REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP

FOR 1 QUARTER 2015

MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	Period from 1.01.2015 - 31.03.2015	Period from 1.01.2014 - 31.03.2014*	Period from 1.01.2015 - 31.03.2015	Period from 1.01.2014 - 31.03.2014*
Interest income	582 940	630 950	140 505	150 606
Fee and commission income	177 814	174 839	42 858	41 734
Operating income	558 779	574 950	134 681	137 239
Operating profit	203 271	203 397	48 994	48 550
Profit (loss) before taxes	201 845	203 397	48 650	48 550
Profit (loss) after taxes	162 569	156 448	39 184	37 344
Total comprehensive income of the period	76 931	151 214	18 542	36 094
Net cash flows from operating activities	(1 407 791)	(1 060 102)	(339 317)	(253 044)
Net cash flows from investing activities	(14 730)	1 344 183	(3 550)	320 853
Net cash flows from financing activities	(85 141)	686 724	(20 521)	163 919
Net cash flows, total	(1 507 662)	970 805	(363 388)	231 729
Total Assets	64 054 225	60 740 482	15 665 010	14 250 635
Liabilities to banks and other monetary institutions	2 282 879	2 037 269	558 298	477 974
Liabilities to customers	48 973 195	47 591 244	11 976 815	11 165 625
Equity	5 842 410	5 765 479	1 428 811	1 352 669
Share capital	1 213 117	1 213 117	296 678	284 616
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)	4.82	4.75	1.18	1.12
Diluted book value per share (in PLN/EUR)	4.82	4.75	1.18	1.12
Capital adequacy ratio	14.17%	15.23%	14.17%	15.23%
Earnings (losses) per ordinary share (in PLN/EUR)	0.13	0.13	0.03	0.03
Diluted earnings (losses) per ordinary share (in PLN/EUR)	0.13	0.13	0.03	0.03
Pledged or paid dividend per share (in PLN/EUR)	-	0.22	-	0.05

* - Comparative balance sheet data was presented, in compliance with IFRS requirements, as at 31.12.2014. Other comparative data is presented for the period from 1.01.2014 to 31.03.2014.

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: 4.0890 PLN/EUR – the exchange rate of 31 March 2015 (for comparative data as at 31 December 2014: 4.2623 PLN/EUR),
- for profit and loss account items for the period from 1 January – 31 March 2015: 4.1489 PLN/EUR, 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 2014: 4.1894 PLN/EUR).

Information about the activity of Bank Millennium Capital Group during 1 quarter of 2015

Bank Millennium Group (the "Group") consolidated net profit in 1Q 2015 amounted to PLN 162.6 million, which means a 3.9% increase versus 1Q 2014 and 3.1% increase versus 4Q 2014.

The improvement of results was achieved thanks to higher operating income accompanied by stable charges (costs plus impairment provisions).

Main financial and business highlights of 1Q 2015 results are the following:

Continued growth of profitability, despite unfavourable conditions

- 1Q 15 net profit at PLN 163 million: +3.1% q/q and +3.9% y/y
- ROE at 11.3% and Cost-to-income at 50.3% - similar to 2014 year levels

Interest income under rate cut pressure, but core income growth preserved

- Net interest income flat quarterly (-0.8% q/q) despite another cut of market interest rates in March.
- Core income grew by 2.3% q/q thanks to increase of Net commissions (by 10.2% q/q)

High asset quality maintained, despite CHF rate volatility

- Impaired loans ratio at low 4.2%
- Mortgage impaired ratio at 1.6% - not affected by CHF surge

Liquidity and capital buffers successfully tested in January

- Loans-to-deposits* ratio still below 95% level
- TCR** at 14.2% and CET1** at 13.6%

Increased free-float after BCP sold 15.4% shares in March

- Free-float increased to 49.9% and daily turnover much higher after March accelerated sale (ABB)***
- Expected increase of weight/joining new market indexes

Retail business

- Another record in cash loans sale: PLN 674 million
- Solid growth of retail customer funds kept: +10% y/y in deposits and +13.4% y/y in non-deposit products (of which +10% in 1Q'15)
- More than 200 thousand new Konto 360º accounts in less than one year since the launch in May 2014

Companies business

- Loans to companies grew by 10% yearly with investment loans growing by 20% y/y
- Traditionally good growth in leasing and factoring portfolios: +14% y/y both
- Companies deposits increased by 5% y/y, of which current accounts deposits by 11% y/y

(*) Deposits include Bank's debt securities sold to individuals and repo transactions with customers
(**) Under CRR/CRD4 rules and partial IRB approach (on mortgage and revolving retail loans) but under regulatory constraint
(***) PLN 25m on average during 15 days after ABB vs. PLN 5.6m during first 58 trading days of 2015

Macroeconomic situation and factors influencing results in the next quarters

Polish economy returned on the path of solid economic growth after the slowdown on the turn of 2012 and 2013. Gross domestic product was, in real terms, by 3.4% higher than in 2013 when it grew by 1.7%. The dynamics of domestic demand looks even better, in real terms it equalled 4.9% versus only 0.4% in 2013 and was the highest since 2008. Domestic demand was supported by both solid private consumption growth (by 3.1% vs 1.2% last year) and investment (9.2% vs 1.1% a year ago). Investment was growing in 2014 at the pace similar to 2011, however at that time booming public infrastructure investment financed by the EU funds was observed. Nowadays one can rather observe increasing private investment aimed to rebuilt capacity and modernize existing equipment. Negative contribution from net exports, equal to -1.4 pp, resulted from diminishing trade surplus, while growth of both exports and imports was sustained. The consequences of limited access to eastern markets for Polish exporters were smaller than feared at the beginning of the year thanks to high flexibility of the Polish companies that are actively seeking new markets. The Bank assesses that the economic growth in 2014 was balanced and the GDP data show no sign of macroeconomic imbalances.

In Q4 alone GDP growth equalled 3.3%, and the data released so far suggest that the growth slowdown expected at the beginning of the year, if any, was very moderate. The improvement of labour market conditions accompanied by falling prices supports real disposable income of households. Registered unemployment rate was equal to 11.7% in March 2015 as compared with 11.5% at the end of 2014 and 13.5% a year earlier. The growth within the quarter was seasonal and the evolution of unemployment mirrors the improved conditions in the enterprise sector. Average employment in the enterprise sector in March 2015 was by 1.1% higher than in March 2014. At the same time stable increase of nominal wages was observed. In March average wage in the enterprise sector increased by 4.9% in nominal terms which translates into real growth of 6.5%.

In July Consumer Price Index fell below zero in year-on-year terms and the decrease has been deepening in the months that followed. to reach -1.6% in February 2015. In March the deflation equalled to -1.5%. The persistence of negative inflation resulted from supply-side shocks on food and fuel markets. Demand pressure in the economy is however very low as core inflation excluding food and energy was equal to just 0.2% yoy in March.

Leading indicators suggest further improvement of business sentiment. The Bank expects that in 2015 domestic demand will remain strong and the economic growth will be equal to 3.5%. The Bank expects that high dynamics of private consumption, supported by improved labour market conditions including unemployment falling to 10.6% in December, 2015 will be maintained. The Bank forecasts that the investment is likely to growth further but at a slightly slower pace than last year. Investment will still be supported by high capacity utilization and growing new orders in manufacturing as well as good financial standing and liquidity of the companies. Despite growth acceleration we do not expect fast return of the inflation.

In the environment of the lack of inflation pressures MPC kept loose monetary policy stance. In March monetary authorities, cut interest rates by 50 bps., signalling the end of the easing cycle, as the deflation period is prolonged and the risk of inflation running below the target in the medium term significantly increased. In the Bank’s assessment the next interest rates move would be a hike made by the Council of the next term of office in 2016.

In coming quarters the activity of banking sector, including Bank Millennium, can be influenced by the following external factors:

- On 15th January 2015, the Swiss National Bank (SNB) announced that it was discontinuing maintaining the minimum exchange rate of CHF 1.20 per euro. At the same time, SNB announced that it was lowering the interest rate on sight deposit account balances to −0.75%. As a reaction, the EUR and the PLN depreciated versus the CHF.
  The Bank does not expect significant worsening of the loans repayment as the influence of the Swiss franc appreciation against the Polish zloty was offset by the decrease of CHF LIBOR3M rate. At the same time Polish banks have pledged to take measures against hypothetical problems with fx-loans repayment including non-increase of obligations (collateral, new insurances) and decrease of servicing of the debt by a customer (prolongation of the loan maturity, “holidays” in instalment repayment, temporary reduction of fx spread).
  In March banks with co-operation of Banking Association (ZBP) proposed further solutions addressing existing and future risks connected with FX mortgage loans. Final solutions have not been yet agreed and accepted, but possible implementation of these or other solutions proposed by financial supervisor (KNF) or other Polish authorities, could cause deterioration of Bank’s financial results.

- The need of compliance to the new Supervision's recommendation "U", which will implement new rules and some restrictions to sale of insurances by banks (to be in force since 1 April 2015), may cause decrease of bancassurance commission revenue. Also change of this commission amount recognized up-front and accrued over time may cause decrease of current revenue (compensated by increases in the next years).
- Announced in the beginning of March another PLN interest rates cut, including Lombard rate influencing directly maximum yield on loans in Poland, will limit the size of interest margin and may temporarily restrain interest result of the Bank.
- Growth acceleration resulting mainly from private consumption recovery and investment may support growth of households and corporate loans additionally underpinned by low interest rates.
- The improvement of business sentiment, including good financial standing of the companies and further unemployment decrease will support the quality of loans portfolio.

Bank Millennium Group profit and loss account after 1st quarter 2015

Operating Income *(PLN million)*	1Q 2015	4Q 2014	Change q/q	1Q 2014	Change y/y
Net Interest Income *	351.1	354.0	*-0.8%*	356.5	*-1.5%*
Net Commission Income	156.7	142.2	*10.2%*	155.5	*0.8%*
Core Income**	507.8	496.2	*2.3%*	512.0	*-0.8%*
Other Non-Interest Income ***	37.7	44.6	*-15.5%*	31.8	*18.4%*
Total Operating Income	**545.5**	**540.8**	***0.9%***	**543.9**	***0.3%***

(*) 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 17.8 million in 1Q 2015 and PLN 1.2 million in 1Q 2014) 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) for 1Q 2015 reached PLN 351.1 million and only slightly decreased by 0.8% quarterly (and by 1.5% yearly). This reflects solid resilience to interest rates cuts in Poland: in October 2014 (by 50 bps and Lombard rate by 100 bps) and in March 2015 (by another 50 bps). The quarterly decrease of interest cost (by 10% q/q) was visibly higher than the decrease of interest income (-5% q/q), which helped to preserve Net Interest Income level in 1Q 2015 versus 4Q 2014.

Interest margins in 4Q 2014 and 1Q 2015 were additionally influenced by the immediate effect of lombard rate cut on consumer loans, which have a regulatory limit of maximum interest rate to 4 times lombard rate. This effect and regular re-pricing of loans caused, that average yield on commercial loans dropped from 5.06% in 3Q 2014 to 4.68% in 4Q 2014 and 4.39% in 1Q 2015. On deposit side gradual re-pricing also caused a reduction of average interest cost from 2.06% in 3Q 2014 to 1.84% in 4Q 2014 and 1.68% in 1Q 2015.

As a consequence, total Net Interest Margin in 1Q'15 fell only by 8 bps quarterly to 2.27% level and was lower than 2.58% level registered in 1Q 2014.

Net Commission Income in 1Q 2015 grew by over 10% to PLN 156.7 million, which was also 0.8% higher than commissions income in 1Q 2014. The main drivers of this growth were commissions from bancassurance, loans and investment products related commissions, which offset adverse effect of much lower interchange fees (new regulations on limits for payment cards' interchange fees).

Core income, defined as a combination of net interest and commission income, reached the amount of PLN 507.8 million in 1Q 2015 and recorded growth of 2.3% quarterly (and small yearly decrease of 0.8%).

Other non-interest income amounted to PLN 37.7 million in 1Q 2015 and were lower by 15.5% quarterly but higher by 18.4% yearly.

Total operating income of the Group reached PLN 545.5 million in 1Q 2015 and increased by 0.9% quarterly and 0.3% yearly.

Operating Costs *(PLN million)*	1Q 2015	4Q 2014	Change q/q	1Q 2014	Change y/y
Personnel Costs	(138.3)	(137.4)	*0.6%*	(135.1)	*2.3%*
Other Administrative Costs*	(136.2)	(141.7)	*-3.9%*	(139.7)	*-2.5%*
Total Operating Costs	**(274.4)**	**(279.1)**	***-1.7%***	**(274.8)**	***-0.1%***
Cost/Income Ratio	**50.3%**	**51.6%**	**-1.3 p.p.**	**50.5%**	**-0.2 p.p.**

(*) including depreciation

Total costs in 1Q 2015 (PLN 274.4 million) dropped by 1.7% quarterly and were on similar level than one year ago. This was a very positive result having in mind significant increase of obligatory deposit guarantee fund (BFG) charges introduced on banks since 2015 year. Main charge almost doubled from 0.10 bps in 2014 to 0.189 bps in 2015, which translates into PLN 7.5 million additional quarterly costs for the Bank.

Personnel costs in 1Q 2015 grew only 0.6% quarterly and 2.3% yearly (resulted from employing in 3Q 2104 part of previously outsourced staff). Total number of employees in the Group reached 6,000 persons (in Full Time Equivalents).

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

Employment structure (in FTEs)	31.03.2015	31.12.2014	Change q/q	31.03.2014	Change y/y
Bank Millennium S.A.	5 668	5 770	-1.77%	5 536	2.38%
Subsidiaries	332	338	-1.91%	342	-3.03%
Total Bank Millennium Group	**6 000**	**6 108**	**-1.78%**	**5 878**	**2.06%**

Other administrative costs (including depreciation) in 1Q 2015 fell by 3.9% quarterly and 2.5% yearly, despite higher charges on deposit guarantee scheme (BFG), mainly thanks to lower costs of external services (advisory, legal etc) and depreciation.

Cost-to-Income ratio for 1Q 2015 reached 50.3%, which is lower by 1.3 p.p. compared to 4Q 2014 and similar to the average ratio for 2014 year.

Total net impairment provisions created by the Group in 1Q 2015 amounted to PLN 67.8 million and were higher by 6% quarterly and by 3.3% yearly. Bigger part of provisions created in 1Q 2015 were for retail segment (PLN 41.9 million), first of all on consumer loans, whereas the provisions for corporate segment amounted to PLN 25.9 million. Despite CHF volatility observed since January, mortgage loans showed very solid quality and there was no need to increase provisions on this portfolio.

The relative measure of cost of risk (i.e. net provisions created to the average net loans) reached 60 bps in 1Q'15, i.e. 1 bps lower than average level in 2014.

Pre-tax Income in 1Q 2015 amounted to PLN 201.8 million, which is 2.2% higher quarterly and -0.8% lower yearly. **Net Profit** for the analysed period amounted to PLN 162.6 million i.e. by 3.1% higher quarterly and 3.9% higher yearly. The improvement of results was achieved thanks to higher operating income accompanied by stable charges (costs plus impairment provisions).

Net Profit *(PLN million)*	1Q 2015	4Q 2014	Change q/q	1Q 2014	Change y/y
Operating Income	545.5	540.8	*0.9%*	543.9	*0.3%*
Operating Costs	(274.4)	(279.1)	*-1.7%*	(274.8)	*-0.1%*
Impairment provisions	(67.8)	(64.0)	*6.0%*	(65.7)	*3.3%*
Pre-tax Profit*	201.8	197.5	*2.2%*	203.4	*-0.8%*
Income tax	(39.3)	(39.8)	*-1.3%*	(46.9)	*-16.3%*
Net Profit	**162.6**	**157.7**	***3.1%***	**156.4**	***3.9%***

(*) includes share in profits of associates

Business results after 1st quarter 2015

Total assets of the Group reached PLN 64,054.2 million as at 31 March 2015, which means an increase by 10.7% compared to the end of March 2014.

Total **customer funds** of Bank Millennium Group reached PLN 56,409 million showing the growth of 8.7% vs. the end of March 2014 and by 3.8% vs. the end of 2014 year. The growth of deposits reached 8.1% yearly and 2.9% quarterly. Especially solid growth is maintained in deposits of individuals, which increased strongly by 10% vs. the end of March 2014, despite intensive re-procing of deposits due to central bank interest rate cuts in October 2014 and March 2015.

Non-deposit savings and other investment products sold to Group's retail customers registered even higher growth rate: 13.4% yearly and 10% quarterly, reaching in March 2015 the level of PLN 7,435 million. Over half of these products are Millennium TFI mutual funds with the balance at 31 March 2015 of PLN 4,107 million, which means the growth of 18.3% yearly.

Customer Funds *(PLN million)*	31.03.2015	31.12.2014	Change q/q	31.03.2014	Change y/y
Deposits of individuals *	30 610.7	29 820.0	*2.7%*	27 822.5	*10.0%*
Deposits of Companies and public sector	18 362.5	17 771.2	*3.3%*	17 497.6	*4.9%*
Total Deposits	48 973.2	47 591.2	*2.9%*	45 320.2	*8.1%*
Investment products **	7 435.5	6 761.4	*10.0%*	6 559.3	*13.4%*
Total Customer Funds	**56 408.7**	**54 352.6**	***3.8%***	**51 879.5**	***8.7%***

(*) including deposits of insurance companies collaborating with the Bank, reflecting savings-insurance products offered by the Bank to retail customers

(**) This category includes bonds to retail customers issued by the Bank, Millennium TFI mutual funds and other investment products of third parties sold to Group's clients

Total net **loans** of Bank Millennium Group reached PLN 46,535 million as at the end of March 2015, which means an increase by 8.6% yearly and 5.4% quarterly. Part of the growth was due to CHF appreciation – if not that, net loans would have grown by 3% yearly and 1.7% quarterly.

Mortgage loans remain the biggest part of loans portfolio with total net balance of PLN 28,464 million on 31 March 2015. Growth of this portfolio by 5.8% (both yearly and quarterly) was caused by CHF appreciation after January Swiss National Bank unexpected decision. As a consequence, the share of FX mortgages in total loan portfolio is back slightly above 40%.

Non-mortgage retail loans reached PLN 4,754 million and grew by 24% yearly, driven mainly by strong growth of cash loans. Quarterly sale of cash loans in 1Q 2105 reached another record level of PLN 674 million.

Loans to companies (including leasing) amounted to PLN 13,316 million as at 31 March 2015 growing by 10% yearly and 4.8% quarterly. Leasing exposure grew by 13.8% y/y crossing PLN 4 billion gross exposure. Factoring turnover in 1Q 2015 reached PLN 3 billion and was 17% higher than in corresponding period of the previous year.

Loans and advances to Clients *(PLN million, net values)*	31.03.2015	31.12.2014	Change q/q	31.03.2014	Change y/y
Loans to households	33 218.7	31 435.3	*5.7%*	30 742.2	*8.1%*
- mortgage loans	28 464.4	26 906.6	*5.8%*	26 908.3	*5.8%*
- other loans to households	4 754.3	4 528.7	*5.0%*	3 833.8	*24.0%*
Loans to companies	13 316.0	12 707.4	*4.8%*	12 106.4	*10.0%*
- leasing	4 067.8	3 974.0	*2.4%*	3 575.0	*13.8%*
- other loans to businesses	9 248.3	8 733.4	*5.9%*	8 531.4	*8.4%*
Total Loans & Advances to Clients	46 534.7	44 142.7	*5.4%*	42 848.6	*8.6%*

Liquidity, asset quality and solvency

Loan-to-deposit ratio of the Group increased after January CHF appreciation, but still remains on a comfortable 94.4% level, similar as one year ago. Also the ratio of loans to stable sources of funding (deposits plus medium-term funding and subordinated debt) grew during the quarter and reached 90.6% level in March 2015.

After 1Q 2015 the Group maintains very strong asset quality ratios, which are one of the best among Polish banks. Share of impaired loans in the consolidated portfolio stay at 4.2% level and share of loans past-due over 90 days at 2.9%. The main improvement was registered in non-mortgage retail loans (impaired loans ratio decreased during the year from 12.7% to 10.6%) and in the portfolio of corporate loans (the ratio dropped yearly from 7.6% to 6.9%). Mortgage loans impaired ratio grew slightly from 1.3% to 1.6% but was strongly resilient so far to CHF rate volatility observed since January 2015. Impaired loans rate of FX part of mortgage portfolio stood at comfortable 1.8% level in March 2015.

Coverage of impaired loans by total provisions also remained on comfortable level of c.a. 70% during last 12 months. The highest coverage was registered for non-mortgage retail loans (79%, +1 p.p. q/q) and corporate impaired loans (73%). The coverage of loans past-due more than 90 days was at 101% level.

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

Total portfolio quality indicators	31.03.2015	31.12.2014	31.03.2014
Total impaired loans (PLN million)	2 012	1 923	1 901
Total provisions (PLN million)	1 415	1 358	1 347
Impaired over total loans ratio (%)	4.2%	4.2%	4.3%
Total provisions/impaired loans (%)	**70.3%**	**70.6%**	**70.8%**

Capital position of the Group remains very solid. Consolidated equity increased by 5.9% yearly to the level of PLN 5,842 million. Total Capital Ratio reached 14.2% and Core Tier 1 ratio 13.6% as at the end of March 2015. These ratios include only half of 2014 net profit. If General Shareholders Meeting confirms to keep entire 2014 profit in equity, TCR ratio will grow to 15.5% and CET1 ratio to 14.9%.

Main solvency* and liquidity indicators	31.03.2015	31.12.2014	31.03.2014
Consolidated equity (PLN million)	5 842	5 765	5 514
Regulatory capital (PLN million)	5 343	5 369	5 418
Capital requirement (PLN million):	3 016	2 821	3 038
- Credit risk	2 719	2 538	2 756
- Market risk	25	25	24
- Operating risk	271	258	258
Risk Weighted Assets (PLN million)	37 697	35 257	37 971
Total Capital Ratio* (%, consolidated)	14.2%	15.2%	14.3%
Common Equity Tier 1 ratio* (%, consolidated)	13.6%	14.5%	13.3%
Loans to Deposits ratio (%)**	94.4%	92.0%	93.8%
Loans to stable sources of funding *** (%)	90.6%	88.4%	88.7%

(*) Calculated including regulatory constraint, since 30 June 2014 according to CRR/CRD4
(**) Deposits include Bank's debt securities sold to individuals, repo transactions with customers
(***) Deposits plus all debt securities sold to individual and institutional investors (including subordinated debt) and medium-term funding from financial institutions

Share price main indicators and ratings

In 1Q 2015 the main WIG index grew by 5.2% but banking index WIG-banks fell by 3.8% due to the negative effect of January CHF rate sudden appreciation, followed by uncertainty concerning potential regulatory interventions towards banks involved in CHF mortgages.

In the same time Bank Millennium shares fell 19.9% and in yearly horizon Bank's shares fell by 25.7%. Apart of CHF issue, Bank Millennium share price in 1Q 2015 was affected by the accelerated sale of 15.4% of Bank's shares conducted on March 26th by BCP at the price of PLN 6.65 per share. This transaction has increased free-float from 34.5% to 49.9%, which will have positive impact on shares turnover and participation in stock indexes (during first 15 days after the transaction was announced, average daily turnover of Bank's shares more than quadrupled when compared to first 58 days of 2015 year).

The evolution of Bank Millennium share price versus main WSE indices is presented in the table below:

	31.03.2015	30.12.2014	Change (%) q/q	31.03.2014	Change (%) y/y
Number of Bank's shares (in ths.)	1 213 117	1 213 117	0.00%	1 213 117	0.00%
Average daily trading (PLN ths.)	7 652	4 159 *	84.0%	9 627	-20.5%
Price of the Bank shares (PLN)	6,65	8,30	-19.9%	8.95	-25.7%
Market cap. (PLN million)	8 067	10 069	-19.9%	10 857	-25,7%
WIG - main index	54 091	51 416	5.2%	52 373	3.3%
WIG Banks	7 660	7 961	-3.8%	8 750	-12.5%
mWIG 40	3 732	3 483	7.1%	3 481	7.2%

(*) average trading for 4Q14

During the 1st quarter of 2015 there were no changes of the two basic ratings assigned to Bank Millennium. However, on March 17th 2015 Moody's rating agency placed Bank Millennium deposit ratings of Ba2/Not Prime on review for possible upgrade.

Rating	FITCH	MOODY'S
Long-term deposit rating/IDR	BBB- (stable outlook)	Ba2 (review for upgrade)
National Long-term IDR	A-(pol) (stable outlook)	-
Short-term deposit rating	F-3	NP (review for upgrade)
Viability rating / standalone BCA	bbb-	b1*
Support	3	

(*) In March 2015 Moody's replaced former BFSR (bank financial strength ratings) with Baseline Credit Assesment (BCA), which will be the only indicator of issuers' standalone intrinsic strength and will not have outlook assigned

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I. CONDENSED INTERIM FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE THREE MONTHS ENDED 31 MARCH 2015

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1. 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 the Bank Millennium S.A. Capital Group (the Group) with 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 2015

Composition of the Supervisory Board as at 31 March 2015 was as follows:
- Bogusław Kott - Chairman of the Supervisory Board,
- Maciej Bednarkiewicz – Deputy 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,
- Grzegorz Jędrys – 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.

Composition of the Management Board as at 31 March 2015 was as follows:

- Joao Nuno Lima Bras Jorge – 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 Bank Millennium Group. The companies comprising the Group as at 31 March 2015 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	full consolidation
MILLENNIUM DOM MAKLERSKI S.A.	brokerage services	Warsaw	100	100	full consolidation
MILLENNIUM TFI SA	investment funds management	Warsaw	100	100	full consolidation
MB FINANCE AB	funding companies from the Group	Stockholm	100	100	full consolidation
MILLENNIUM SERVICE Sp. z o.o.	general construction and engineering	Warsaw	100	100	full consolidation
TBM Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	furniture manufacturer	Świebodzin	50 (+1 share)	50	equity method valuation (*)
BG LEASING S.A. under bankruptcy	leasing services	Gdańsk	74	74	historical cost (*)

(*) Despite having a control over the companies Lubuskie Fabryki Mebli S.A. and BG Leasing S.A., due to insignificant nature of these companies from the realization of the primary goal of the consolidated financial statements point of view, which is the correct presentation of Group's financial situation, the Group does not consolidate capital involvement in aforementioned enterpises.

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).

2. 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 do not include all of the information which is presented in 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 2014.

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 2014, with consideration of the specific requirements of IAS 34.

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 2015.

Condensed interim consolidated financial statements of the Group prepared for the period from 1 January 2015 to 31 March 2015:

- include financial data of the Bank and its subsidiaries forming the Group,
- 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.

As a result of the entry into force, commencing from 1 January 2015, of interpretation number 21 issued by the IFRS Interpretations Committee (IFRIC 21) there are doubts regarding the use of requirements of IFRIC 21 in the Bank's financial reporting in relation to fees paid to the Banking Guarantee Fund (BFG). The so-called "Big Four" audit firms recommend that both the liability to the BFG and expenses should be recognized in full amount in January 2015.

After obtaining the position of the Ministry of Finance convergent with the position of the Polish Financial Supervision Authority the Bank decided to amortise the expenses paid to the Bank Guarantee Fund over the whole year of 2015, i.e. it employed an analogous approach as in previous years.

By the time of publishing this report the External Auditor (PwC) has not finally decided on the issue of accounting for BFG costs. If the Bank recognised the costs paid to BFG on a one-off basis, in accordance with the recommendation of the External Auditor, data presented in this report for Q1 2015 would be adjusted as follows:

1) Operating costs in the Group’s consolidated report and the Bank’s solo report would be increased as a result of recognising the remaining part of BFG’s annual fee by the amount of PLN 49 million.

2) Other operating costs in the Group’s consolidated report and the Bank’s solo report would be increased as a result of recognising the remaining part of BFG’s prudential fee by the amount of PLN 13 million.

3) As a result of capturing the costs described above the consolidated gross profit of the Group and solo gross profit of the Bank would be decreased by PLN 62 million and the consolidated net profit of the Bank and solo net profit of the Bank would be decreased by PLN 53 million respectively.

The impact of the settlement over time resulting from BFG levies will reduce with time, on a straight line basis, and thus by the end of the year there will be no difference on this account.

The Board of Directors approved these condensed consolidated interim financial statements on 24 April 2015.

3. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Interest income	1	582 940	630 950
Interest expense	2	(249 631)	(275 603)
Net interest income		**333 309**	355 347
Fee and commission income	3	177 814	174 839
Fee and commission expense	4	(21 064)	(19 344)
Net fee and commission income		**156 750**	155 495
Dividend income		1	0
Result on investment financial assets		14 318	15 187
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	47 081	39 167
Other operating income		7 320	9 754
Operating income		**558 779**	**574 950**
General and administrative expenses	6	(262 514)	(261 161)
Impairment losses on financial assets	7	(67 844)	(65 626)
Impairment losses on non-financial assets		6	(73)
Depreciation and amortization		(11 912)	(13 600)
Other operating expenses		(13 244)	(31 093)
Operating expenses		**(355 508)**	**(371 553)**
Operating profit		**203 271**	**203 397**
Share of profit of associates		(1 426)	0
Profit / (loss) before taxes		**201 845**	**203 397**
Corporate income tax	8	(39 276)	(46 949)
Profit / (loss) after taxes		**162 569**	**156 448**
Attributable to:			
Owners of the parent		162 569	156 448
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)		**0.13**	0.13

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Profit / (loss) after taxes	162 569	156 448
Other elements of total comprehensive income that will be subsequently reclassified to profit or loss	(105 726)	(6 462)
Effect of valuation of available for sale debt securities	18 169	(7 089)
Effect of valuation of available for sale shares	20	(15)
Hedge accounting	(123 915)	642
Other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0
Actuarial gains (losses)	0	0
Other elements of total comprehensive income before taxes	**(105 726)**	**(6 462)**
Corporate income tax on other elements of total comprehensive income that will be subsequently reclassified to profit or loss	20 088	1 228
Corporate income tax on other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0
Other elements of total comprehensive income after taxes	**(85 638)**	**(5 234)**
Total comprehensive income for the period	**76 931**	**151 214**
Attributable to:		
Owners of the parent	76 931	151 214
Non-controlling interests	0	0

CONSOLIDATED BALANCE SHEET

ASSETS

Amount '000 PLN	Note	31.03.2015	31.12.2014
Cash, balances with the Central Bank		2 352 981	2 612 242
Deposits, loans and advances to banks and other monetary institutions	9	3 612 336	2 384 744
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	2 444 174	1 417 276
Hedging derivatives	11	81 517	18 999
Loans and advances to customers	12	46 534 715	44 142 699
Investment financial assets	13	8 085 567	9 249 537
- available for sale		8 085 567	9 249 537
- held to maturity		0	0
Investments in associates		1 336	2 762
Receivables from securities bought with sell-back clause (loans and advances)		81 105	155 642
Property, plant and equipment		147 181	153 449
Intangible assets		55 977	59 119
Non-current assets held for sale		5 634	5 646
Receivables from Tax Office resulting from current tax		78 928	77 776
Deferred tax assets	15	226 190	196 276
Other assets		346 584	264 315
Total Assets		**64 054 225**	**60 740 482**

LIABILITIES AND EQUITY

Amount '000 PLN	Note	31.03.2015	31.12.2014
LIABILITIES			
Liabilities to banks and other monetary institutions	16	2 282 879	2 037 269
Financial liabilities valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	463 920	629 790
Hedging derivatives	11	2 923 298	1 390 225
Liabilities to customers	17	48 973 195	47 591 244
Liabilities from securities sold with buy-back clause		72 234	59 765
Debt securities	18	1 563 574	1 739 461
Provisions	19	94 563	98 574
Deferred income tax liabilities	15	0	0
Current tax liabilities		10 325	8 080
Other liabilities		1 210 701	780 856
Subordinated debt		617 126	639 739
LIABILITIES		**58 211 815**	54 975 003
EQUITY			
Share capital		1 213 117	1 213 117
Share premium		1 147 502	1 147 502
Revaluation reserve		(198 549)	(112 911)
Retained earnings		3 680 340	3 517 771
Total Equity		5 842 410	5 765 479
Total equity attributable to owners of the parent		5 842 410	5 765 479
Non-controlling interests		0	0
Total Liabilities and Equity		**64 054 225**	**60 740 482**

Book value	5 842 410	5 765 479
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	4.82	4.75

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2015	5 765 479	1 213 117	1 147 502	(112 911)	3 517 771
- total comprehensive income for 1 quarter 2015	76 931	0	0	(85 638)	162 569
Equity at the end of the period 31.03.2015	**5 842 410**	**1 213 117**	**1 147 502**	**(198 549)**	**3 680 340**

Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2014	5 363 133	1 213 117	1 147 502	(131 223)	3 133 737
- total comprehensive income of 2014	669 232	0	0	18 312	650 920
- dividend payment	(266 886)	0	0	0	(266 886)
Equity at the end of the period 31.12.2014	5 765 479	1 213 117	1 147 502	(112 911)	3 517 771

Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2014	5 363 133	1 213 117	1 147 502	(131 223)	3 133 737
- total comprehensive income for 1 quarter 2014	151 214	0	0	(5 234)	156 448
Equity at the end of the period 31.03.2014	5 514 347	1 213 117	1 147 502	(136 457)	3 290 185

CONSOLIDATED CASH FLOWS

A.CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Profit (loss) after taxes	162 569	156 448
Total adjustments:	(1 570 360)	(1 216 550)
Non-controlling interests profit (loss)	0	0
Interests in net income (loss) of associated companies	1 426	0
Depreciation and amortization	11 912	13 600
Foreign exchange (gains)/ losses	(37 657)	6 973
Dividends	1	0
Changes in provisions	(1 041)	12 701
Result on sale and liquidation of investing activity assets	(14 891)	(17 709)
Change in financial assets valued at fair value through profit and loss (held for trading)	(1 213 331)	175 196
Change in loans and advances to banks	(1 265 519)	(109 813)
Change in loans and advances to customers	(2 398 291)	(1 075 894)
Change in receivables from securities bought with sell-back clause (loans and advances)	74 537	(93 236)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	1 367 203	(32 497)
Change in deposits from banks	172 396	(193 252)
Change in deposits from customers	1 381 951	15 045
Change in liabilities from securities sold with buy-back clause	12 469	218 334
Change in debt securities	(6 157)	18 114
Change in income tax settlements	43 270	46 853
Income tax paid	(48 348)	(40 611)
Change in other assets and liabilities	346 145	(164 702)
Other	3 565	4 348
Net cash flows from operating activities	**(1 407 791)**	**(1 060 102)**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Inflows from investing activities:	1 033	1 354 165
Proceeds from sale of property. plant and equipment and intangible assets	1 032	2 972
Proceeds from sale of shares in associates	0	0
Proceeds from sale of investment financial assets	0	1 351 193
Other inflows from investing activities	1	0
Outflows from investing activities:	(15 763)	(9 982)
Acquisition of property, plant and equipment and intangible assets	(5 085)	(9 982)
Acquisition of shares in associates	0	0
Acquisition of investment financial assets	(10 678)	0
Other outflows from investing activities	0	0
Net cash flows from investing activities	**(14 730)**	**1 344 183**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Inflows from financing activities:	439 311	711 328
Long-term bank loans	108 488	211 328
Issue of debt securities	330 823	500 000
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(524 452)	(24 604)
Repayment of long-term bank loans	(22 808)	(22 808)
Redemption of debt securities	(500 552)	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 outflows from financing activities	(1 092)	(1 796)
Net cash flows from financing activities	**(85 141)**	**686 724**

D. NET CASH FLOWS. TOTAL (A + B + C)	(1 507 662)	970 805
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	5 398 463	6 752 775
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	3 890 801	7 723 580

4. NOTES TO CONSOLIDATED FINANCIAL DATA

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

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Balances with the Central Bank	7 017	9 754
Deposits, loans and advances to banks	333	564
Loans and advances to customers	428 867	454 210
Transactions with repurchase agreement	2 976	4 752
Hedging derivatives	74 129	87 345
Financial assets held for trading (debt securities)	5 426	1 353
Investment securities	64 192	72 972
Total	582 940	630 950

Interest income for I quarter 2015 includes interest accrued on loans with recognized impairment of PLN 13,654 thousand (for the comparative data for I quarter 2014, such interest was PLN 15,360 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:

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Banking deposits	(5 352)	(5 923)
Loans and advances	(13 345)	(13 935)
Transactions with repurchase agreement	(10 587)	(11 066)
Deposits from customers	(204 435)	(234 268)
Subordinated debt	(3 487)	(3 819)
Debt securities	(12 260)	(6 299)
Other	(165)	(293)
Total	(249 631)	(275 603)

Note (3) Fee and commission income

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Resulting from accounts service	21 938	23 228
Resulting from money transfers. cash payments and withdrawals and other payment transactions	11 661	11 334
Resulting from loans granted	28 398	22 959
Resulting from guarantees and sureties granted	3 576	3 602
Resulting from payment and credit cards	32 451	50 299
Resulting from sale of insurance products	27 072	12 465
Resulting from distribution of investment funds units and other savings products	22 217	21 569
Resulting from brokerage and custody service	6 544	5 717
Resulting from investment funds managed by the Group	20 487	20 823
Other	3 470	2 843
Total	177 814	174 839

Bank has further reviewed the assumptions of the model applied for recognition of revenue from bancassurance. In consequence in the field of insurance of cash loans the part of revenue recognized on a one-off basis as commission for the execution of significant act has been set at 9% in year 2015 whereas in 2014 the rate of 14% used to be applied. At the same time, the Bank changed the allocation of income from bancassurance which had an impact on the presentation of the data in the above note (a comparable data was adjusted accordingly).

Note (4) Fee and commission expense

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Resulting from accounts service	(253)	(296)
Resulting from money transfers. cash payments and withdrawals and other payment transactions	(431)	(458)
Resulting from loans granted	(3 165)	(3 581)
Resulting from payment and credit cards	(13 881)	(12 451)
Resulting from brokerage and custody service	(788)	(952)
Resulting from investment funds managed by the Group	(1 462)	(831)
Other	(1 084)	(775)
Total	(21 064)	(19 344)

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

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Operations on securities	(720)	(2 983)
Operations on derivatives	42 646	4 672
Fair value hedge accounting operations including:	108	218
- result from hedging derivatives	1 364	313
- result from items subjected to hedging	(1 256)	(95)
Foreign exchange result	5 558	37 487
Costs of financial operations	(511)	(227)
Total	**47 081**	**39 167**

Note (6) General and administrative expenses

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Staff costs:	(138 255)	(135 106)
Salaries	(113 389)	(111 399)
Surcharges on pay	(20 576)	(19 716)
Employee benefits, including:	(4 290)	(3 991)
- provisions for retirement benefits	(131)	0
- provisions for unused employee holiday	(9)	(9)
- other	(4 150)	(3 982)
General administrative costs:	(124 259)	(126 055)
Costs of advertising. promotion and representation	(15 614)	(15 451)
IT and communications costs	(17 403)	(18 264)
Costs of renting	(43 655)	(45 428)
Costs of buildings maintenance, equipment and materials	(6 703)	(6 054)
ATM and cash maintenance costs	(4 070)	(4 003)
Costs of consultancy, audit and legal advisory and translation	(1 804)	(6 232)
Taxes and fees	(3 984)	(4 076)
KIR clearing charges	(969)	(960)
PFRON costs	(1 186)	(1 372)
Banking Guarantee Fund costs	(16 365)	(8 901)
Financial Supervision costs	(841)	(1 574)
Other	(11 665)	(13 740)
Total	**(262 514)**	**(261 161)**

Note (7) Impairment losses on financial assets

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Impairment losses on loans and advances to customers	(68 870)	(68 652)
Impairment charges on loans and advances to customers	(204 999)	(195 914)
Reversal of impairment charges on loans and advances to customers	135 611	125 450
Amounts recovered from loans written off	477	1 812
Sale of receivables	41	0
Impairment losses on securities	(7)	37
Impairment charges on securities	(7)	0
Reversal of impairment charges on securities	0	37
Impairment losses on off-balance sheet liabilities	1 033	2 989
Impairment charges on off-balance sheet liabilities	(3 030)	(5 553)
Reversal of impairment charges on off-balance sheet liabilities	4 063	8 542
Total	**(67 844)**	**(65 626)**

Note (8a) Income tax reported in income statement

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Current tax	(48 857)	(42 058)
Current year	(48 857)	(42 058)
Adjustment of CIT-8 declaration	0	0
Deferred tax:	9 581	(4 891)
Recognition and reversal of temporary differences	9 755	(5 099)
Recognition / (Utilisation) of tax loss	(174)	208
Adjustment resulted from Article 38a of CIT	0	0
Total income tax reported in income statement	**(39 276)**	**(46 949)**

Note (8b) Effective tax rate

	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Gross profit / (loss)	201 845	203 397
Statutory tax rate	19%	19%
Income tax according to obligatory income tax rate of 19%	(38 351)	(38 645)
Impact of permanent differences on tax charges:	**(925)**	**(5 568)**
Non taxable income	1 163	42
Dividend income	0	0
Release of other provisions	915	40
Other	248	2
Non tax-deductible costs	(2 088)	(5 610)
Loss on sale of receivables	0	0
PFRON fee	(225)	(261)
Prudential fee for Banking Guarantee Fund	(823)	(626)
Cost of provisions for factoring receivables	(197)	0
Receivables written off	(171)	(796)
Costs of litigations and contentious claims	(351)	(2 959)
Depreciation and insurance costs of cars (in excess of EUR 20.000)	(98)	(361)
Other	(223)	(607)
The amount of deductible temporary differences for which deferred income tax asset has not been recognized in the balance sheet	0	(2 736)
Adjustment of CIT-8 declaration	0	0
Adjustment resulted from Article 38a of CIT	0	0
Total income tax reported in income statement	**(39 276)**	**(46 949)**

Note (8c) Deferred tax reported directly in equity

	31.03.2015	31.12.2014
Valuation of available for sale securities	(16 364)	(12 908)
Valuation of cash flow hedging instruments	62 435	38 891
Actuarial gains (losses)	502	502
Deferred tax reported directly in equity	46 573	26 485

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.

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 01.01 - 31.08.2006 and PLN 6.6 million due to an overestimation of tax loss for the period 01.09 - 31.12.2006. Company paid the tax arrears of PLN 16.7 million to the Tax Office. 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 2.97 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. At 4 October 2013 the Company received a letter from the Director of the Tax Chamber in Warsaw of the repeal the contested decision (in connection with the judgment of the Regional Administrative Court of 13 November 2012 mentioned above) and returning the case to the Tax Inspection Office for reconsideration. 19.11.2013 the Tax Office returned PLN 8.97 million (tax paid with interest). On 10.03.2015 according to Tax Inspection Office recommendation the Company made an adjustments to 2006 CIT declaration in terms of overstatement of deductible costs from the sale of real estate Bochnia in the amount of PLN 1.04 million and in the amount of PLN 0.16 million as relating to expenditures in 2005. There was also made an adjustment of income in the amount of PLN 8.53 million considering that only the claim received by the Company can be recognised as the taxable income based on cash basis rule. On 31.03.2015 Millennium Leasing has received the final decision of tax inspection for the period 01.01-31.08.2006r. The proceedings have been completed in accordance with the CIT adjustments made by the Company on 10.03.2015. Thus, the Millennium Leasing fulfilled conclusions of Tax Inspection Office. The Company is not entitled to appeal against the results of the inspection. On 31.03.2015 Millennium Leasing has also received the Tax Inspection Office decision for the period 01.09.-31.12.2006. Director of the Tax Inspection Office discontinued the proceedings due to the expiry of the limitation period, therefore sanctioning tax base declared by the Company.

Bank Millennium S.A. tax control procedures

As a result of the tax inspection carried out in the Bank in 2011 the Tax Inspection 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 sustained a negative opinion in the proceedings. In 2013, the Bank re-paid to the account of the Tax Office an amount of PLN 58.6 million (based on the decision of the Tax Chamber in Warsaw, on which see below), and part of that amount has been paid to the Bank in the amount of PLN 1.8 million.

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 in Warsaw 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. On 27.06.2013 the Director of the Tax Chamber in Warsaw issued a decision upholding the decision of the first instance. On 22 July 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. Originally the court ordered a hearing on February 6, 2014 and then postponed it to 8th April, 2014. A hearing was held on the scheduled date. The court delivered judgment on 28 April 2014 dismissing the complaint of the Bank. On 23 July 2014 the Bank filed a cassation complaint to the Supreme Administrative Court.

2) Appeal proceedings against the decision of the Head of Second Mazovian Tax Office determining CIT for the year 2006. On the 22nd of August 2013 the appellate authority – the Director of the Tax Chamber in Warsaw issued the decision which upheld the decision of the tax office and determined the Bank's income which did not cause the obligation to pay additional tax burdenfrom CIT 2006 to the tax office. On the 25th of September 2013 Bank lodged the complaint to the Regional Administrative Court in Warsaw. The hearing was held on 14th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank filed a cassation complaint to the Supreme Administrative Court.

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.

   a. Year 2007

   On the 27th of August 2013 the Director of Tax Chamber in Warsaw issued the decision which upheld the decision of the tax office and determined the Bank's CIT liability for 2007. On the 30th of September 2013 the Bank lodged the complaint to the Regional Administrative Court in Warsaw. Court set the trial date 19 March 2014. A hearing was held on the scheduled date but the judgment was delivered on 21 March 2014. The court dismissed the Bank's complaint. On 25 June 2014, the Bank filed a cassation complaint to the Supreme Administrative Court.

   On the 29th of August 2013 Director of the Tax Chamber in Warsaw issued a decision setting new deadline for examining an appeal regarding refusing the statement of overpayment in CIT for the year 2007 for 31st of October 2013. On the 18th of September 2013 the Director of the Tax Chamber in Warsaw issued the decision which upheld the decision of The Head of Second Mazovian Tax Office refusing the statement of overpayment in CIT for 2007. On 23 October 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. The hearing was held on 14th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank filed a cassation complaint to the Supreme Administrative Court.

   b. Year 2008

   On the 29th of August 2013 Director of the Tax Chamber in Warsaw issued a decision setting new deadline for examining an appeal regarding determining liability and refusing the statement of overpayment in CIT for the year 2008 till 31st of October 2013. On the 18th of September 2013 the Director of Tax Chamber issued the decision which upheld the decision of The Head of Second Mazovian Tax Office and determine Bank's income for 2008. On 23 October 2013 Bank submitted a complaint to the Regional Administrative Court in Warsaw. The Court set the hearing date on the 9th of April 2014. The court dismissed the Bank's complaint. On 27 June 2014 the Bank filed a cassation complaint to the Supreme Administrative Court. On the 30th of September 2013 the Director of Tax Chamber in Warsaw issued the decision which upheld the decision of The Head of Second Mazovian Tax Office refusing the statement of overpayment in CIT for 2008. Then on 25 October 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. The hearing was held on 9th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank fileld a cassation complaint to the Supreme Administrative Court.

In summary, the Bank paid all of the claimed obligations and interest in the amount of PLN 60 million (not reflected in the Profit and Loss Account), at the same time the Management Board continues to fully support the correctness of originally made tax calculation. In the opinion of the Bank the control proceedings of the Tax Inspection 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. The final outcome of the case depends of results of the ongoing proceedings at the Supreme Administrative Court.

Note (9) Deposits, loans and advances to banks and other monetary institutions

	31.03.2015	31.12.2014
Current accounts	331 378	359 258
Deposits granted	2 756 969	1 511 094
Loans	521 371	511 194
Interest	2 628	3 208
Total (gross) deposits. loans and advances	3 612 346	2 384 754
Impairment write-offs	(10)	(10)
Total (net) deposits. loans and advances	**3 612 336**	**2 384 744**

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

	31.03.2015	31.12.2014
Debt securities	**1 908 180**	**933 482**
Issued by State Treasury	1 908 180	933 482
a) bills	0	0
b) bonds	1 908 180	933 482
Equity instruments	**1 187**	**753**
Quoted on the active market	1 187	753
a) financial institutions	54	0
b) non-financial institutions	1 133	753
Adjustment from fair value hedge	33 912	27 097
Positive valuation of derivatives	500 895	455 944
Total	**2 444 174**	**1 417 276**

Note (10b) Valuation of derivatives. Adjustment from fair value hedge and Liabilities from short sale of securities as at 31.03.2015

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	26 449	334 290	307 841
Forward Rate Agreements (FRA)	(31)	65	96
Interest rate swaps (IRS)	26 480	334 214	307 734
Other interest rate contracts: options	0	11	11
2. FX derivatives	75 666	115 611	39 945
FX contracts	(17 430)	9 537	26 967
FX swaps	102 932	106 074	3 142
Other FX contracts (CIRS)	(9 836)	0	9 836
FX options	0	0	0
3. Embedded instruments	(42 050)	0	42 050
Options embedded in deposits	(28 386)	0	28 386
Options embedded in securities issued	(13 664)	0	13 664
4. Indexes options	44 314	50 994	6 680
Valuation of derivatives	**104 379**	**500 895**	**396 516**
Valuation of hedged position in fair value hedge accounting		33 912	28 913
Liabilities from short sale of securities			38 491

Note (10c) Valuation of derivatives. Adjustment from fair value hedge and Liabilities from short sale of securities as at 31.12.2014

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	11 817	348 052	336 235
Forward Rate Agreements (FRA)	493	493	0
Interest rate swaps (IRS)	11 324	346 147	334 823
Other interest rate contracts: options	0	1 412	1 412
2. FX derivatives	(4 168)	33 107	37 275
FX contracts	1 240	8 187	6 947
FX swaps	5 665	24 920	19 255
Other FX contracts (CIRS)	(11 073)	0	11 073
FX options	0	0	0
3. Embedded instruments	(67 939)	0	67 939
Options embedded in deposits	(55 790)	0	55 790
Options embedded in securities issued	(12 149)	0	12 149
4. Indexes options	68 745	74 785	6 040
Valuation of derivatives	**8 454**	**455 944**	**447 489**
Valuation of hedged position in fair value hedge accounting		27 097	20 047
Liabilities from short sale of securities			162 254

During I quarter 2015 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 reserve; 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 liabilities	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 liabilities 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 together with issued debt PLN securities 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 are 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 (11a) Hedge accounting 31.03.2015

	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	(153 027)	0	153 027	-138
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(2 698 269)	68 853	2 767 122	x
IRS contracts	12 274	12 457	183	x
FX Forward contracts	(2 759)	207	2 966	x
Total	(2 841 781)	81 517	2 923 298	x

(*) - Adjustment to fair value of hedged items due to hedged risk for active hedging relationships, for the I quarter 2015 amounted to -PLN 138 thousand, of which PLN 12,961 thousand related to hedged assets, and PLN 13,099 thousand related to hedged liabilities.

Note (11b) Hedge accounting 31.12.2014

	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	(84 493)	0	84 493	1 117
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(1 295 832)	4 777	1 300 609	x
IRS contracts	13 512	13 760	248	x
FX Forward contracts	(4 414)	462	4 876	x
Total	(1 371 226)	18 999	1 390 225	x

(*) - Adjustment to fair value of hedged items due to hedged risk for active hedging relationships, for the year 2014 amounted to PLN 1,117 thousand, of which PLN 4,568 thousand related to hedged assets, and PLN 3,451 thousand related to hedged liabilities.

Note (12a) Loans and advances to customers

	31.03.2015	31.12.2014
Loans and advances	42 633 543	40 192 825
- to companies	9 166 507	8 547 052
- to private individuals	32 966 529	31 135 265
- to public sector	500 507	510 508
Receivables on account of payment cards	666 924	685 431
- due from companies	34 126	32 824
- due from private individuals	632 798	652 607
Purchased receivables	90 627	162 453
- from companies	88 197	159 993
- from public sector	2 430	2 460
Guarantees and sureties realised	12 136	12 011
Debt securities eligible for rediscount at Central Bank	6 533	9 851
Financial leasing receivables	4 205 547	4 107 136
Other	742	1 105
Interest	333 747	330 142
Total gross	**47 949 799**	**45 500 954**
Impairment write-offs	(1 415 084)	(1 358 255)
Total net	**46 534 715**	**44 142 699**

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

	31.03.2015	31.12.2014
Loans and advances to customers (gross)	47 949 799	45 500 954
- impaired	2 012 224	1 923 249
- not impaired	45 937 575	43 577 705
Impairment write-offs	(1 415 084)	(1 358 255)
- for impaired exposures	(1 235 394)	(1 196 531)
- for incurred but not reported losses (IBNR)	(179 690)	(161 724)
Loans and advances to customers (net)	**46 534 715**	**44 142 699**

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

	31.03.2015	31.12.2014
Loans and advances to customers (gross)	47 949 799	45 500 954
- case by case analysis	956 626	911 835
- collective analysis	46 993 173	44 589 119
Impairment write-offs	(1 415 084)	(1 358 255)
- on the basis of case by case analysis	(568 471)	(556 879)
- on the basis of collective analysis	(846 613)	(801 376)
Loans and advances to customers (net)	**46 534 715**	**44 142 699**

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

	31.03.2015	31.12.2014
Loans and advances to customers (gross)	47 949 799	45 500 954
- corporate customers	14 119 115	13 482 755
- individuals	33 830 684	32 018 199
Impairment write-offs	(1 415 084)	(1 358 255)
- for receivables from corporate customers	(803 089)	(775 403)
- for receivables from private individuals	(611 995)	(582 852)
Loans and advances to customers (net)	**46 534 715**	**44 142 699**

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

	01.01.2015 - 31.03.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 358 255	1 312 331
Change in value of provisions:	56 829	45 924
Impairment write-offs created in the period	204 999	616 838
Amounts written off	(24 401)	(182 507)
Impairment write-offs released in the period	(135 611)	(333 602)
Sale of receivables	(65)	(63 902)
Changes resulting from FX rates differences	8 936	8 315
Other	2 971	782
Balance at the end of the period	**1 415 084**	**1 358 255**

Note (13) Investment financial assets available for sale

	31.03.2015	31.12.2014
Debt securities	**8 078 587**	**9 242 575**
Issued by State Treasury	6 784 902	6 749 204
a) bills	0	0
b) bonds	6 784 902	6 749 204
Issued by Central Bank	1 199 900	2 400 000
a) bills	1 199 900	2 400 000
b) bonds	0	0
Other securities	93 785	93 371
a) listed	0	0
b) not listed	93 785	93 371
Shares and interests in other entities	6 980	6 962
Other financial instuments	0	0
Total financial assets available for sale	**8 085 567**	**9 249 537**

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 01.01.2015	29	19 519	3 988	142	4 803
- Write-offs created	7	0	0	0	106
- Write-offs released	0	0	0	0	(112)
- Utilisation	0	0	0	0	(362)
- Sale of assets	0	0	0	0	0
- Other changes	0	(1 104)	0	0	0
Balance as at 31.03.2015	36	18 415	3 988	142	4 435

Impairment write-offs:	Investment securities	Property. plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2014	16 605	19 569	3 988	136	18 062
- Write-offs created	27	0	0	6	835
- Write-offs released	(65)	0	0	0	(410)
- Utilisation	0	0	0	0	(13 684)
- Sale of assets	(16 538)	(1 850)	0	0	0
- Other changes	0	1 800	0	0	0
Balance as at 31.12.2014	29	19 519	3 988	142	4 803

Note (15) Assets / Provision from deferred income tax

	31.03.2015			31.12.2014		
	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 and amortisation	77 425	(2 876)	74 549	76 704	(10 398)	66 306
Balance sheet valuation of financial instruments	603 654	(609 012)	(5 358)	314 667	(307 690)	6 977
Unrealised receivables/ liabilities on account of derivatives	29 263	(42 274)	(13 011)	44 652	(52 463)	(7 811)
Interest on deposits and securities to be paid/received	32 306	(88 854)	(56 548)	35 472	(91 058)	(55 586)
Interest and discount on loans and receivables	63	(27 122)	(27 059)	74	(27 403)	(27 329)
Income and cost settled at effective interest rate	72 649	(1 486)	71 163	61 522	(1 371)	60 151
Provisions for loans presented as temporary differences	98 783	0	98 783	93 050	0	93 050
Employee benefits	15 589	0	15 589	15 954	0	15 954
Provisions for costs	20 702	0	20 702	16 203	(11)	16 192
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in revaluation reserve	62 937	(16 364)	46 573	39 393	(12 908)	26 485
Tax loss deductible in the future	2 547	0	2 547	2 721	0	2 721
Other	1 167	(2 907)	(1 740)	3 453	(4 287)	(834)
Net deferred income tax asset	1 017 085	(790 895)	226 190	703 865	(507 589)	196 276

Note (16) Liabilities to banks and other monetary institutions

	31.03.2015	31.12.2014
In current account	217 084	288 967
Term deposits	601 617	369 684
Loans and advances received	1 460 267	1 377 245
Interest	3 911	1 373
Total	2 282 879	2 037 269

Note (17) Structure of liabilities to customers by type

	31.03.2015	31.12.2014
Amounts due to private individuals	30 599 088	29 779 950
Balances on current accounts	14 431 159	14 043 380
Term deposits	15 983 142	15 538 947
Other	87 826	99 074
Accrued interest	96 961	98 549
Amounts due to companies	15 776 312	15 738 732
Balances on current accounts	4 318 905	3 939 693
Term deposits	11 241 194	11 543 060
Other	179 313	215 228
Accrued interest	36 900	40 751
Amounts due to public sector	2 597 795	2 072 562
Balances on current accounts	1 644 104	789 182
Term deposits	930 579	1 247 485
Other	20 995	34 100
Accrued interest	2 117	1 795
Total	**48 973 195**	**47 591 244**

Note (18) Change of debt securities

	01.01.2015 - 31.03.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 739 461	701 352
Increases, on account of:	362 130	1 793 185
- issue of bonds by the Bank	330 823	1 631 080
- issue of Banking Securities	19 040	115 844
- interest accrual	12 267	46 261
Reductions, on account of:	(538 017)	(755 077)
- repurchase of Banking Securities	(24 196)	(122 752)
- repurchase of bonds by the Bank	(500 553)	(590 679)
- interest payment	(13 268)	(41 646)
Balance at the end of the period	**1 563 574**	**1 739 461**

Note (19) Provisions

	01.01.2015 - 31.03.2015	01.01.2014 - 31.12.2014
Provision for off-balance sheet commitments		
Balance at the beginning of the period	27 692	33 738
Charge of provision	3 030	21 795
Release of provision	(4 063)	(27 844)
FX rates differences	(7)	3
Balance at the end of the period	26 652	27 692
Provision for contentious claims		
Balance at the beginning of the period	70 882	32 878
Charge of provision	1 850	39 838
Release of provision	(1 845)	(1 398)
Utilisation of provision	(5)	(436)
Other/reclassification	(2 971)	0
Balance at the end of the period	67 911	70 882
Total	**94 563**	**98 574**

5. CHANGES IN RISK MANAGEMENT PROCESS

Risk management performs a key role in the strategy of balanced and sustainable development of the 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 Q of 2015, in retail segment, the Group continued activities relating to optimization of methodology, tools and processes of credit risk management.

The Group were conducted changes to credit methodology and processes relating to consumer loans resulting from the extension of the credit offer to new groups of customers.

Additionally, the Group reviewed and modified the rules for the application of risk filters including the use of external information for the assessment of creditworthiness of customers, taking into account ongoing assessment of portfolio risk and quality.

The Group conducted also detailed analyses relating to impact on foreign exchange changes on situation of client loan and the quality of the loan portfolio. The Group introduced a set of additional monitoring reports relating to portfolio denominated in foreign currencies.

All above changes were aimed at streamlining of credit process as well as unification of the rules concerning identification of risks existing in the process of granting loans to retail segment customers.

One the other hand, in the corporate segment, the Group focused on improving the monitoring process as well as the development of used credit risk models. The Group was further developing IT tools supporting credit and monitoring processes and management information system for the purpose of managing the loan portfolio.

The structure of loans granted to customers and to banks as well as key loans portfolio ratios are as follows:

	31.03.2015		31.12.2014	
	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	44 344 922	3 612 346	41 935 274	2 384 754
Overdue(*), but without impairment	1 592 653	0	1 642 431	0
Total without impairment (IBNR)	45 937 575	3 612 346	43 577 705	2 384 754
With impairment	2 012 224	0	1 923 249	0
Loans and advances, gross	**47 949 799**	**3 612 346**	**45 500 954**	**2 384 754**
Impairment write-offs together with IBNR	(1 415 084)	(10)	(1 358 256)	(10)
Loans and advances, net	**46 534 715**	**3 612 336**	**44 142 699**	**2 384 744**
Loans with impairment / total loans	4.20%	0.00%	4.23%	0.00%

(*) Up to 4 days, Group considers a technical delay and classifies a not overdue.

Market risk

The main measure used by the Group to evaluate market risks is the parametric VaR (Value at Risk) model – an expected loss that may arise on the portfolio over a specified period of time (10-days holding period) and with specified probability (99% confidence level) from an adverse market movement. The market risk measurement is carried out daily, both on an individual basis for each of the areas responsible for risk taking and risk management, and also in consolidated terms considering the effect of the diversification that exists between the particular portfolios. All eventual excesses of market risk limits are reported, documented and ratified at the proper competence level.

Within the current market environment and increase in observed volatilities of the market parameters, the Group continued to act very prudently in 1Q2015. The VaR indicators in the period under consideration for the Group, that is jointly Trading Book and Banking Book, remained on average at the level of approx. PLN 60.7 million (22% of the limit) and approx. PLN 50.2 million (18% of the limit) as of the end of March 2015. The market risk exposure in terms of value at risk in the Group, together with risk type division, is presented in the table below (ths PLN).

VaR measures for market risk

	31.03.2015		VaR (1Q 2015)			31.12.2014	
	Exposure	Limit usage	Average	Maximum	Minimum	Exposure	Limit usage
Total risk	50 201	18%	60 700	68 401	46 551	61 005	22%
Generic risk	47 714	17%	58 213	65 916	44 053	58 499	21%
Interest Rate VaR	47 738	17%	58 226	65 788	44 068	58 492	21%
FX Risk	506	4%	308	3 090	13	107	1%
Diversification Effect	1.1%					0.2%	
Specific risk	2 486	1%	2 487	2 498	2 485	2 497	1%

In the first quarter of 2015, total market risk limits in terms of VaR were not breached - neither for the whole Group nor for the Banking Book and Trading Book, separately.

Open positions contain mainly interest rate and FX risk instruments. According to the Risk Strategy approved in the Group, the FX open position is allowed, however should be kept at low levels. For this purpose, the Group has introduced a system of conservative limits for FX open positions (both Intraday and Overnight limits) and allows to keep FX open positions only in Trading Book. In the first quarter of 2015, the FX Total open position (Intraday as well as Overnight) remained well below the maximum limits in place.

In addition to above mention market risk limits, the stop loss limits are introduced for the financial markets portfolios. The aim is to limit the maximum losses of the trading activity of the Group. In case of the limit is reached, a review of the management strategy and assumtions for the positions in question must be undertaken. In the first quarter of 2015, the stop loss limits were not reached.

In case of the Banking Book, the main component of the market risk is the interest rate risk. In order to manage this risk, the following principles are in place:

- The market risk that results from the commercial banking activity is hedged or transferred on the monthly basis to areas that actively manage market risk and that are measured in terms of risk and profit and loss,

- The Bank uses natural hedging between loans and deposits as well as fixed rate bonds and derivatives to manage interest rate risk with the main purpose of protecting the Net Interest Income.

The variations in market interest rate have an influence on the Group's net interest income, both under a short and medium-term perspective, affecting its economic value in the long term. The measurement of both is complementary in understanding the complete scope of interest rate risk in Banking Book. For this reason, apart from daily market risk measurement in terms of value at risk, the scope of the additional measurement of interest rate risk on monthly basis covers both earnings-based and economic value measures. Due to specificity of the polish legal system, the interest rate of consumer credits cannot exceed four times the Lombard interest rate of the National Bank of Poland. In situations as the one faced in March 2015 (cut of the reference rate and Lombard rate by 50 bps) the Bank is subject to asymmetrical impacts on its Net Interest Income which depend on the percentage of the loan portfolio that is affected by the new maximum rate.

Liquidity risk

In 1Q 2015, despite the strong depreciation of the currency PLN against CHF, the Group was characterized by good liquidity position. All the internal liquidity indicators remained positive and significantly above minimum limits in place.

In 1Q 2015 the Group has consistently maintained Loan-to-Deposit ratio below 100% (at the end of March 2015 the ratio equalled to 94%) The liquidity surplus was still invested into the portfolio of liquid assets, especially the securities with low specific risk (Polish Government Bonds, Treasury and NBP Bills) that are characterized with high liquidity. Those assets can be easily used as collateral or sold without material loss on its value. The share of government securities (including NBP Bills) in total securities portfolio in Banking Book (classified as available for sale) amounted at the end of March 2015 to approx. 99% that is 12% of total assets. The portfolio is treated as the Group's liquidity reserve, which will allow to overcome crisis situations.

The main source of financing remains deposits base, the large, diversified and stable funding from retail, corporate and public sectors. The deposit base is supplemented by the deposits from financial instititiutions and other money market operations. The source of medium-term funding remains also medium-term loans, subordinated debt and own bonds issue.

The level of deposit concentration is regulary monitored and did not have any negative impact on the stability of the deposit base in 1Q 2015. However, 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 deposit base fluctuations, the Group maintains the reserves of liquid assets in the form of securities portfolio.

In 1Q 2015 the Bank continued to explore the possibility of raising additional funding from loans from financial institutions and bond issue in order to diversify the source of funding. In January 2015 was paid the second tranche of 5-year loan from the EBRD in the amount of CHF 25.1 million (the loan was originally signed in December 2013). In March 2015 the Bank placed the issue of 3-month term bonds in the amount of PLN 95 million as rollover 3-month bonds issued in 2014. The bond issue and paid tranche had a positive impact on the Group's liquidity.

The Group manages FX liquidity through the use of 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 Group 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.

The immediate effect of the strengthening of the Swiss franc in January 2015 was the necessity of placing with its counterparties additional security deposits. In view of the fact that the major aim of the Liquidity Bank Millennium SA Plan is to maintain a high level of liquidity reserves, increase of collaretal deposits was completely covered by liquidating the part of unencumbered liquid assets. As a result there was no need for any additional sources of funding, and all liquidity ratios have been maintained, despite a decrease, above minimum limits in place.

Stress tests as regards structural liquidity are carried out every month to understand the Group's liquidity risk profile, to make sure that the Group 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 Group 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 2015 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 national and international financial institutions.

The operational risk management model, implemented by the 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 2015 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.

6. OPERATIONAL SEGMENTS

Information about operating segments has been prepared based on the reporting structure which is used by the Management Board of the Bank for evaluation the results and managing resources of operating segments. Group does not apply additional breakdown of activity by geographical areas because of the insignificant scale of operations performed outside the Poland, in result such complementary division is not presented.

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 products are mortgage loans, retail credit products, credit card revolving credit as well 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, ALM (assets and liabilities management) and Other

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.

Income tax charge has been presented on 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, ALM & Other segment are money market assets/liabilities and debt securities not allocated to commercial segments.

Following a review of the methodology executed in 2015, the Group has made changes in the allocation of opearating cost between operational segments. As a result, comparable results were adjusted accordingly.

Income statement 1.01.2015 – 31.03.2015

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Net interest income	267 653	65 334	322	333 309
Net fee and commission income	117 318	35 961	3 470	156 750
Dividends. other income from financial operations and foreign exchange profit	15 884	14 220	31 296	61 400
Other operating income and cost	(4 415)	(2 956)	1 448	(5 924)
Operating income	396 440	112 559	36 536	545 535
Staff costs	(101 461)	(30 304)	(6 490)	(138 254)
Administrative costs	(99 599)	(18 320)	(6 341)	(124 260)
Depreciation and amortization	(9 672)	(1 914)	(325)	(11 912)
Operating expenses	(210 732)	(50 538)	(13 156)	(274 426)
Impairment losses on assets	(46 965)	(20 866)	(7)	(67 838)
Operating Profit	**138 743**	**41 155**	**23 373**	**203 271**
Share in net profit of associated companies			(1 426)	(1 426)
Profit / (loss) before taxes	**138 743**	**41 155**	**21 947**	**201 845**
Income taxes				(39 276)
Profit / (loss) after taxes				**162 569**

Balance sheet items as at 31.03.2015

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Loans and advances to customers	34 456 902	12 077 813	0	46 534 715
Liabilities to customers	32 056 344	16 818 076	98 775	48 973 195

Income statement 1.01.2014 – 31.03.2014

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Net interest income	278 109	81 953	(4 716)	355 347
Net fee and commission income	117 892	36 178	1 424	155 495
Dividends. other income from financial operations and foreign exchange profit	24 102	12 300	17 953	54 354
Other operating income and cost	(3 562)	(2 908)	(14 869)	(21 339)
Operating income	416 541	127 523	(208)	543 856
Staff costs	(96 416)	(32 103)	(6 586)	(135 106)
Administrative costs	(101 249)	(18 076)	(6 730)	(126 055)
Depreciation and amortization	(11 518)	(1 797)	(285)	(13 600)
Operating expenses	(209 183)	(51 976)	(13 601)	(274 760)
Impairment losses on assets	(25 248)	(40 431)	(20)	(65 699)
Operating Profit	**182 110**	**35 116**	**(13 829)**	**203 397**
Share in net profit of associated companies				0
Profit / (loss) before taxes	**182 110**	**35 116**	**(13 829)**	**203 397**
Income taxes				(46 949)
Profit / (loss) after taxes				**156 448**

Balance sheet items as at 31.12.2014

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Loans and advances to customers	32 214 664	11 928 035	0	44 142 699
Liabilities to customers	31 583 420	15 871 556	136 268	47 591 244

7. DESCRIPTION OF RELATED PARTY TRANSACTIONS

All and any transactions between entities of the Group during I quarter 2015 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.

7.1. Description of transactions with the Parent Group

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

	With parent entity		With other entities of parent Group	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
ASSETS				
Loans and advances to banks – accounts and deposits	2 272	28 705	0	10 699
Financial assets valued at fair value through profit and loss (held for trading)	2	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
LIABILITIES				
Deposits from banks	75 924	72 327	175 995	147 859
Debt securities	0	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities	0	0	335	272

	With parent entity		With other entities of parent Group	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
INCOME FROM:				
Interest	11	3 642	0	0
Commissions	1 308	58	0	0
Other net operating income	0	0	40	67
EXPENSE FROM:				
Interest	32	720	1	63
Commissions	0	173	0	0
Financial instruments valued at fair value	42	35	0	3
General and administrative expenses	39	38	(221)	821

	With parent entity		With other entities of parent Group	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Conditional commitments	102 114	103 952	0	0
- granted	100 345	100 345	0	0
- obtained	1 769	3 607	0	0
Derivatives (par value)	5 202	0	0	0

7.2. Transactions with associated entities

The Company of the Group entered into a leasing agreement with subordinated, not consolidated entity. Below are presented the book value (gross) of the contract and income associated with it.

	31.03.2015	31.12.2014
Loans and advances to customers	1 162	1 314
Interest income	12	139

7.3. 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 31.03.2015	Number of shares as presented in annual report for 2014
Joao Nuno Lima Bras Jorge	Chairman of the Management Board	111 000	51 000
Fernando Maria Cardoso Rodrigues 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 Henriques Barreto De Matos De Campos	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Bogusław Kott	Chairman of the Supervisory Board	4 465 791	4 465 791
Maciej Bednarkiewicz	Deputy 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
Grzegorz Jędrys	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

8. FAIR VALUE

The best reflection of fair value of financial instruments is their market value which can be obtained for the sale of assets or paid for the transfer of liability in case of mutually beneficial market transactions (an exit price). For many products and transactions for which market value to be taken directly from the quotations in an active market (marking-to-market) is not available, the fair value must be estimated using internal models based on discounted cash flows (marking-to-model). Financial flows for the various instruments are determined according to their individual characteristics, and discounting factors include changes in time both in market interest rates and margins.

Accordingly IFRS 13 "Fair value measurement" in order to determinate fair value the Group applies models that are appropriate under existing circumstances and for which sufficient input data is available, based to the maximum extent on observable input whereas minimizing use of unobservable input, namely:

1 - valuation based on the data fully observable (active market quotations);
2 - valuation models using the information not constituting the data from level 1, but observable, either directly or indirectly;
3 - valuation models using unobservable data (not derived from an active market).

Valuation techniques used to determine fair value are applied consistently. Change in valuation techniques resulting in a transfer between these methods occurs when:

- transfer from method 1 to 2 takes place when for the financial instruments measured according to method 1 quoted market prices from an active market are not available at the balance sheet day (previously used to be);
- transfer from method 2 to 3 takes place when for the financial instruments measured according to the method 2 value of parameters not derived from the market has become significant at the balance sheet day (and previously used to be irrelevant).

8.1. Financial instruments not recognized at fair value in the balance sheet

All estimation models are arbitrary to some extent and this is why they reflect only the value of those instruments for which they were built. In these circumstances the presented differences between fair values and balance-sheet values cannot be understood to mean adjustments of the economic value of the Group. Fair value of these instruments is determined solely in order to meet the requirements of the presentation defined by IFRS 13.

The main assumptions and methods applied in estimating fair value of assets and liabilities of the Group are as follows:

Receivables and liabilities with respect to banks (structured contract)

This is a transaction, which comprises the simultaneous purchase of a long-term zero-coupon bond and the taking-out of a long-term fixed-rate loan from the issuer of the bond.

The fair value of both sides of the transaction is estimated by discounting the related cash flows on maturity/due date with use of the current zero-coupon rate and the margin, which was rescaled to adjust it to the current level of market rates.

Other receivables and liabilities with respect to banks

The fair value of these instruments was determined by discounting the future principal and interest flows with current rates, assuming that the flows arise on contractual dates.

Loans and advances granted to customers

The fair value of such instruments without specified repayment schedule, given their short-term nature and the time-stable policy of the Group with respect to this portfolio, is close to balance-sheet value.

With respect to floating rate leasing products fair value was assessed by adjusting balance-sheet value with discounted cash flows resulting from difference of spreads.

The fair value of instruments with defined maturity is estimated by discounting related cash flows on contractual dates and under contractual conditions with the use of current zero-coupon rates and credit risk margins.

In case of mortgage loans due to their long-term nature estimation of the future cash flows also includes: the effect of early repayment and liquidity risk in foreign currencies.

Liabilities to customers

The fair value of such instruments without maturity or with maturity under 3 months is considered by the Group to be close to balance-sheet value.

Fair value of instruments due and payable in 3 or more months is determined by discounting future cash flows from principal and interest (including the current average margins by major currencies and time periods) using current interest (including the original average margins by major currencies and time periods) in contractual terms.

Liabilities from the issuance of structured debt securities

Liabilities from the issuance of structured debt securities - bank's securities (BPW) are stated/priced at fair value in accordance with Bank's model. In this model, zero coupon bond price is calculated, which afterwards is increased by the option price, which was basis for a strategy built in a given structured bond.

The fair value of other liabilities arising from debt securities issued by the Bank (bonds (BKMO)) was estimated based on the expected cash flows using current interest rates taking into account the margin for credit risk. The current level of margins was appointed on the basis of recent transactions of similar credit risk.

Subordinated liabilities and medium term loans

The fair value of these financial instruments is estimated on the basis of a model used for determining the market value of floating-rate bonds with the current level of market rates and credit risk margin based on current level of market rates and historical margin for credit risk. Similar as in loan portfolio the Bank includes the level of the original margin as a part of mid-term cost of financing obtained in the past in relation to the current margin level for the comparable instruments, as long as reliable assessment is possible. Due to lack of the mid-term loans liquid market as a reference to estimate current level of margins, the Bank used the original margin.

The table below presents results of the above-described analyses as at 31.03.2015 (data in PLN thousand):

ASSETS

	Note	Balance sheet value	Fair value
Loans and advances to banks	9	3 612 336	3 633 464
Loans and advances to customers *	12	46 534 715	44 608 971

LIABILITIES

	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 282 879	2 307 001
Amounts due to customers	19	48 973 195	48 979 599
Debt securities	20	1 563 574	1 573 971
Subordinated debt		617 126	611 266

* The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads due to the refinancing cost increase of those positions. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. A corresponding rule is widely applied for valuation of debt securities, which are not quoted on active markets. In result, paradoxically whenever the Bank raises spreads, fair value of the "old" loans portfolio falls.

Models used for determination of the fair value of financial instruments presented in the above table and not recognized at fair value in Group's balance sheet, use techniques based on parameters not derived from the market. Therefore, they are considered as the third level of valuation.

The table below presents data as at 31.12.2014 (data in PLN thousand):

ASSETS

	Note	Balance sheet value	Fair value
Loans and advances to banks	9	2 384 744	2 412 196
Loans and advances to customers	12	44 142 699	42 412 993

LIABILITIES

	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 037 269	2 067 403
Amounts due to customers	19	47 591 244	47 599 483
Debt securities	20	1 739 461	1 752 825
Subordinated debt		639 739	633 950

8.2. Financial instruments recognized at fair value in the balance sheet

The table below presents balance-sheet values of instruments measured at fair value, by applied fair value measurement technique:

Data in PLN'000, as at 31.03.2015

	note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS				
Financial assets valued at fair value through profit and loss (held for trading)	10			
- derivatives			449 901	50 994
- debt securities		1 908 180		
- shares and interests		1 187		
Hedging derivatives	11		81 517	
Financial assets available for sale	13			
- debt securities		6 784 902	1 199 900	93 785
- shares and other financial instruments		341		6 639
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	17			
- derivatives and short sale of securities		38 491	347 786	48 730
Hedging derivatives	18		2 923 298	

Data in '000 PLN, as at 31.12.2014

	note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS				
Financial assets valued at fair value through profit and loss (held for trading)	10			
- derivatives			381 159	74 785
- debt securities		933 482		
- shares and interests		753		
Hedging derivatives	11		18 999	
Financial assets available for sale	13			
- debt securities		6 749 204	2 400 000	93 371
- shares and interests		320		6 642
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	17			
- derivatives and short sale of securities		162 254	373 510	73 979
Hedging derivatives	18		1 390 225	

Using the criterion of valuation techniques Group classified into the third category following financial instruments:

- index options, option transactions are measured at fair value with use of option measurement models, the model measurement is supplemented with impact on fair value of the estimated credit risk parameter;
- municipal bonds, the fair value is calculated based on discounted cash flows with consideration of the impact of credit risk parameter;
- shares not quoted on an active market, the fair value is assumed to be the cost value less any accumulated impairment losses.

In the reporting period, the Group did not make transfers of financial instruments between the techniques of fair value measurement.

Changes of fair values of instruments measured on the basis of valuation techniques with use of significant parameters not derived from the market in the I quarter of 2015 are presented in the table below (in '000 PLN):

	Indexes options	Options embedded in securities issued and deposits	Municipal bonds	Shares and interests
Balance on 1 January 2015	68 745	(67 939)	93 371	6 642
Settlement/sell/purchase	(27 665)	29 340	0	0
Change of valuation recognized in P&L account (including interests)	3 234	(3 451)	414	(3)
Balance on 31 March 2015	44 314	(42 050)	93 785	6 639

For options on indexes concluded on an inactive market, the Group concludes back-to-back transactions on the interbank market, in result estimated credit risk component has no impact on the financial result.

Accordingly Bank's estimation impact of adjustments for counterparty credit risk was not significant from the point of view of individual derivative transactions concluded by the Bank. Consequently, the Bank does not consider the impact of unobservable inputs used in the valuation of derivative transactions for significant and in accordance with the provisions of IFRS 13.73 does not classify such transactions for level 3 fair value measurements.

9. CONTINGENT ASSETS AND LIABILITIES

The total value of lawsuits as at 31 March 2015, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 709.7 million (excluding group action as described below). The total value of lawsuits, in which Group companies acted as defendants, was PLN 345.8 million and the total value of lawsuits, in which Group companies acted as claimants was PLN 363.9 million.

Below are presented the amount of claims in which the Group's companies appear as defendant in the division due to the risk of resources outflow as result of case loosing. Data in table includes also proceedings with participation of the Chairman of UOKiK with total value of claims PLN 15.0 million, in which the Group formally acts as the plaintiff, though there is a risk associated with the resources outflow.

The proceedings associated with the Fiscal Control Office stands for separate category and are described in **Chapter 4 note (8).**

The amount of claims for which:	PLN million
probability of resources outflow is negligible	0.0
outflow of resources is possible	336.8
outflow of resources is probable	24.0
TOTAL	360.8

The Group assesses that the risk of adverse financial consequences in the event of losing the claim is fully covered by the value created provisions for contentious claims.

As at 31 March 2015 the volume of claims in the court proceedings for which outflow of resource is considered to be possible amounted to PLN 336.8 million. In the Group's opinion probability of winning cases included in this category is high, in effect the Group has not created provisions for these proceedings. The most important group of lawsuits for which an outflow of resources is possible are proceedings connected with derivatives with total value in dispute amounted to PLN 278.2 million.

In terms of lawsuits connected with derivatives, the Group, as a defendant, was present together in 29 such proceedings. The highest unit value of the dispute considering this group of proceedings was PLN 71.1 million. Whereas in the group of proceedings not connected with derivatives in which the Group acted as the defendant, the highest unit value of the dispute was PLN 6.5 million.

On 21 October 2014 a group action was delivered to the Bank in which a group of the Bank's borrowers represented by the Municipal Consumer Ombudsman in Olsztyn seeks the ascertainment that the Bank is liable towards the same for unjust enrichment in connection with the CHF-indexed mortgage agreements. The members of the group claim that the Bank unduly collected excessive amounts from them for the repayment of loans. According to the statement of claim, the overstatement of such amounts was to result from the application of abusive contractual provisions concerning the CHF-indexation of credits. According to the statement of claim there are approx. 2,300 group members and the value of the subject matter of the dispute is defined at PLN 45.2 million. This value was indicated in order to meet formal requirements of a group action. At this stage the group members do not pursue pecuniary claims against the Bank for payment of any specific amounts. The Bank does not agree with the claims of the group members. On 31 December 2014 the Bank submitted a response to the statement of claim in which the Bank contested the claims of the group members. The first court session in this case is scheduled for 14 May 2015.

OFF-BALANCE ITEMS

Amount '000 PLN	31.03.2015	31.12.2014
Off-balance conditional commitments granted and received	**7 128 484**	**7 889 947**
Commitments granted:	7 064 280	7 757 464
- financial	6 004 753	6 691 430
- guarantee	1 059 527	1 066 034
Commitments received:	64 204	132 484
- financial	3 067	60 459
- guarantee	61 137	72 025

10. ADDITIONAL INFORMATION

10.1. Data on assets securing liabilities

As at 31 March 2015, 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	130 632
2.	Treasury bonds WZ0118	available for sale	Initial security deposit for bond futures	500	502
3.	Treasury bonds WZ0117	available for sale	Loan agreement	609 000	611 229
4.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	200 000	200 972
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	74 000	74 271
6.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
7.	Deposits	Deposits in banks	Settlement on transactions concluded	2 746 968	2 746 968
		TOTAL		3 760 568	3 764 674

As at 31 December 2014, the Bank's following ssets 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	131 209
2.	Treasury bonds WZ0118	available for sale	Initial security deposit for bond futures	500	505
3.	Treasury bonds WZ0117	available for sale	Loan agreement	589 000	589 683
4.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	200 000	201 860
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	74 000	74 858
6.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
7.	Deposits	Deposits in banks	Settlement on transactions concluded	1 501 094	1 501 094
		TOTAL		2 494 694	2 499 309

10.2. Dividend for 2014

Following received by the Bank recommendation issued by Financial Supervision Commission regarding retaining the entire net profit for 2014, until the establishment by the supervisory authority the amount of possible additional capital requirement for the Bank, the Management Board decided to submit the Annual General Meeting the proposal for allocation of profit in such a way that net profit for 2014 will be retained by the Bank by allocating it in full to reserve capital.

10.3. Earnings per share

Profit per share calculated for I quarter 2015 (and diluted profit per share) on the basis of the consolidated data amounted to PLN 0.13.

10.4. Shareholders holding no less than 5% of the total number of votes at the General Shareholders Meeting of the Group's parent company - Bank Millennium S.A.

Information on the shareholders: Banco Comercial Portugues S.A. and AVIVA Otwarty Fundusz Emerytalny BZ WBK presented in the table below, is provided on the basis of notifications delivered to the Bank by the shareholders.

In case of ING Otwarty Fundusz Emerytalny the number of shares and their participation in the Bank's share capital were calculated on the basis of annual asset structure of ING Otwarty Fundusz Emerytalny, published as at 31 December 2014 (on the website: www.ingofe.pl). For the purpose of the above calculation, the average Bank's share price was assumed to amount to 8.25 PLN.

Data as at the delivery date of the report for 1 quarter 2015

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
ING Otwarty Fundusz Emerytalny	95 521 053	7.87	95 521 053	7.87
AVIVA Otwarty Fundusz Emerytalny BZ WBK	72 994 101	6.02	72 994 101	6.02

Shareholders structure according to consolidated annual report for 2014

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 Otwarty Fundusz Emerytalny	95 521 053	7.87	95 521 053	7.87

10.5. Information about loan sureties or guarantees extended by the Group

During I quarter 2015, 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 2015 to exceed 10% of the Group's equity as at the balance sheet date.

10.6. Seasonality and business cycles

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

10.7. Description of non-standard factors and events

During Group's activity in the I quarter of 2015 (and in the comparative period. i.e. I quarter of 2014) there were no significant unusual events.

10.8. Other additional information

As at 31 March 2015 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,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

Moreover, between the date on which this report is drawn up and the date of its publication, in the opinion of the Group 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 2015

CONTENTS

1. 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 2014.

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 2014.

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 2015.

Condensed interim 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 2015. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the three months period ended 31 March 2015 contain all important information, which also serves as explanatory data to these standalone statements of the Bank.

The Board of Directors approved this condensed standalone interim financial statement on 24 April 2015.

2. STANDALONE FINANCIAL DATA (BANK)

INCOME STATEMENT

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Interest income	562 019	603 397
Interest expense	(250 333)	(275 650)
Net interest income	**311 686**	327 747
Fee and commission income	160 858	158 568
Fee and commission expense	(16 223)	(14 313)
Net fee and commission income	**144 635**	144 255
Dividend income	0	0
Result on investment financial assets	14 318	15 187
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	45 654	39 518
Other operating income	6 471	5 544
Operating income	**522 764**	**532 251**
General and administrative expenses	(248 937)	(248 024)
Impairment losses on financial assets	(65 043)	(59 837)
Impairment losses on non financial assets	7	(73)
Depreciation and amortization	(11 275)	(13 220)
Other operating expenses	(12 302)	(26 560)
Operating expenses	**(337 550)**	**(347 714)**
Operating profit	**185 214**	**184 537**
Profit / (loss) before taxes	**185 214**	**184 537**
Corporate income tax	(36 773)	(42 766)
Profit / (loss) after taxes	**148 441**	**141 771**
Weighted average number of ordinary shares	1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)	**0.12**	0.12

TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2015-31.03.2015	1.01.2014-31.03.2014
Profit / (loss) after taxes	**148 441**	141 771
Other elements of total comprehensive income that will be subsequently reclassified to profit or loss	**(105 746)**	(6 447)
Effect of valuation of available for sale debt securities	18 169	(7 089)
Hedge accounting	(123 915)	642
Other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	**0**	0
Actuarial gains (losses)	0	0
Other elements of total comprehensive income before taxes	**(105 746)**	**(6 447)**
Corporate income tax on other elements of total comprehensive income that will be subsequently reclassified to profit or loss	20 092	1 225
Corporate income tax on other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0
Other elements of total comprehensive income after taxes	**(85 654)**	**(5 222)**
Total comprehensive income for the period	**62 787**	**136 549**

BALANCE SHEET

ASSETS

Amount '000 PLN	31.03.2015	31.12.2014
Cash, balances with the Central Bank	2 352 760	2 612 015
Deposits, loans and advances to banks and other monetary institutions	3 612 336	2 384 744
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	2 444 266	1 419 234
Hedging derivatives	81 517	18 999
Loans and advances to customers	46 027 453	43 634 324
Investment financial assets	8 085 225	9 249 216
- available for sale	8 085 225	9 249 216
- held to maturity	0	0
Investments in associates	226 320	227 752
Receivables from securities bought with sell-back clause (loans and advances)	81 105	155 642
Property, plant and equipment	141 363	147 629
Intangible assets	45 354	48 110
Non-current assets held for sale	0	0
Receivables from Tax Office resulting from current tax	60 215	63 871
Deferred tax assets	156 001	124 957
Other assets	459 985	397 557
Total Assets	**63 773 900**	**60 484 050**

LIABILITIES AND EQUITY

Amount '000 PLN	31.03.2015	31.12.2014
LIABILITIES		
Liabilities to banks and other monetary institutions	2 257 531	1 986 125
Financial liabilities valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	464 284	629 870
Hedging derivatives	2 923 298	1 390 225
Liabilities to customers	49 175 488	47 807 862
Liabilities from securities sold with buy-back clause	79 269	66 774
Debt securities	1 564 634	1 740 633
Provisions	93 982	95 023
Deferred income tax liabilities	0	5 976
Current tax liabilities	9 344	0
Other liabilities	1 179 447	775 114
Subordinated debt	617 127	639 739
Total Liabilities	**58 364 404**	55 137 341
EQUITY		
Share capital	1 213 117	1 213 117
Share premium	1 147 241	1 147 241
Revaluation reserve	(198 817)	(113 163)
Retained earnings	3 247 955	3 099 514
Total Equity	**5 409 496**	5 346 709
Total Liabilities and Equity	**63 773 900**	**60 484 050**

Book value	5 409 496	5 346 709
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	4.46	4.41

STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2015	5 346 709	1 213 117	1 147 241	(113 163)	3 099 514
- total comprehensive income for I quarters 2015	62 787	0	0	(85 654)	148 441
Equity at the end of the period 31.03.2015	**5 409 496**	**1 213 117**	**1 147 241**	**(198 817)**	**3 247 955**

Amount '000 PLN	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2014	4 975 796	1 213 117	1 147 241	(131 451)	2 746 889
- total comprehensive income for 2014	637 799	0	0	18 288	619 511
- dividend payment	(266 886)	0	0	0	(266 886)
Equity at the end of the period 31.12.2014	5 346 709	1 213 117	1 147 241	(113 163)	3 099 514

Amount '000 PLN	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2014	4 975 796	1 213 117	1 147 241	(131 451)	2 746 889
- total comprehensive income for I quarter 2014	136 549	0	0	(5 222)	141 771
Equity at the end of the period 31.03.2014	5 112 345	1 213 117	1 147 241	(136 673)	2 888 660

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Profit (loss) after taxes	**148 441**	141 771
Total adjustments:	**(1 580 926)**	(1 225 484)
Interests in net income (loss) of associated companies	0	0
Depreciation and amortization	11 275	13 220
Foreign exchange (gains) losses	(35 949)	7 511
Dividends	0	0
Changes in provisions	(1 041)	12 350
Result on sale and liquidation of investing activity assets	(12 817)	(15 338)
Change in financial assets valued at fair value through profit and loss (held for trading)	(1 211 465)	175 194
Change in loans and advances to banks	(1 265 519)	(109 831)
Change in loans and advances to customers	(2 396 447)	(1 107 199)
Change in receivables from securities bought with sell-back clause (loans and advances)	74 537	(93 236)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	1 367 487	(32 283)
Change in deposits from banks	173 683	(193 923)
Change in deposits from customers	1 367 626	(6 847)
Change in liabilities from securities sold with buy-back clause	12 495	223 350
Change in debt securities	(6 157)	19 114
Change in income tax settlements	40 377	42 735
Income tax paid	(40 649)	(33 987)
Change in other assets and liabilities	338 151	(130 643)
Other	3 487	4 329
Net cash flows from operating activities	**(1 432 485)**	**(1 083 713)**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Inflows from investing activities:	**364**	1 351 590
Proceeds from sale of property. plant and equipment and intangible assets	364	392
Proceeds from sale of shares in associates	0	0
Proceeds from sale of investment financial assets	0	1 351 198
Other investing inflows	0	0
Outflows from investing activities:	**(13 273)**	(7 273)
Acquisition of property, plant and equipment and intangible assets	(2 595)	(7 273)
Acquisition of shares in associates	0	0
Acquisition of investment financial assets	(10 678)	0
Other investing outflows	0	0
Net cash flows from investing activities	**(12 909)**	**1 344 317**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2015 - 31.03.2015	1.01.2014 - 31.03.2014
Inflows from financial activities:	**439 311**	711 328
Long-term bank loans	108 488	211 328
Issue of debt securities	330 823	500 000
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other financial inflows	0	0
Outflows from financial activities:	**(501 573)**	(1 125)
Repayment of long-term bank loans	0	0
Redemption of debt securities	(500 665)	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 financial outflows	(908)	(1 125)
Net cash flows from financing activities	**(62 262)**	**710 203**

D. NET CASH FLOWS. TOTAL (A + B + C)	(1 507 656)	970 807
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	5 398 236	6 752 540
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	3 890 580	7 723 347

3. SUPPLEMENTARY INFORMATION FOR STANDALONE FINANCIAL DATA

As at 31 March 2015, the Bank has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed statement, Bank 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,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

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

During Bank's activity in the I quarter of 2015 (and in the comparative period. i.e. in the I quarter of 2014) there were no significant unusual events and in Bank's activity there are no significant phenomena, which are cyclical or subject to seasonal variations.

Disclosures concerning the fair value of financial instruments recognized in the balance sheet at fair value (IFRS 13) and financial instruments not recognized in the balance sheet at fair value (IFRS 7) are presented on pages 46-49. The values presented are included on a consolidated basis and because of the negligible impact of consolidated companies on the presented values, these data are not disclosed separately for the Bank.

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

	01.01.2015 - 31.03.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 225 637	1 190 184
Change in value of provisions:	52 451	35 453
Write-offs in the period	165 668	490 885
Amounts written off	(22 022)	(173 424)
Reversal of write-offs in the period	(100 507)	(226 550)
Write-offs decrease due to sale of receivables	(65)	(63 902)
Changes resulting from FX rates differences	9 377	7 663
Other	0	781
Balance at the end of the period	**1 278 088**	**1 225 637**

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2015	29	4 839	19 498	0	4 551
- Write-offs created	7	1 426	0	0	106
- Write-offs released	0	0	0	0	(112)
- Utilisation	0	0	0	0	(165)
- Other changes	0	0	(1 104)	0	0
Balance as at 31.03.2015	36	6 265	18 394	0	4 380

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2014	16 605	4 593	19 548	0	17 572
- Write-offs created	27	246	0	0	835
- Write-offs released	(65)	0	0	0	(410)
- Utilisation	0	0	0	0	(13 446)
- Sale of the assets	(16 538)	0	(1 850)	0	0
- Other changes	0	0	1 800	0	0
Balance as at 31.12.2014	29	4 839	19 498	0	4 551

Impairment losses on financial assets

	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
Impairment losses on loans and advances to customers	(64 643)	(62 863)
- Impairment charges on loans and advances to customers	(165 668)	(164 435)
- Reversal of impairment charges on loans and advances to customers	100 507	101 029
- Amounts recovered from loans written off	477	543
- Result from sale of receivables portfolio	41	0
Impairment losses on investment securities	(7)	37
- Impairment write-offs for investment securities	(7)	0
- Reversal of impairment write-offs for investment securities	0	37
Impairment losses on investments in associates	(1 426)	0
- Impairment write-offs for investments in associates	(1 426)	0
- Reversal of impairment write-offs for investments in associates	0	0
Impairment losses on off-balance sheet liabilities	1 033	2 989
- Impairment write-offs for off-balance sheet liabilities	(3 030)	(5 553)
- Reversal of impairment write-offs for off-balance sheet liabilities	4 063	8 542
Total	**(65 043)**	**(59 837)**

Creation, charge, utilisation and release of provisions

	01.01.2015 - 31.03.2015	01.01.2014 - 31.12.2014
Provision for off-balance sheet commitments		
Balance at the beginning of the period	27 692	33 738
Charge of provision	3 030	21 795
Release of provision	(4 063)	(27 844)
FX rates differences	(8)	3
Balance at the end of the period	26 651	27 692
Provision for contentious claims		
Balance at the beginning of the period	67 331	29 327
Charge of provision	1 850	39 738
Release of provision	(1 845)	(1 398)
Utilisation of provision	(5)	(336)
Balance at the end of the period	67 331	67 331
Total	**93 982**	**95 023**

Assets and provision from deferred income tax

	31.03.2015			31.12.2014		
	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 and amortisation	4 908	0	4 908	5 121	0	5 121
Balance sheet valuation of financial instruments	604 244	(609 012)	(4 768)	307 393	(307 690)	(297)
Unrealised receivables/ liabilities on account of derivatives	29 263	(42 274)	(13 011)	44 652	(52 463)	(7 811)
Interest on deposits and securities to be paid/ received	31 609	(88 593)	(56 984)	34 764	(90 914)	(56 150)
Interest and discount on loans and receivables	0	(26 690)	(26 690)	0	(26 733)	(26 733)
Income and cost settled at effective interest rate	72 529	(86)	72 443	61 388	(102)	61 286
Provisions for loans presented as temporary differences	98 783	0	98 783	93 050	0	93 050
Employee benefits	14 618	0	14 618	14 931	0	14 931
Provisions for future costs	19 083	0	19 083	14 510	0	14 510
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in revaluation reserve	62 937	(16 301)	46 636	39 393	(12 849)	26 544
Other	2 797	(1 815)	982	2 582	(2 076)	506
Net deferred income tax asset	940 771	(784 771)	156 000	617 784	(492 827)	124 957

4. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between the Group entities in the period from 1 January 2015 to 31 March 20145resulted 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 MAKLERSKI 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 31.03.2015

	With subsidiaries	With parent entity	With other entities of parent Group
ASSETS			
Loans and advances to banks – accounts and deposits	0	2 272	0
Loans and advances to customers	3 560 796	0	0
Investments in associates	224 985	0	0
Financial assets valued at fair value through profit and loss (held for trading)	1 308	0	0
Hedging derivatives	0	0	0
Other assets	231 472	0	0
LIABILITIES			
Deposits from banks	0	75 924	175 995
Deposits from customers	301 095	0	0
Liabilities from securities sold with buy-back clause	7 035	0	0
Liabilities from debt securities	1 060	0	0
Hedging derivatives	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	365	0	0
Subordinated debt	617 126	0	0
Other liabilities	88 002	0	335
- including liabilities from financial leasing	70 099	0	0

Assets and liabilities from transactions with related parties (data in '000 PLN) as at 31.12.2014

	With subsidiaries	With parent entity	With other entities of parent Group
ASSETS			
Loans and advances to banks – accounts and deposits	0	28 705	10 699
Loans and advances to customers	3 466 329	0	0
Investments in associates	224 991	0	0
Financial assets valued at fair value through profit and loss (held for trading)	2 717	0	0
Hedging derivatives	0	0	0
Other assets	243 035	0	0
LIABILITIES			
Deposits from banks	0	72 327	147 859
Deposits from customers	353 047	0	0
Liabilities from securities sold with buy-back clause	7 009	0	0
Liabilities from debt securities	1 172	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	80	0	0
Subordinated debt	639 739	0	0
Other liabilities	84 840	0	272
- including liabilities from financial leasing	71 164	0	0

Profit and loss on transactions with related parties (data in '000 PLN) for the period of 1.01-31.03.2015

	With subsidiaries	With parent entity	With other entities of parent Group
INCOME FROM:			
Interest	20 114	11	0
Commissions	12 927	64	0
Financial instruments valued at fair value	0	3	0
Dividends	0	0	0
Other net operating income	669	0	40
EXPENSE FROM:			
Interest	4 509	32	1
Commissions	15	0	0
Financial instruments valued at fair value	425	45	0
General and administrative expenses	23 646	0	(221)

Profit and loss on transactions with related parties (data in '000 PLN) for the period of 1.01-31.03.2014

	With subsidiaries	With parent entity	With other entities of parent Group
INCOME FROM:			
Interest	18 667	3 642	0
Commissions	14 202	58	0
Financial instruments valued at fair value	0	0	0
Dividends	0	0	0
Other net operating income	0	0	67
EXPENSE FROM:			
Interest	4 996	719	63
Commissions	21	173	0
Financial instruments valued at fair value	263	35	3
General and administrative expenses	17	0	0

Off-balance transactions with related parties (data in '000 PLN) as at 31.03.2015

	With subsidiaries	With parent entity	With other entities of parent Group
Conditional commitments	31 833	102 114	0
- granted	29 983	100 345	0
- received	1 850	1 769	0
Derivatives (par value)	95 021	5 202	0

Off-balance transactions with related parties (data in '000 PLN) as at 31.12.2014

	With subsidiaries	With parent entity	With other entities of parent Group
Conditional commitments	40 627	103 952	0
- granted	38 812	100 345	0
- received	1 816	3 607	0
Derivatives (par value)	77 867	0	0

5. ADDITIONAL INFORMATION

5.1. Issue, redemption or repayment of debt or equity instruments

During the three months ended March 31, 2015 the Bank's liabilities from debt securities decreased by PLN 176 million, which was caused mainly by the fact that in during the period the Bank redeemed higher amount of floating bonds than issued as part of an ongoing Second Bonds' Issue Programme, initiated in 2012, with total nominal value not exceeding PLN 2 000 million (or the equivalent of this amount in EUR, USD, CHF).

5.2. Off-balance sheet liabilities

As at 31 March 2015 and 31 December 2014, the structure of off-balance sheet liabilities was as follows:

Amount '000 PLN	31.03.2015	31.12.2014
Off-balance conditional commitments granted and received	**7 167 268**	**7 930 574**
Commitments granted:	7 101 214	7 796 275
- financial	6 011 755	6 691 481
- guarantee	1 089 459	1 104 794
Commitments received:	66 054	134 299
- financial	3 067	60 459
- guarantee	62 987	73 840