under Banking Law and are restricted to banks only.

V.4. Off-balance sheet liabilities

As at 31 March 2013 and 31 December 2012, the structure of off-balance sheet liabilities was as follows:

OFF-BALANCE ITEMS

Amount '000 PLN	31.03.2013	31.12.2012
Off-balance conditional commitments granted and received	7 993 972	7 889 885
Commitments granted:	6 889 179	6 975 843
- financial	5 497 677	5 610 767
- guarantee	1 391 502	1 365 076
Commitments received:	1 104 793	914 042
- financial	1 047 658	817 640
- guarantee	57 135	96 402