



Millennium
bank



**Consolidated report of
the Bank Millennium S.A.
Capital Group
for 1st quarter of 2022**

Consolidated Financial Highlights

	Amount '000 PLN		Amount '000 EUR	
	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Interest income and other of similar nature	1 059 315	654 932	227 947	143 245
Fee and commission income	267 907	245 994	57 649	53 803
Profit (loss) before income tax	9 431	(245 030)	2 029	(53 592)
Profit (loss) after taxes	(122 340)	(311 338)	(26 326)	(68 095)
Total comprehensive income of the period	(499 571)	(403 640)	(107 499)	(88 283)
Net cash flows from operating activities	6 293 351	5 356 495	1 354 224	1 171 561
Net cash flows from investing activities	(366 466)	(1 798 798)	(78 857)	(393 429)
Net cash flows from financing activities	(66 978)	(67 651)	(14 413)	(14 796)
Net cash flows, total	5 859 907	3 490 046	1 260 954	763 335
Earnings (losses) per ordinary share (in PLN/EUR)	(0.10)	(0.26)	(0.02)	(0.06)
Diluted earnings (losses) per ordinary share	(0.10)	(0.26)	(0.02)	(0.06)
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Total Assets	109 755 965	103 913 908	23 590 750	22 592 927
Liabilities to banks and other monetary institutions	646 646	539 408	138 989	117 278
Liabilities to customers	97 304 820	91 447 515	20 914 523	19 882 488
Equity	6 197 675	6 697 246	1 332 117	1 456 113
Share capital	1 213 117	1 213 117	260 745	263 755
Number of shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN/EUR)	5.11	5.52	1.10	1.20
Diluted book value per share (in PLN/EUR)	5.11	5.52	1.10	1.20
Total Capital Ratio (TCR)	15.98%	17.06%	15.98%	17.06%
Pledged or paid dividend per share (in PLN/EUR)	-	-	-	-

Exchange rates accepted to convert selected financial data into EUR

for items as at the balance sheet date	-	-	4.6525	4.5994
for items for the period covered by the report (exchange rate calculated as the average of exchange rates at the end of individual months of the period)	-	-	4.6472	4.5721

INFORMATION ABOUT THE ACTIVITY OF BANK MILLENNIUM AND CAPITAL GROUP OF BANK MILLENNIUM S.A. DURING 1Q22

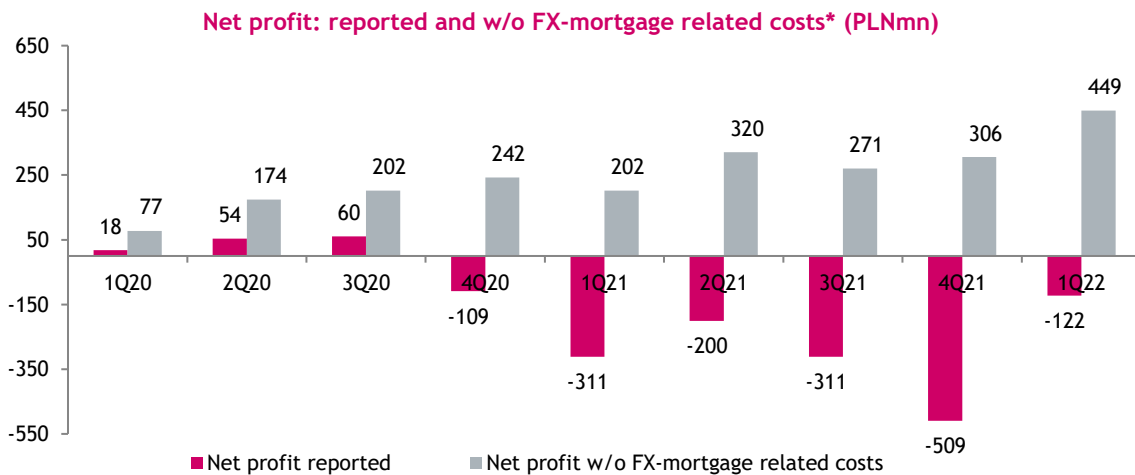
FINANCIAL RESULTS IN BRIEF

1Q22 brought solid improvement of results of Bank Millennium S.A. Capital Group's (the 'Bank', 'BM Group', 'Group') as both result on operating activity and pre-tax profit turned positive after five quarters in the red. The Group reported net loss of PLN122 million however, chiefly due to regulatory and tax charges (banking tax and CIT).

Very significant growth of NII (chiefly an outcome of much higher market interest rates), which leapt 25% q/q and 54% y/y and as a result a solid growth of operating income overall (up 26% q/q, up 33% y/y) combined with much lower growth of opex (reported up 12% q/q, up 14% y/y, ex-BFG down 5% q/q, up 5% y/y) were the key features of the results in the period.

Similarly to recent reporting periods, costs related to FX-mortgage portfolio (legal risk provisions, costs of amicable settlements and legal costs) remained elevated at PLN571 million (after tax) and continued to be the main drag on the increasingly profitable core business of the Group.

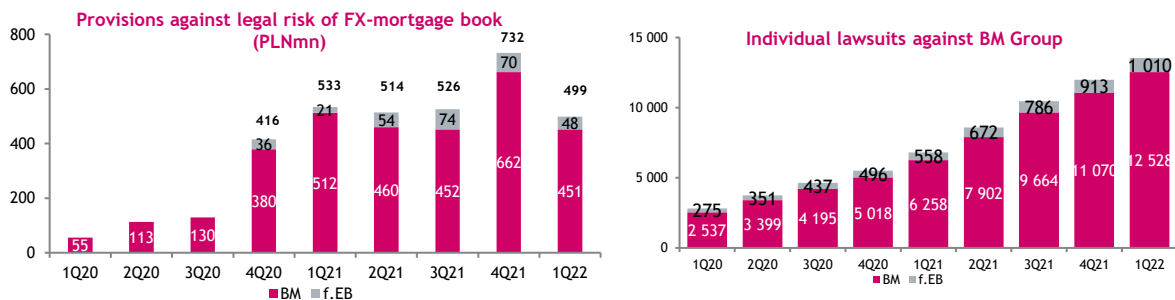
Excluding these, the Group would post 1Q22 net profit of PLN449 million vs. adjusted 1Q21 net profit of PLN202 million.



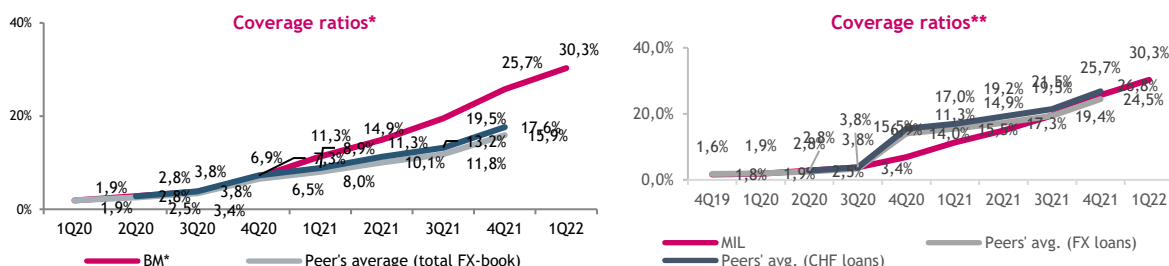
(*) adjusted for provisions against legal risk, legal costs related to FX-mortgages and costs of amicable conversions

FX-mortgage portfolio and related costs

Provisions against legal risk related to FX-mortgages ('FX-mortgage provisions') amounted to PLN499 million (pre-tax) in 1Q22 with PLN451 million attributable to FX-mortgages originated by the Bank.



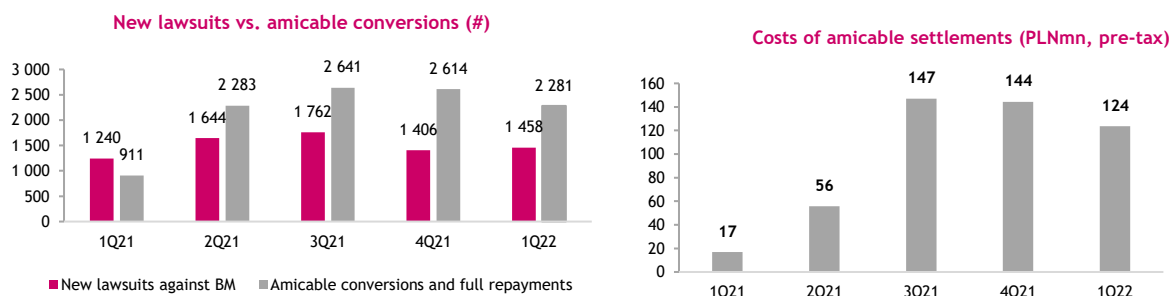
The further increase resulted from more conservative inputs into the Bank's provisioning methodology, reflecting, inter alia, higher inflow of court claims (individual lawsuits related to loan agreements originated by the Bank stood at 12,528 at end of March 2022 vs. 11,070 at the end of December 2021) and lower proportion of cases won by banks (details regarding litigations against the BM Group can be found further in the report). At the end of March 2022, the balance of provisions for the portfolio originated by the Bank stood at PLN3,572 million (end of December 2021: PLN3,079 million), an equivalent of 30.3% of the FX-mortgage grossed-up book (end of December 2021: 25.7%).



(*) w/o provisions for settlements, (**) including provisions for settlements
Note: legal risk provisions/gross FX mortgage book (post IFRS9 adjustments where necessary); ex-EB portfolio in case of BM

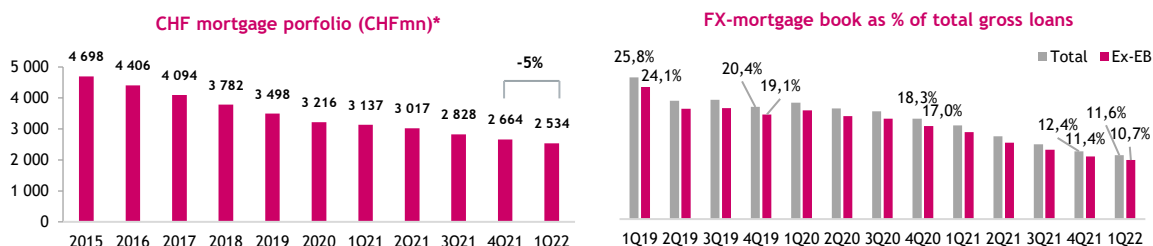
At the same time, the Bank continues to be open to its customers in order to reach amicable solutions (i.a. conversions to PLN mortgages, pre-payments, early repayments or collectively 'amicable settlements') regarding FX-mortgages on negotiated terms. As a result of these negotiations and other natural drivers, the number of active FX-mortgage loans decreased by nearly 2,700 year to end of March 2022 (2021 overall: nearly 10,300 agreements, 2020: nearly 3,600 agreements), compared to nearly 47,600 active loans agreements at the end of 2021. While at the start of the year, the number of amicable settlements dropped noticeably owing to unfavourable FX trends and higher PLN interest rates, the confirmation and adjustment of the Bank's offer resulted in a significant increase in the successfully closed negotiations. As a result, similarly to recent quarters, the reduction of the number of active FX-mortgage loans in 1Q22 was higher than the inflow of new individual court cases against the Bank.

Costs related to amicable settlements totalled PLN124 million (pre-tax, booked largely in FX-result line) in 1Q22, while legal costs (part of admin costs) PLN11 million.



(*) net growth of number of agreements sued in court

As a result of these trends, the BM's FX-mortgage portfolio contracted 5% in 1Q22 (in CHF terms, gross, w/o impact of allocated legal risk provisions) while the y/y contraction rate accelerated to 19% from 17% at YE21 and 12% at the end of 3Q21. The share of total FX-mortgage book (gross loans less allocated legal risk provisions) in total Group's gross loans dropped to 11.6% at the end of 1Q22, while the share of FX-mortgage loans originated by BM dropped to 10.7%



*BM originated

Main financial and business achievements of the Group

1Q22 brought an acceleration of growth in core revenues with NII, the main driver, up by significant 25% q/q and 54% y/y. This P&L line continued to benefit from recent increases of NBP's base rate (1Q22: up 175bp, 4Q21: up 165bp) and higher levels of market interest rates (average 3M WIBOR in 1Q22 increased by 196bps, following 131bps q/q increase in 4Q21). Fees grew by healthy 3% q/q (+8% y/y) to another multi-year high of PLN221 million) owing chiefly to account, transaction and credit fees, while card and mutual funds fees dropped.

1Q22 pre-provision profit adjusted for costs related to FX-mortgage portfolio (costs of amicable conversions, legal costs and netting-off EB's FX-mortgage provisions) amounted to new record level - PLN761 million - up 27% q/q and up 72% y/y.

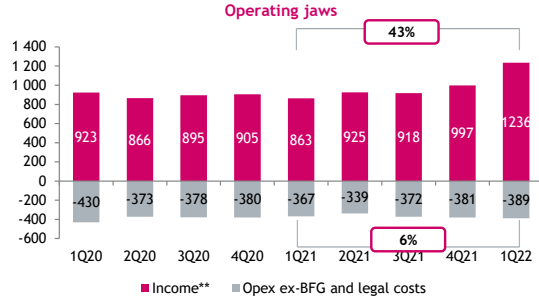
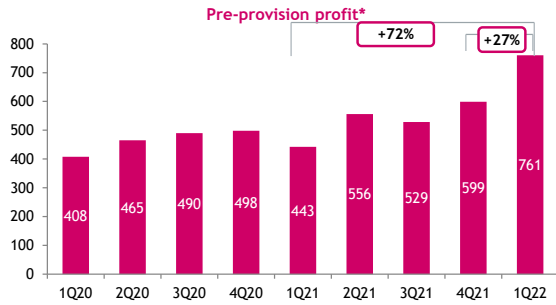
BM Group: adjusted results (PLNmn)

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	y/y	q/q
NII*	690	640	629	625	622	655	669	767	961	54%	25%
Net fees	195	179	180	193	205	209	202	215	221	8%	3%
Other income**	39	47	87	87	36	61	48	15	54	50%	254%
Total income**	923	866	895	905	863	925	918	997	1,236	43%	24%
Opex w/o BFG and FX-mortgage legal costs	-430	-373	-378	-380	-367	-339	-372	-381	-389	6%	2%
BFG	-85	-28	-27	-27	-53	-30	-17	-17	-86	62%	391%
Pre-provision profit ex-FX-mortgage costs	408	465	490	498	443	556	529	599	761	72%	27%
FX-mortgage related costs (legal and conversions)	-5	-10	-15	-43	-24	-66	-160	-180	-135	461%	-25%
Risk charge***	-197	-166	-150	-108	-76	-57	-83	-82	-83	9%	1%
FX-mortgage provisions w/o EB	-55	-113	-130	-380	-512	-460	-452	-662	-451	-12%	-32%
Net profit reported	18	54	60	-109	-311	-200	-311	-509	-122	-61%	-76%
Net profit w/o FX-mortgage related costs	77	174	202	242	202	320	271	306	449	122%	47%
ROE w/o FX-mortgage related costs****	5%	10%	12%	14%	12%	19%	17%	20%	34%		

(*) NII including swap income from derivatives, (**) w/o result on FV portfolio, cost of amicable solutions for FX-mortgage borrowers and netting-off EB's FX-mortgage provisions, (***) incl. result on FV portfolio, impairment losses on non-financial assets, modifications, (****) 4x quarterly net profit w/o FX-mortgage related costs/average quarterly equity of core business

Note: FX-mortgage cost adjusted results differ from segment results presented further in the report

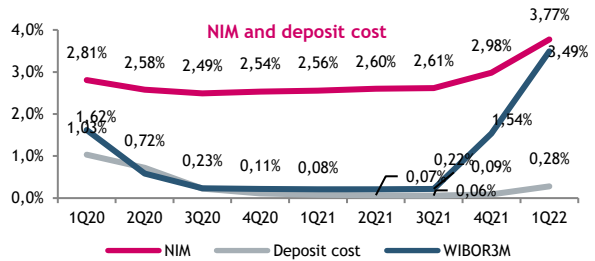
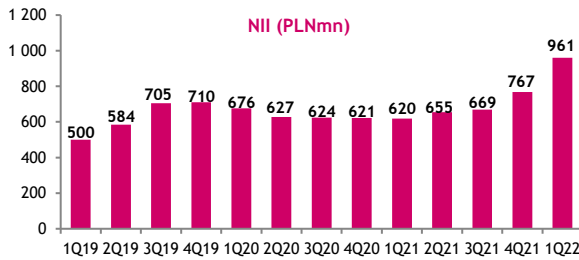
Similarly to previous quarters, the improvement was driven by positive operating jaws. 1Q22 adjusted revenues were up 43% y/y (reported: up 33%) while adjusted opex up 6% y/y (incl. BFG: up 13% y/y). The accelerating growth in core income (1Q22: +43% y/y vs. 20% in 4Q21 and 8% in 3Q21) was the main reason behind the growth in revenues, while non-core income remained relatively insignificant and volatile. The good performance of opex was equally an outcome moderate growth in staff and non-staff costs incl. D&A (up 6% y/y each). Following relatively low levels in 2021, BFG charges increased 62% y/y (majority of the full year resolution fund fee booked in the period).



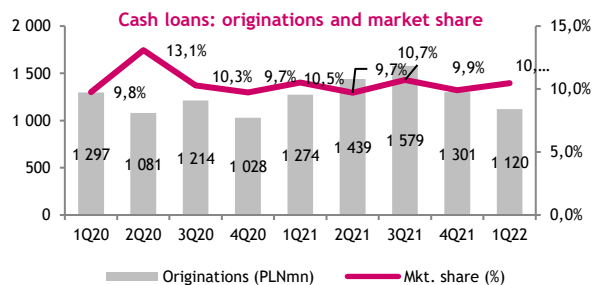
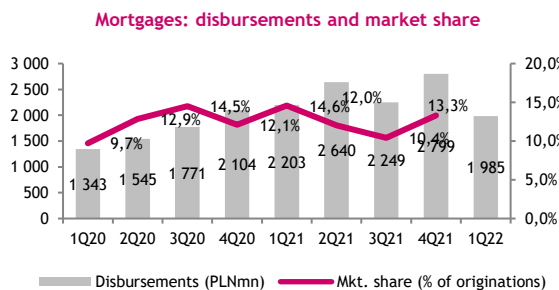
* Adjusted for provisions against credit risk, Covid-19, result on FV portfolio, impairment losses on non-financial assets, modifications, and FX-mortgage portfolio related costs; ** Income adjusted for result on FV portfolio, costs of amicable solutions for FX-mortgage borrowers, netting-off of legal risk provisions on FX-mortgages of f.EB

The key developments in 1Q22 that drove the y/y improvement of the results and which, we believe, are particularly worth highlighting are as follows:

- M** much accelerated recovery of NII with 1Q22 bringing y/y growth of 54%;
- M** much accelerated improvement of quarterly NIM (377bps in 1Q22 vs. 298bp in 4Q21 and 261bps in 3Q21);

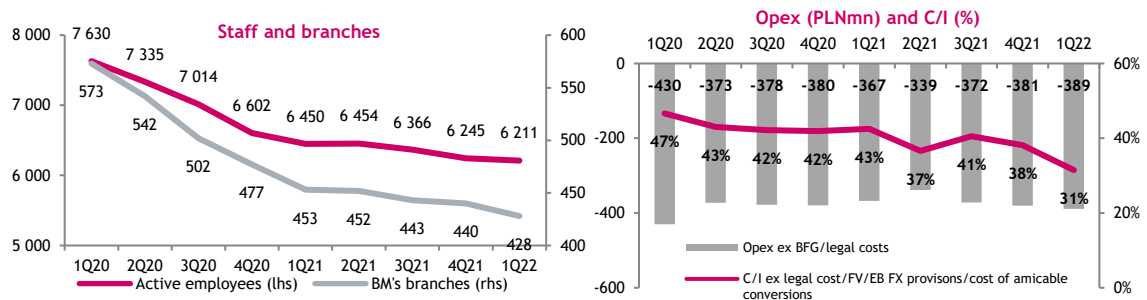


- M** solid loan growth (net/gross loans: +5% y/y) with accelerating reduction of the FX-mortgage portfolio, lower appetitive for risk and RWA focus taking an increasing toll on q/q growth; retail loan originations dropped significantly, though March brought much improved volumes, particularly in mortgages; disbursements of mortgages in 1Q22 dropped to below PLN2.0bn, down 10% y/y with market share dropping to 10.5%, while 1Q22 origination of cash loans slowed to PLN1.1bn (down 12% y/y); on a separate count our gross FX-mortgage book in PLN terms contracted 28% y/y on a combination of repayments, provisioning (in line with IFRS9 most of legal risk provisions are booked against gross value of loans under court proceedings) and amicable settlements; as a result, the share of all FX-mortgages in total gross loans decreased to 11.6% (BM originated only: 10.7%) from 17.1% (15.8%) in the same period last year;



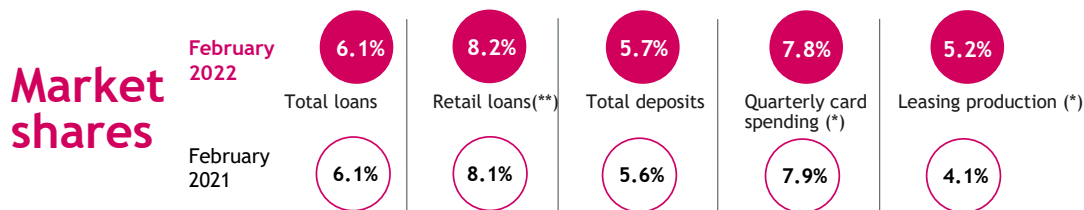
- M** improving cost efficiency owing to a combination of a steady increase in the digitalisation of our business and well as relations with clients with strong cost response to revenue pressures; falling headcount (number of active employees down 239 or 4% since 1Q21),

ongoing optimisation of our physical distribution network (own branches down by 25 units or 6% in the last twelve months) complimented the increasing share of digital services (digital customers: 2.4 million, up 11% y/y, number of active mobile customers: 2.0 million, up 17% y/y); cost optimisation initiatives helped to control inflation driven growth in opex but also translated into much improved cost efficiency; reported C/I ratio decreased to 41.9% in 1Q22 from 49.3% in the same period last year but C/I ratio excluding BFG, FV portfolio, costs of amicable conversions offered to FX-mortgage borrowers and netting-off of FX-mortgage provisions on f.EB book eased y/y to 31% from 43% in the same period last year;



- M stable loan book quality** resulting in a low cost of risk (40bps in 1Q22 vs. 39bps in 4Q21) with positive underlying trends in quality of both retail and corporate books; NPL ratio remained practically stable compared to end of December 2021 (4.4%) and was well below the 4.9% the year before;
- M customer deposits grew strongly in the quarter** (up 6%) with nearly 30% q/q growth of corporate deposits and 3% q/q drop in retail ones; the liquidity of the Bank remained very comfortable with L/D ratio declining to 80.9%;
- M capital ratios decreased in the quarter** (Group TCR: 16.0%/T1: 12.9% vs. 17.1%/14.0% respectively at the end December 2021) as the drop of equity (net loss in the period, negative valuation of bonds/hedging) outweighed the drop of RWAs;
- M AuM of Millennium TFI and third party funds combined dropped 12% q/q** to below PLN7.9 billion with y/y contraction rate at 13%.

Share in key market segments



(*) 4Q21/4Q20 data
(**) Split between individuals and corporate according with the legal status of the customer (accounting criteria)

STRATEGY IMPLEMENTATION

The Bank's new strategy for years 2022-2024 was announced in 4Q21. The strategy clearly defines key business areas that will contribute to the execution of the assumed targets. Following to the adopted strategy, in 1Q22 the Bank prepared and accepted strategy operationalisation approach, which consists of 16 strategic initiatives / business areas. Strategic portfolio will be the subject of the internal review process (on quarterly basis), both on the operational and executive levels.

The Bank will monitor the execution of accepted strategic targets. However, turbulent and fast changing external circumstances are observed, what could affect abovementioned targets, that are assigned to the current 3-year strategic perspective.

The Group is on track to deliver on its 2024 targets.

MREL REQUIREMENTS

On April 1, 2022 the Bank received a letter from the Banking Guarantee Fund ('BFG') regarding the joint decision of the resolution authorities, i.e. the Single Resolution Board and BFG obliging the Bank to meet the communicated MREL (minimum requirement for own funds and eligible liabilities) requirements (details here: [Current report on updated MREL requirements](#)).

Pursuant to the above decision, at the consolidated level the Bank is obliged to meet by December 31, 2023, the minimum MRELTrea requirement of 20.42% and MRELtem of 5.91%. At the individual level, the Bank is obliged the requirements of 20.32% and 5.91% respectively. These targets represent a decrease compared to most targets set in November 2021 (the minimum consolidated MRELTrea requirement of 21.41% and MRELtem of 5.91%; Bank only requirements of 21.13% and 5.88% respectively) reflecting chiefly a drop in the P2R ([Current report on initial MREL requirements](#)).

Additionally, the above-mentioned decision sets the path to achieve the target MREL level. As a part of mid-term objectives, at the moment of communication of the decision the Bank was obliged to meet the minimum consolidated MRELTrea requirement of 15.60% and MRELtem of 3.00%. At the individual level, the Bank was obliged to meet the minimum MRELTrea requirement of 15.55% and MRELtem of 3.00%.

The Bank is still to meet these due to the net loss booked in 2021 (higher-than-initially planned provisions against legal risk related to FX-mortgage portfolio) and the fact that an issue of senior non-preferred bonds on the Polish market initially planned for 4Q21 and was not possible to execute due to a gap in the Polish bond law. As a result, the Bank decided to alternatively prepare and launch a new Euro Medium Term Note Programme ('EMTN Programme') programme (details here: [Current report on EMTN programme](#)) that is expected to allow the international issue of senior non-preferred bonds to be executed in the first half of 2022. On April 6, 2022, the Luxembourg Commission de Surveillance du Secteur Financier, the authority supervising the capital markets in Luxembourg approved the Bank's base prospectus for the EMTN Programme established by the Bank, which was published on the website of the Luxembourg Stock Exchange. On April 7, 2022, rating agency Moody's Investors Service (Moody's Deutschland GmbH) has assigned (P)Baa3 junior senior unsecured EMTN program ratings to the Bank. All other ratings and assessments remained unaffected by this rating action ([Rating of EUR3bn EMTN programme by Moody's](#)).

IMPACT OF WAR IN UKRAINE

On February 24, 2022, Russia invaded Ukraine, starting a new stage in history of Europe and the world. Leaving aside the unprecedented human, humanitarian and political aspects, in this section the present Bank's understanding of the actual and foreseeable direct and indirect impacts of the crisis on its business activities, exposures to the affected markets, financial situation and economic performance is outlined.

Predictability remains low but macro outlook has definitely changed

Financial markets immediately reacted to the unexpected outbreak of the war, with prices of most assets classes, bar some commodities, tumbling. International community reacted instantly by introducing first sanctions, which were tightened significantly in subsequent days and weeks. Early days of March saw higher cash withdrawals at branches and from ATMs. The situation has since stabilised and returned to normal levels. However, in 1Q22 overall, retail deposits contracted by 3%. At the same time, the Bank enjoyed a very strong inflow of corporate deposits (up 30% q/q).

As highlighted in the macroeconomic section below, the prospects of the Polish and global economy are changing, the situation is extremely fluid and currently it is not possible to precisely determine the economic consequences of military actions and sanctions imposed on Russia and Belarus by Western countries on the Bank's business and near- and mid-term prospects.

In light of new macroeconomic reality, in particular quicker and faster than originally assumed growth of interest rates in Poland, higher devaluation of PLN and last but not least higher inflation prospects, the Bank and the Group have reviewed their near-term assumptions. As a result, lower origination of mortgage loans and cash loans, lower fees (chiefly in asset management and bancassurance lines) and higher cost of credit risk (c60bp) were factored in. At the same time, the much higher than expected interest rate trajectory should be a significant offsetting factor, so that as a result the expected financial situation of the Bank and the Group did not deteriorate or in fact improved somewhat.

Direct corporate exposures

BM Group does not operate directly in Ukraine, Russia or Belarus and does not directly finance residents from these three countries. Following the review of corporate exposures (15% materiality/exposure factor applied), the Bank concluded that the exposure to Polish enterprises which may potentially suffer from a direct negative impact on their business from directly from the conflict in Ukraine amounts to approximately PLN500mn (end of February 2022 data), equivalent of 1,9% of the BM Group's enterprises portfolio and approximately 0,5% of the BM Group's total loan portfolio and off-balance sheet exposures. Thus far, the situation of these companies remained stable and did not require moving them to the stage 3 (additional details available in 'Liquidity, asset quality and solvency' section).

Exposure to Ukrainian citizens

Loans to Ukrainian citizens residing in Poland totalled slightly over PLN1bn or 1.7% of the Bank's retail and 1.2% of the Group's total portfolio at the end of March 2022 with nearly even split between cash loans and mortgages. Quality of these exposures, has been stable/improving over the last couple of months and no signs of deterioration has been observed recently. The portfolio is subject to frequent monitoring (additional details available in 'Liquidity, asset quality and solvency' section).

Exposures sensitive to macro risks

As the companies have faced (and will likely continue to face) indirect widespread consequences of the conflict (i.e. limited supply and rising prices of some raw materials on global market, disrupted supply chains and high prices of various means of energy), some companies from many sectors, especially those with already low profitability, may as a result experience more or less temporary financial problems and operational challenges. The Bank reviewed its corporate portfolio in order to identify its potentially challenged customers. The monitoring is conducted on a regular basis with special focus on companies with already relatively low margins before the outbreak of the war. The BM Group decided to temporarily avoid increasing financing to such corporates.

Retail borrowers are particularly exposed to heightened inflation and high (and likely higher) PLN interest rates which, among others, may increase monthly instalments and prices of goods and services, putting pressure on households' disposable income. For a part of the Bank's customers

disposable income may potentially become lower than the social minimum. At the end of March 2022 data, the „at risk” portfolio represented slightly over 6% of the cash loan portfolio (high inflation is the key risk factor) and slightly over 6% of the mortgage portfolio (elevated interest rates are the key risk factor). However, currently both sub-portfolios show no sign of stress with NPL ratios well below of the respective total portfolios and low DPD30s. Additionally, mortgage borrowers for whom, on Bank’s estimates, monthly instalments will shortly double compared to 3Q21 but their disposable income will remain above social minimum, were identified. The Bank monitors all these portfolios carefully and proactively adopted a number of precautionary measures offering, among others, conversion to fixed rate mortgages or renegotiations of some terms of the credit agreements.

IMPORTANT CORPORATE EVENTS

On 30 March, 2022 the Ordinary General Shareholders’ Meeting (‘GM’) of Bank Millennium took place. 132 shareholders took part in the meeting, representing 75.31% the Bank’s shareholders equity, including BCP (50.10%), NN OFE (8.18%), Aviva OFE (6.00%) and PZU „Złota Jesień” OFE (5.73 %).

Among others (full details: <https://www.bankmillennium.pl/en/about-the-bank/investor-relations/current-reports/-/r/30313969>), the GM approved 2021 financial statements and non-financial report, report on activity of the Supervisory Board, covering the loss in 2021 from reserve capital, Supervisory Board and Management Board remuneration report, the Policy for Selection and Assessment of Suitability of the Supervisory Board Members, division of Millennium Dom Maklerski S.A., adoption of the document diversity policy regarding the Management Board and the GM adopted of Best Practices for Companies Listed on the WSE 2021.

BUSINESS TRENDS AND HIGHLIGHTS

The beginning of 2022 at Bank Millennium is a continuation of quality activities that support digital solutions. It is also a time of intensive changes adjusting the service to current events. The pandemic and the war in Ukraine had a huge impact on the business world. They were a challenge that redefined the concept of customer service and the friendliness of the proposed products and services.

An inherent element of digitization development is thoughtful and balanced education of customers. It requires long-term and repeatable action. In this area, the Bank pays attention to the situation of particular client. Individual readiness to enter the mobile world and preparation for the use of electronic tools are important. Empathy in digitization and understanding customer concerns are especially important when working with elderly people who are used to branch service.

Advisors at bank branches, apart from providing traditional customer service, focus on changing their habits and switching from cash to non-cash service. Employees support clients in learning about banking in digital channels - they use, among others, mobile authorization to confirm cash transactions.

The bank strengthened the standard of the branch Host. Task on such position include suitable redirection of the client - to a specific employee or digital channel and proper education. This affects the service time as well as customer comfort during a branch visit and is an important element helping customers in self-service in the future.

Bank Millennium has taken steps to facilitate quick opening of relationship with the bank and convenient usage of banking products by Ukrainian citizens. We simplified the account opening procedures and prepared materials and communication in Ukrainian.

We have also simplified the realization of basic banking transactions. We have made a decision to exempt customers of Ukrainian nationality from fees for account maintenance, debit card and all ATM withdrawals. The bank does not charge any commission on foreign transfers made by individual clients to Ukraine.

Customers, in addition to support in branches, can also count on the help of TeleMillennium helpline consultants who speak Ukrainian.

The qualitative activities of Bank Millennium were recognized in the Institutions of the Year ranking, where the Bank took the podium.

RETAIL BANKING

In 1Q22, the Bank has increased its active client base by over 45 thousand. As on March 31, 2022 the Bank provided services to more than 2.74 million active retail clients. Altogether, 2.4 million clients were using electronic banking actively while the mobile app was in use by 2.0 million.

Sale of current accounts in 1Q22 exceeded the level of 112 thousand, i.e. an increase by 33% relative to the similar period of the previous year. The key product supporting acquisition of new clients was the Konto 360° account.

The first quarter was a time of volatility in terms of deposit balances. Outbreak of war in Ukraine resulted in customer uncertainty in the 2nd part of the quarter, which pushed for cash withdrawals from ATMs and branches to secure cash outside of the banking system. Cards spend was also relatively high. Due to this, the Bank decreased retail clients deposits in 1Q22 by PLN2.1bn. It translated into retail deposits of PLN68.5bn at the end of March 2022. The Bank continued acquisition of new volumes mainly on the basis of Saving Account Profit (KO Profit) account with attractive interest rate accruing on new funds.

In 1Q22, Bank Millennium decreased sales of mortgage loans, which was in line with the market trends. The Bank concluded new contracts with a total value of over PLN1.7 billion (decrease y/y by 33%, although disbursements were only 7% lower y/y). The result placed the Bank with a market share of 10.5%. The program of automation and improvements in mortgage processes was continued, taking into account changing customer expectations. Additionally the Bank improved significantly the fixed rate mortgage offer. The bank's lending operation, similarly to the previous years, was based on the unconditional 0% commission for granting the credit and 0% commission for early repayment.

The first three months of 2022 were characterised by high uncertainty for clients also in the cash loans segment. Compared to 1Q21, sales decreased by 12%, which resulted in the sale of cash loans of PLN1.1 billion. The bank continued to support sales in digital, in particular in mobile banking.

Marketing efforts supported continuous increase of the payment card portfolio in 1Q22. The Bank maintained the increasing trend of the payment card portfolio ending the quarter with the result at 3.6 million cards (+1.4% vs. YE21). Flagship products included, continuously, debit card issued to Konto 360° account and credit card Impresja, providing their holders regular promotional offers. Increases y/y were, consecutively: +5.4% in the area of debit cards and +1.0% in credit cards.

The 1Q22 was also time of major outflows from capital markets, especially in relation to the war started in Ukraine. The Bank focused on the intense communication with clients, who hesitated in their investment decisions. Additionally online webinars with experts were organized, to comment the current markets' situation and changes as they were progressing. To improve customer value proposition the Bank offered the new sales process in digital banking, covering support of the best solution selection with the use of advisory service. Throughout the 1Q22 we offered reduced handling fees on Millennium TFI funds. Moreover, fees for orders filled through Millenet were eliminated to 0%.

CORPORATE BANKING

Key developments and achievements in the corporate banking in 1Q22 were as follows:

- We continued the development of Millenet for Companies online banking. We have enriched the module of digital document exchange with the process of qualified validation of electronic signatures, which makes it possible to obtain confirmation of the validity and correctness of submitted signatures and electronic seals.
- In February, we introduced the possibility of ordering prepaid cards in foreign currencies: GBP, USD, EUR and managing the limits for cards in the currency of the account associated with the card without having to convert to PLN. Thus, our customers can apply for all cards available in the offer - debit, charge, prepaid - through the Millenet system in an easy, convenient and environmentally friendly way.
- In January, we enabled clients to place conditional orders via the Millennium Forex Trader currency exchange platform.
- We have introduced changes when granting investment loans, shortening the waiting time for a credit decision and limiting the number of required documents. In addition, we have introduced a new product intended for financing investment projects with support from public funds.

Facilities and activities addressed to the bank's customers in connection with COVID-19

The aid package has been extended until June 30, 2022 (with the possibility of continuing the programmes in the same formula, which is beneficial for customers, or in a similar formula also in the second half of this year). Companies from the SME sector and larger enterprises can benefit from financing in the form of loans, guarantee lines and letters of credit secured by BGK guarantees (Biznesmax guarantee, de minimis guarantee, under the Liquidity Guarantee Fund) on special terms. Collateral is also still available with a guarantee of repayment of the granted limit under the BGK liquidity guarantee program in the case of reverse factoring.

Corporate banking activities related to the war in Ukraine

In connection with the hostilities in Ukraine, the bank monitors and appropriately introduces restrictions into its systems, related to sanctions. These restrictions apply to the exclusion from settlements (outgoing and incoming transfers) of all currencies or USD currency for a group of banks covered by the sanctions. In addition, restrictions have been introduced on the amount of funds that can be deposited in accounts by entities resident in Russia and Belarus.

We are conducting continuous monitoring of the loan portfolio to identify potential economic risks of enterprises with exposures in markets of countries in conflict

DIGITAL BANKING

We ended 1Q2022 with nearly 2.4 million active users of digital channels (+11 per cent y/y). More than 2 million users logged to bank using mobile devices We crossed the 2 million mobile banking users mark at the end of March. This gives a growth of 17 per cent y/y. Just 3 years ago we celebrated our first million users. Customers logged in to Millenet almost 39 million times and as many as 167 million times to the mobile app. These numbers are growing quarter by quarter. On 10 January customers logged into their account through Millenet and the mobile app as many as 3.4 million times. We improved the last daily record by as much as 700 thousand in just a month.

Digital share in sales and acquisition

The share of online channels in sales has been growing steadily for several quarters. The share of digital channels in sales of cash loans amounted to 78 per cent in 1Q2022. The share of digital channels in the opening of current accounts amounted to 32 per cent in 1Q2022, and the number of accounts opened online was 53 per cent higher than in the same period of 2021. The share of digital channels in opening term deposits remained stable, in 1Q 2022 it amounted to 91%.

Mobile and online payments, including BLIK

We have observed the ever growing popularity of online transactions and e-commerce payments, especially using BLIK.

BLIK payments in our mobile app were used in 1Q2022 by as many as 1.22 million users. Customers made 107 per cent more P2P transfers than a year ago and performed 68 per cent more transactions than in 1Q2021. At the same time, interest in BLIK contactless payments is growing. Customers have already made almost 600 thousand transactions worth PLN 22 million. All contactless phone transactions (including HCE), customers made 65 percent more than in the same period of 2021.

Customers are also willing to use VAS. They buy tickets for public transport (+50 per cent y/y), pay for parking in the app (+101 per cent y/y) or top up pre-paid phones (+6 per cent y/y).

Innovations for retail clients

- In January we made available in the mobile app the MilleUrząd tab (so far available only in Millenet) where customers can submit applications for family benefits: Rodzina 500+ and Family Care Capital (Rodzinny Kapitał Opiekuńczy). On January 4, RKO applications also were introduced in Millenet.
- In February we launched the investment robo-advisory service to all our clients. Clients can use the recommendations and start investing in the app and Millenet from as little as PLN 200.
- In 1Q, we made new banks available in services based on open banking - Getin Bank and Credit Agricole. We are gradually expanding the availability of these connectors in our processes.
- After the outbreak of the war in Ukraine, we also engaged digital channels in providing aid - in March we made a unique defined charity transfer available to our clients. The client only enters the amount and the account number of the selected charity organisation is provided by the system.

Innovations for entrepreneurs

We introduced a new loan application process for customers in the business segment. In March, the share of digital channels in corporate loan sales reached 34 per cent. On the other hand, following some changes in the acquisition processes, the number of business accounts opened online in 1Q increased - an increase of 49 per cent compared to the previous quarter.

For corporate clients we have implemented:

- an innovative process for validating and maintaining electronic signatures,
- a possibility to order prepaid cards in GBP, USD and EUR online.

This quarter we completed the redemption application process under the Tarcza Finansowa PFR 2.0 programme.

QUALITY AND INNOVATIONS

- Once more the Bank's employees were awarded in Polish National Sales Awards, a prestigious competition of the sales and services sector. Albert Pałyga, coordinator of the teams for Selling and Maintenance at the DBB Sales and Maintenance Subunit, became a double winner of the competition. He was awarded in the Customer Experience Manager category and received a special award of the "SuperSprzedawca" [Supersalesman] Jury, while Maciej Matysiewicz, head of a team in the Contact Centre Subunit, became a finalist in the Bank Sales Team Manager Category.
- Bank Millennium was once again on the podium in the ranking of satisfaction of individual customers, according to the report "Banks' retail customer satisfaction monitor" by ARC Rynek i Opinia. Millennium became the leader in the Contact Points category (hotline, branch visit, electronic banking and mobile application, website), and in the NPS ranking the Bank came second. The study evaluated 11 banks.

- In the Refinitiv (previously Reuters) ranking, the team Bank Millennium’s economists consisting of Grzegorz Maliszewski, Andrzej Kamiński and Mateusz Sutowicz came first in the summary of macroeconomic forecasts for 2021. Over the last five years, Bank Millennium economists on four occasions were in the top three forecasters in the Refinitiv ranking, taking first place in 2019 and 2021.
- Also in 2022, the Bank’s team of economists got to the top of the ranking of best forecasters of the “Parkiet” daily. Grzegorz Maliszewski, Mateusz Sutowicz and Andrzej Kamiński have for years correctly analysed what is happening in the economy. The newest “Parkiet” ranking awarded them for the most stable forecast accuracy (over the last 5 years, they were only twice outside the podium) and the biggest universality of the team.

ESG ACTIVITIES (ENVIRONMENTAL, SOCIAL, GOVERNANCE)

ESG (Environmental, Social, Governance) issues have been an integral part of the Bank Millennium Group’s business strategy for years now. As a responsible and friendly bank, we want to exert a positive influence on our social, economic and natural environment, ensure full availability of our services, and thanks to numerous innovative solutions, make our clients’ everyday life easier and actively support the development of enterprises. The ESG area is also included in the 2022-2024 Bank Millennium Group’s Strategy announced in December 2021.

Publication of the ESG Report of Bank Millennium and Bank Millennium Group for 2021

Consolidated 2021 Bank Millennium Group Annual Report was published on 21 February 2022. The report in its online version, published on 7 April 2022, is available here: <https://raportroczny.bankmillennium.pl/2021/en/>

The ESG Report for 2021 presents in detail the Bank and Group’s involvement in sustainable ESG development with respect to the main groups of stakeholders. The preparation of the report was preceded by a broad-based examination of the expectations of internal and external stakeholders in terms of aspects which should be captured in the report and subsequently the update of the matrix of material reporting topics. The Bank issued its first social responsibility report for 2006, and since 2011 the presented scope of information and the structure of the report have fulfilled the criteria set out for reporting according to GRI standards. The report was subject to external verification by Deloitte.

Work on the operationalization of the ESG strategy

Bank Millennium Group is currently working on the sustainability initiatives outlined in the 2022-24 Business Strategy, addressing i.a. financing of sustainable projects and reduction of greenhouse gas emissions. The work is coordinated by the Sustainability Office supervised directly by the Chairman of the Bank’s Management Board. At the Bank there is also a Sustainability Committee, which includes all Members of the Bank’s Management Board and representatives of the units that perform tasks related to sustainable development in the Bank and the Group.

Comprehensive aid to Ukraine

In response to the tragic events in Ukraine and in a gesture of solidarity with its citizens, Bank Millennium provided support in the total amount of PLN 400,000 to four non-governmental organisations that help refugees from Ukraine in Poland in the long term - the Polish Red Cross, Polish Humanitarian Action, Caritas Poland and the Salvation Foundation, transferring PLN 100,000 to each of them.

Contributing to the aid activities for the refugees arriving from Ukraine is the entire community of the Group and the Bank Millennium Foundation, which has launched a special edition of the #stuchaMywspieraMy (#WElistenWESupport) grant programme for employee initiatives targeted at refugees from Ukraine. As part of the programme, employees can implement their social initiatives and help refugees from Ukraine in their local community.

We have introduced many facilities for customers. From 27 February we exempted customers of Ukrainian nationality from fees for account service, payment cards and withdrawals from all ATMs. Additionally, from that day we do not charge the commission on all cross-border transfers sent by individual customers to Ukraine, regardless of the nationality of the sender.

From 5 March 2022, citizens of Ukraine who come to Poland in connection with the ongoing war, only need a passport to open an account in Bank Millennium. In mid-April the Bank expanded the possibility of opening an account for refugees from Ukraine, who do not have a foreign passport. The account supports every-day banking at no cost. The Bank does not charge fees i.a. for account service, payment cards and withdrawals from all ATMs. Bank Millennium's clients can also count on the support of Ukrainian-speaking consultants at +48 22 598 40 45.

In March, we also made available to our customers a special transfer "I help" in our mobile app, thanks to which customers can easily transfer money to support refugees from Ukraine.

The upcoming 19th edition of the Millennium Docs Against Gravity documentary film festival, of which Bank Millennium is the title sponsor, will feature films by Ukrainian artists and productions about Ukraine.

In the Bank there is a Committee on the Crisis in Ukraine, which consists of representatives of key areas of the organization. We are and we will be in close touch with our employees of Ukrainian citizenship, and we will ensure them support wherever possible.

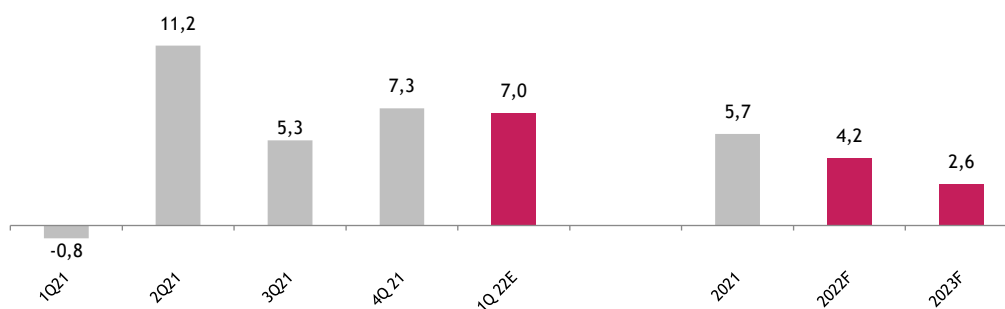
MACROECONOMIC SITUATION

Russia's military invasion of Ukraine has begun a new stage in the history of the world and Poland. The prospects of the Polish and global economy are changing, although currently it is not possible to precisely determine the economic consequences of military actions and sanctions imposed on Russia and Belarus by Western countries. Especially that the length of the actions carried out in the future, their scale and the policy after the end of the conflict remain unknown.

The beginning of the war in Ukraine had the fastest impact on the world economy through an increase in the prices of raw materials, including agricultural and energy. Russia plays a key role in the export of some of them (e.g. natural gas, oil, nickel, rare metals) and agricultural products. In addition, Ukraine is a significant supplier of agricultural products, as well as intermediate goods important for global supply chains in industry, examples of which are steel, electrical harnesses and neon. These factors, intensified by the weakening of the zloty, drove consumer price inflation, which in March 2022 amounted to 10.9% y/y, reaching double digit value for the first time since 2000. However, inflationary pressures are broad-based, supported by strong demand allowing the rising costs to be passed on to consumers. This is reflected in accelerating increases in prices of services (9.1 y/y in Feb'22) and rising readings of core inflation. In the whole 1Q22 CPI inflation increased to 9.6% y/y, which is stronger than we expected before the Russian attack on Ukraine.

Despite the war in Ukraine, economic activity remained high in 1Q22. According to Bank Millennium's estimates, GDP growth amounted to 7.0% y/y compared to 7.3% y/y a quarter earlier, i.e. stronger than assumed in December 2021. On the other hand, in quarter over quarter terms, GDP growth decreased to 1.2% q/q after an increase of 1.7% q/q in 4Q21, but still exceeded the historical average. The main driver remained the increase in household consumption despite very high inflation, as wages grew strongly and demand for labour remained stable. GDP growth was also supported by investments.

GDP growth rate in Poland (%)



Source: Bank Millennium, Macrobond

In an environment of high inflation, reduced risks related to the COVID-19 pandemic, low unemployment and favourable economic activity, the Monetary Policy Council continued to raise interest rates. At the end of 1Q22, the reference rate was 3.50% against 0.10% in September 2021 when the cycle of monetary policy tightening started. In April 2022 another increase of 1.00 percentage point was made.

The monetary policy tightening contributed in January 2022 and February 2022 to the decrease in the value of newly granted loans to households, including consumer and housing loans. The value of new loans for non-financial enterprises, on average, remained close to the data for 4Q21. These are mainly overdrafts. The value of enterprises' deposits in the banking system in January 2022 and February 2022 decreased. This also applies to households' deposits, which resulted, against the stable situation on the labour market, from cash withdrawals in fears about the impact of the war on the functioning of the national payment system. This influence gradually faded in March 2022.

The outbreak of war in Ukraine has further worsened the outlook for inflation in Poland. According to Bank Millennium's forecast, the average annual CPI inflation in 2022 will amount to 9.9% y/y vs. 5.1% y/y in 2021, which results from the increase in the prices of energy, primarily crude oil, food prices (the effect of subdued imports from Russia and Ukraine and rising prices of fertilizers), as well as the weakening of the zloty, which intensifies the effects of the prices increases on international markets. In addition, increase in production costs in industry is strengthened by disruptions in supply chains. A slowdown in economic growth, in particular of private consumption, may reduce the possibility of passing rising production costs onto retail prices, easing inflationary pressures from demand in the medium term. In the coming months, however, consumption will be supported by an influx of refugees, maintaining pressure on prices. An expansionary fiscal policy that stimulates demand will work similarly. According to the Bank this will limit the pace of inflation decline in 2023, especially that the government's anti-inflation shield will then probably be expiring. In addition, the high volatility of commodity prices on global markets increases uncertainty about inflation forecasts. In the conditions of expected high inflation, the Bank assumes further increases in reference rate of National Bank of Poland to at least 5.50% in 2022.

In the Bank's opinion the war in Ukraine is worsening the medium-term economic outlook, although in the short term its impact is less clear-cut. The increase in uncertainty will limit investments, which may be particularly visible in 2Q22. However, the influx of refugees will support private consumption. Taking into account the favourable economic results of 1Q22, GDP growth in 2022 in the Bank's opinion will remain solid and will amount to 4.2%, which means a slight revision compared to 4.5% forecast before the outbreak of the war. Expectations for 2023, on the other hand, are less optimistic. This is due to higher than previously expected inflation and a larger scale of interest rate increases, which, combined with the exhaustion of households' surplus savings, will limit the growth of private consumption. GDP growth in Poland in 2022-2023 will also be negatively affected by a stronger slowdown in the economies of main trading partners, as well as an increase in tensions in supply chains. It should be stressed that the macroeconomic forecasts are fraught with very high uncertainty.

FACTORS OF MACROECONOMIC UNCERTAINTY FOR THE ECONOMY AND THE BANK MILLENNIUM GROUP

The following list presents the most important according to Bank Millennium negative risk factors for the economy and the Bank Millennium Group.

- Prolonged and intensifying military operations in Ukraine, which would increase uncertainty and result in volatility and deterioration in the valuation of domestic assets, including the exchange rate and assets in the Group's portfolio.
- Higher than expected inflation, which could result from a faster than assumed by the Bank increase in the prices of raw materials, including agricultural and energy, weakening of the exchange rate, as well as a fuelling of the inflation-wage spiral, a deterioration in the relationship between labour costs and productivity and a longer than expected period of supply difficulties in industry. In an environment of higher than forecasted growth in consumer prices, inflation expectations of households and businesses would increase even more, household purchasing power would deteriorate (increasing credit risk), and faster weakening demand would put pressure on margins and financial results of companies, making it difficult to settle liabilities and develop investments. In an extreme case, a ban on the imports of hydrocarbons from Russia would most likely result in an intensification of the impact of the above factors and potentially the occurrence of a recession in the domestic economy.
- Destabilising economic policies, especially strong fiscal easing. This would perpetuate inflationary pressures and result in a deterioration in the valuation of bonds in the Group's portfolio and a stronger than expected tightening of monetary policy. This would reduce the demand for credit and the quality of the BM Group's loan portfolio.
- Further delay or lack of approval of the European Commission for the National Recovery Plan as a result of legal dispute between the Polish government and the European Union, which would lead to lower dynamics of investments in the economy, than in the baseline scenario.
- Rapid development of the COVID-19 pandemic, e.g. vaccine-resistant mutations of the SARS-CoV-2 virus.

There is also probability of better economic results in Poland than assumed in the Banks' scenario, which could result, i.a. from a faster than expected extinguishing of military operations in Ukraine, causing lower pressure on the prices of commodities, increasing their supply and unlocking bottlenecks in industrial supply chains. The stabilisation of the economy, especially in the longer term, would also be facilitated by a greater than expected contribution of Ukrainians to the domestic labour market.

GROUP PROFIT AND LOSS ACCOUNT

Group's operating income (PLNmn)	1Q22	1Q21	Change y/y	4Q21	Change q/q
Net interest income *	961.0	622.3	54.4%	767.1	25.3%
Net commission income	220.8	204.8	7.8%	215.0	2.7%
Core income	1 181.9	827.1	42.9%	982.1	20.3%
Other non-interest income *	-22.0	39.9	-155.0%	-58.9	-62.8%
Total operating income *	1 159.9	867.0	33.8%	923.1	25.7%

(*) Without fair value adjustment of credit portfolio (PLN2.1mn in 1Q22 and PLN4.1mn in 1Q21), which is included in the cost of risk line

Net interest income in 1Q22 reached record high quarterly level of PLN961mn and increased by 54% y/y and by 25% q/q, supported by higher market interest rates reflected in the improved Bank's interest margin.

The series of interest rate hikes by Monetary Policy Council starting from October 2021 materially improved conditions for banking revenue (base rate increased from 0.1% to 3.50% in March, i.e by 340 bps, and then, after the reporting period, by another 100 basis points to 4.50% at the beginning of April) from very low levels in the first three quarters of 2021, resulting from previously ultra-loose monetary policy.

Net interest margin (over average interest earning assets) (NIM) in 1Q22 jumped to 3.77% and was 79 basis points higher compared to 4Q21 or 121 basis points higher than in 1Q21 (2.56%), which considerably supported the Group's profitability.

Net commission income in 1Q22 amounted to PLN221mn, growing 8% y/y and 3% q/q. The main source of the improvement was growing commissions from banking transactions (accounts, loans and cards) supported by fees from bancassurance activity, whereas fees on management and distribution of mutual funds and other investment products contracted as a result of unfavourable conditions on the capital market.

Core income, defined as a combination of net interest and net commission income, reached PLN1,182mn in 1Q22 showing strong growth by 43% y/y and by 20% q/q driving up the Group's recurrent profitability.

Other non-interest income, which comprises FX result, results on financial assets and liabilities (without interest margin on derivatives and fair value adjustment on credit portfolio) and net other operating income and costs turned negative in 1Q22 and amounted to PLN -22mn. The negative value reflects first of all the costs related to amicable settlements negotiated with FX mortgage borrowers (PLN-124mn) and such costs became more visible burden since 4Q20.

Total operating income of the Group reached PLN1,160mn in 1Q22 and showed significant increase by 34% y/y and by 26% q/q, becoming the key factor of the Group's efficiency improvement.

Total costs amounted to PLN486mn in 1Q22, translating into 14% increase y/y, mainly due to much higher contribution to Banking Guarantee Fund (BFG) funds which grew by 62% compared to the corresponding period of the previous year. Total costs excluding BFG fees grew 7% y/y, but decreased in quarterly terms by 4%.

Operating costs (PLNm)	1Q22	1Q21	Change y/y	4Q21	Change q/q
Personnel costs	(217.9)	(205.6)	6.0%	(202.0)	7.9%
Other administrative costs *	(268.3)	(221.7)	21.0%	(232.1)	15.6%
of which Banking Guarantee Fund (BFG) fees	(85.8)	(53.1)	61.6%	(17.5)	390.8%
Other administrative costs without BFG	(182.4)	(168.6)	8.2%	(214.6)	-15.0%
Total operating costs	(486.2)	(427.3)	13.8%	(434.1)	12.0%
Total costs without BFG	(400.4)	(374.2)	7.0%	(416.6)	-3.9%
Cost/income ytd - reported	41.9%	49.3%	-7.4 p.p.	47.0%	-5.1 p.p.
Cost/income ytd - adjusted **	35.5%	46.0%	-10.5 p.p.	39.9%	-4.4 p.p.

(*) including depreciation

(**) with equal distribution of BFG resolution fee through the year, without one-off income

Personnel costs amounted to PLN218mn and increased by 6% y/y and by 8% q/q, mainly as a result of higher bonuses in 1Q22 (for performance results in 4Q21) and lower social insurance contribution in the last quarter of the previous year. The Group adjusts the number of its branches and personnel according to its current needs reflecting the growing importance of online channels. At the end of March 2022, the total number of branches was 646 and their number was reduced by 32 outlets vs. the end of March 2021 and by 9 compared to the level at the end of December 2021. The number of Group's employees decreased to 6,842 FTEs at the end of March 2022 and in annual terms it was reduced by 396 FTEs (-5% y/y). Without employees absent due to long leaves ('active FTEs'), the headcount was much lower, i.e. at 6,211 staff.

Employment (FTEs)	31.03.2022	31.03.2021	Change y/y	31.12.2021	Change q/q
Bank Millennium S.A.	6 509	6 914	-5.9%	6 598	-1.3%
Subsidiaries	334	325	2.8%	345	-3.2%
Total Bank Millennium Group	6 842	7 238	-5.5%	6 942	-1.4%
Total BM Group (active* FTEs)	6 211	6 450	-3.7%	6 245	-0.6%

(*) active FTEs denote employees not on long-term leaves

Other administrative costs (including depreciation) reached PLN268mn in 1Q22 and increased by 21% y/y due to higher contribution to BFG mentioned above. Other administrative costs without BFG increased by 8% y/y but decreased visibly by 15% q/q due to higher marketing, legal and advisory costs in the previous quarter. Legal costs resulting from negotiations and litigations with FX mortgage borrowers are additional burden to this cost group (PLN11mn in the reporting quarter). It should be noted that on 19th April the Bank received information from BFG regarding the level of Resolution Fund 2022 contribution of PLN83mn. Consequently, the Bank will still book in 2Q22 PLN35mn of cost not booked in 1Q22.

Cost-to-income ratio for 1Q22 amounted to 41.9% and was lower by 7.4 percentage points vs. the level for 1Q21 (49.3%). Cost-to-income ratio without extraordinary items mentioned above (mainly legal costs and FX losses related to litigations/settlements with FX mortgage borrowers), reached record low level of 35.5% in 1Q22 and was 10.5 percentage points lower compared to 1Q21 level and 4.4 percentage points lower compared to 4Q21.

Net profit (PLNmn)	1Q22	1Q21	Change y/y	4Q21	Change q/q
Operating income	1 159.9	867.0	33.8%	923.1	25.7%
Operating costs *	(486.2)	(427.3)	13.8%	(434.1)	12.0%
Impairment provisions and other cost of risk **	(83.1)	(76.2)	9.0%	(82.0)	1.3%
FX legal risk related provision	(499.2)	(533.4)	-6.4%	(732.0)	-31.8%
Banking tax	(82.0)	(75.0)	9.3%	(82.0)	0.0%
Pre-income tax profit	9.4	(245.0)	-	(407.1)	-
Income tax	(131.8)	(66.3)	98.7%	(101.8)	29.4%
Net profit - reported	(122.3)	(311.3)	-	(508.9)	-
Net profit - adjusted***	485.3	225.5	115.3%	318.8	52.2%

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

(**) including fair value adjustment on loans (PLN2.1mn in 1Q22 and PLN4.1mn in 1Q21) and loans modification effect (PLN-3.8mn in 1Q22 and PLN-3.5mn in 1Q21)

(***) without extraordinary items, i.e. provisions for FX mortgage legal risk, costs of amicable settlements with FX-mortgage borrowers, legal costs related to FX-mortgages and with linear distribution of BFG resolution fund fee

Total cost of risk, which comprised net impairment provisions, fair value adjustment (of a part of credit portfolio) and result on modifications, bore by the Group amounted to PLN83mn in 1Q22 and was 9% higher than in 1Q21 (1% growth q/q).

Risk charges for retail segment in 1Q22 stood at PLN72mn, while for the corporate segment and other they amounted to PLN12mn. In relative terms, the cost of risk (i.e. net charges to average gross loans) for 1Q22 reached 40 basis points, so they were at similar level as 1Q21 (39 basis points).

Additionally, in 1Q22 the Bank continued to create provisions for legal risk related to FX-mortgage portfolio. These were a significant item in P&L statement, reaching PLN499mn (PLN451mn excluding loans generated by former Euro Bank as they are subject to indemnity clauses and guarantees from Societe Generale). The balance of provisions increased to PLN3,872mn or PLN3,572mn excluding loans originated by Euro Bank, the latter being an equivalent of 30.3% of the FX-mortgage portfolio originated by Bank Millennium.

Pre-income tax result in 1Q22 was positive and amounted to PLN9mn (PLN407mn loss in 4Q21). This low level of profit was mostly the result of the above-mentioned high FX-mortgage provisions as the pre-provision profit amounted to PLN674mn and was up 53% y/y. In addition to provisions, banking tax had significant impact on the value of losses decreasing the operating result by PLN82mn.

In 1Q22 the Group reported net loss of PLN122mn (PLN509mn loss in 4Q21). The net loss was reported despite positive pre-tax result due to negative impact of corporate income tax in the amount of PLN 132mn, as most of FX-mortgage legal risk provisions, BFG costs and other items are not tax deductible. Adjusted for the abovementioned extraordinary items (i.a. FX-mortgage related costs) the Group would achieve the net profit of PLN485mn in 1Q22, which is 115% higher compared to adjusted 1Q21 net profit of PLN225mn and 52% higher vs. 4Q21 adjusted profit (PLN319mn).

Loans and advances to clients

Total net loans of Bank Millennium Group reached PLN78,703mn as at the end of March 2022 and grew 5% y/y (stable vs. the previous quarter). The growth of loans without foreign currency mortgage portfolio was visibly higher, at 13% y/y. FX mortgage loans net of provisions decreased visibly during the last twelve months (down 29%) and the share of FX mortgage loans (excluding these taken over with Euro Bank) in total gross loans has dropped substantially during the year to 10.7% from 15.8% a year ago.

The net value of loans to households amounted to PLN59,483mn as at the end of March 2022, showing a growth of 6% y/y (stable quarterly). Within this line, PLN mortgages grew strongly by 24% y/y. In 1Q22 disbursements of mortgage loans reached PLN2bn keeping high, although lower level than in 1Q21 (PLN2.1bn).

The net value of consumer loans reached PLN15,649mn growing by 2% y/y (-1% q/q). Origination of cash loans in 1Q22 reached the value of PLN1.1bn and was lower compared to PLN1.3bn a quarter ago.

Net value of loans to companies amounted to PLN19,220mn as at the end of March 2022 and increased by 4% y/y (+1% q/q) supported by rebound in leasing business (+9% y/y), after a period of deceleration due to adverse effect of the COVID-19 pandemic on new lending to companies.

The structure and evolution of loans to clients of the Group is presented in the table below:

Loans and advances to clients (PLNmn)	31.03.2022	31.03.2021	Change y/y	31.12.2021	Change q/q
Loans to households	59 483.0	56 161.9	5.9%	59 545.8	-0.1%
- PLN mortgage loans	34 616.4	27 851.1	24.3%	33 915.8	2.1%
- FX mortgage loans	9 217.2	12 935.5	-28.7%	9 797.1	-5.9%
- of which Bank Millennium loans	8 512.5	11 976.6	-28.9%	9 046.6	-5.9%
- of which ex-Euro Bank loans	704.7	959.0	-26.5%	750.6	-6.1%
- consumer loans	15 649.4	15 375.2	1.8%	15 832.8	-1.2%
Loans to companies and public sector	19 219.6	18 473.8	4.0%	19 057.5	0.9%
- leasing	6 812.7	6 277.9	8.5%	6 805.5	0.1%
- other loans to companies and factoring	12 406.9	12 195.9	1.7%	12 252.0	1.3%
Net loans & advances to clients	78 702.6	74 635.7	5.4%	78 603.3	0.1%
Net loans and advances to clients excluding FX mortgage loans	69 485.4	61 700.1	12.6%	68 806.2	1.0%
Impairment write-offs	2 480.0	2 424.5	2.3%	2 440.6	1.6%
Gross* loans and advances to clients	81 182.6	77 060.2	5.3%	81 043.9	0.2%

(* Including, besides provisions for credit risk, also fair value adjustment of loan portfolio presented in fair value as well as modification. Includes also IFRS9 initial adjustment. Gross loan portfolio in this case presents value of loans and advances before mentioned provisions and adjustments.

Customers' deposits

The evolution of clients deposits is presented in the table below:

Customer deposits (PLN million)	31.03.2022	31.03.2021	Change y/y	31.12.2021	Change q/q
Deposits of individuals	64 271.5	64 263.6	0.0%	66 022.1	-2.7%
Deposits of companies and public sector	33 033.3	23 991.0	37.7%	25 425.4	29.9%
Total deposits	97 304.8	88 254.6	10.3%	91 447.5	6.4%

Total deposits amounted to PLN97,305mn as at 31 March 2022 and presented a considerable increase by 10% y/y (+6% q/q).

The main driver of this growth were deposits of companies and public sector, which reached PLN33,033mn as at the end of March 2022 translating into a very strong growth of 38% y/y (+30% q/q).

Deposits of individuals reached PLN64,272mn as on 31 March 2022, keeping the same level as 12 months ago and decreasing by 3% q/q. Out of this item, term deposits grew by 3% y/y whereas current and saving accounts of individuals fell by 1% y/y.

LIQUIDITY, ASSET QUALITY AND SOLVENCY

The liquidity position of Bank Millennium Group remained strong during 1Q22. LCR ratio at 151% as at the end of March 2022 was materially above the 100% minimum. Loan-to-deposit ratio remained at low level of 81% and the share of liquid securities (mainly treasury bonds and NBP bills) in Group's total assets remained considerable at 16%.

Group loans quality and liquidity indicators (PLNmnn)	1Q 2022	1Q 2021	Change y/y	4Q21	Change q/q
Total impaired loans	3 654	3 773	-119	3 557	97
Impairment provisions	2 420	2 314	106	2 375	45
FV correction	60	111	-51	66	-6
Total impairment provisions and FV correction	2 480	2 425	55	2 441	39
Impaired over total loans ratio (%)	4.44%	4.85%	-0.41%	4.39%	0.06%
Loans past-due over 90 days /total loans (%)	2.28%	2.61%	-0.33%	2.27%	0.01%
Coverage ratio (Total provisions + FV correction/impaired loans) (%)	68.74%	64.27%	4.48%	68.62%	0.12%
Total provisions and FV correction/loans past-due (>90d) (%)	134.26%	119.66%	14.59%	132.56%	1.70%
Liquidity Coverage Ratio (LCR) for Group	151%	178%	-20pp	150%	1pp

The Group continued to exhibit a very good asset quality among Polish banks: the share of impaired loans in total loan portfolio remained at the low level of 4.44%. The share of loans past-due more than 90 days in total portfolio decreased from 2.61% in March 2021 to 2.28% at the end of March 2022.

Coverage ratio of impaired loans increased significantly during the year from 64,27% at the end of March 2021 to 68.74% at the end of March 2022. Coverage of loans past-due by more than 90 days also increased during the year from 119.66% up to 134.26%, because of increase of provisions level on delayed cases.

The dynamics of the impaired loan ratio shows decreasing trends in all product segments. In the retail portfolio, there was an improvement y/y for mortgage loans - a decrease from 2.45% in March 2021 and 2.17% at the end of 2021 to 2.14%, the same as other retail products showed a decrease from 11.00% to 10.50% at the end of March 2022. A slight improvement was observed in the leasing portfolio (from 3.97% to 3.91%). In the corporate portfolio, the ratio was improved from 4.9% to 4.2%.

War in Ukraine - impact on credit portfolio

On 24 February 2022 Russia invaded Ukraine causing dramatic humanitarian crisis and significant changes in the economic environment. The international community reacted with implementation of sanctions against Russia and Belarus and revising strategic assumptions regarding international economy. The business relations with Russian and Belarusian governments and companies have been significantly reduced, which will have indirect consequences in the form of limited supply and rising prices of some raw materials on global market, disrupted supply chains and high prices of energy. The overall consequences of changes in the economic situation are not fully known and requires strict monitoring and adequate mitigation actions when identified.

Impact on Bank Millennium portfolio - March 2022

Retail: The portfolio to citizens of Ukraine that are resident in Poland amounts to approximately PLN1.1bn what represents 1.7% of Bank's retail portfolio and approx. 1.2% of the Group Loan Portfolio. Consumer Loans represents 56% the portfolio to citizens of Ukraine, while remaining part are Mortgage Loans granted to finance real estates in Poland. Bank has already implemented dedicated strict monitoring of quality of portfolio to foreigners and implemented efficient risk management measures in this portfolio. As of March 2022, Bank does not observe signs of deterioration of quality of portfolio, i.e., level of NPL and overdue structure of performing portfolio remains stable.

Corporate: The BM Group does not finance residents from Ukraine, Belarus, Russia. After the conflict broke out in Ukraine, the BM reviewed the corporate credit exposures potentially affected by the consequences of the conflict. As a result of the review, it was concluded that currently exposure to Polish enterprises for which it was assessed that the conflict in Ukraine may potentially have a direct negative impact on their operations (using as criteria more than 15% of share in the structure of suppliers, or share of sales to those 3 countries above 15% or dominant shareholding capital from those countries, or direct capital investments in those countries exceeding 15% of equity) amounts to approximately PLN501mn, which is 1.9% of the BM Group's enterprises portfolio and approximately 0.5% of the BM Group's loan portfolio (data as of 28.02.2022, balance sheet and off-balance sheet exposure). Currently, the situation of these companies did not require reclassification to the non-performing category.

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) 2019/876 of the European Parliament and of the Council as of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertaking, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (CRR II).

In 1Q22 compared to the previous quarter, Group TCR decreased (by 108bp), and regarding T1 and CET1 the change was similar (decrease by 111bp).

Main capital indicators* (PLNmn)	1Q 2022	1Q 2021	Change y/y	4Q21	Change q/q
Risk-weighted assets (RWA) for Group	48 956.9	50 078.1	-1 121.2	49 443.0	-486.1

Risk-weighted assets (RWA) for Bank	48 713.9	49 572.7	-858.8	48 895.7	-181.8
Own funds requirements for Group	3 916.6	4 006.2	-89.6	3 955.4	-38.9
Own funds requirements for Bank	3 897.1	3 965.8	-68.7	3 911.7	-14.5
Own funds for Group	7 824.7	9 701.0	-1 876.3	8 436.3	-611.6
Own funds for Bank	7 821.4	9 487.8	-1 666.4	8 397.1	-575.7
Total Capital Ratio (TCR) for Group	15.98%	19.37%	-3.4	17.06%	-1.1
Minimum required level TCR	13.54%	14.10%	-0.6	13.54%	0.0
Total Capital Ratio (TCR) for Bank	16.06%	19.14%	-3.1	17.17%	-1.1
Tier 1 ratio for Group	12.86%	16.32%	-3.5	13.97%	-1.1
Minimum required level T1	10.84%	11.27%	-0.4	10.84%	0.0
Tier 1 ratio for Bank	12.92%	16.05%	-3.1	14.04%	-1.1
Common Equity Tier 1 (=T1) ratio for Group	12.86%	16.32%	-3.5	13.97%	-1.1
Minimum required level CET1	8.81%	9.13%	-0.3	8.81%	0.0
Common Equity Tier 1 (=T1) ratio for Bank	12.92%	16.05%	-3.1	14.04%	-1.1
Leverage Ratio (LR) for Group	5.66%	7.62%	-2.0	6.46%	-0.8

(*) Capital ratios are calculated according to transitional arrangements mitigating the impact of IFRS9 implementation on CET 1 capital.

The drop of capital ratios was driven mainly by the fall of own funds by PLN612mn (by 7.2%), being before all a result of an increase of a negative valuation of State Treasury securities and, to a smaller extent, recognition of net financial loss. From the other hand, a reduction of risk-weighted assets by PLN486mn (by 1%) eased a negative effect of capital base decrease.

Minimum required level of capital includes:

- Pillar II RRE FX buffer - KNF recommendation to maintain additional own funds for the coverage of additional capital requirements to secure the risk resulting from FX mortgage loans granted to households, in line with art. 138.1.2a of Banking Act. A value of that buffer is defined for banks by KNF every year because of Supervisory review and Evaluation process (SREP) and relates to risk that is - in KNF's opinion - inadequately covered by minimum own funds requirements, set in CRR art. 92. At present, the buffer was set by KNF in recommendations issued in the end of 2021 in the level of 2.82pp (Bank) and 2.79pp (Group) as for Total Capital Ratio (TCR), which corresponds to capital requirements over Tier 1 ratio of 2.11pp in the Bank and of 2.09pp in the Group, and which corresponds to capital requirements over CET 1 ratio of 1.58pp in the Bank and 1.56pp in the Group;
- Combined buffer - defined in Act on macro prudential supervision over the financial system and crisis management - that consists of:
 - Capital conservation buffer at the level of 2.5%,
 - Other systemically important institution buffer (OSII) - at the level of 0.25%, and the value is set by KNF every year,
 - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
 - Countercyclical buffer at the 0% level.

In February 2022, the Bank received a recommendation to maintain, on an individual and consolidated level, own funds to cover an additional capital charge ("P2G") in order to absorb potential losses resulting from the occurrence of stresses, at the level of 0.89 pp over the OCR value (Pillar II Guidance or "P2G"). According to the recommendation, the additional capital charge should consist of common equity Tier 1 capital (CET1 capital).

The Bank received the joint decision of the resolution authorities obliging to meet MREL requirements. At the moment of communication of the decision, the Bank at the consolidated level is obliged to meet the minimum MREL_{trea} requirements of 15.60% and MREL_{tem} of 3.00%. At the individual level, the minimum MREL_{trea} was set at 15.55% and MREL_{tem} 3.00%. Additionally, the above mentioned

decision sets updated minimum requirements that must be met by December 31, 2023, along with mid-term objectives. Having reference to that, the Bank prepared a Eurobond Issue Programme of the total nominal value not higher than EUR 3 billion, what was communicated in a current report in January 2022. Senior unsecured bonds, which may be issued under the Programme were assigned (P)Baa3 rating by Moody's Investor Service, what was communicated in a current report in April 2022.

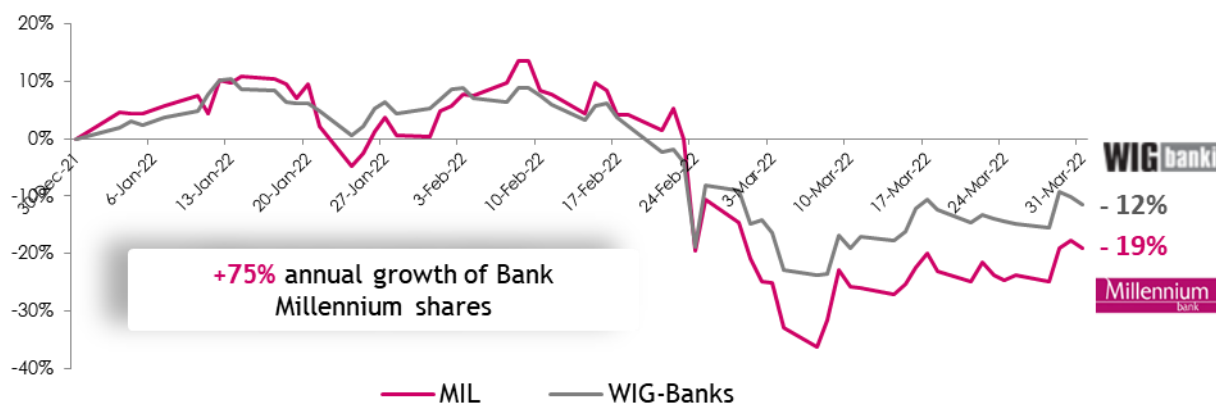
INFORMATION ON SHARES AND RATINGS

Following strong equity returns in 2021, 1Q22 brought an abrupt end with an outbreak of war in Ukraine on February 24 sending prices of equities, bonds, FX and many other asset classes spiralling down. On the day of the Russian attack on Ukraine, WIG index lost 11% and the WIG-Banks index lost 15%. Equity markets started to recover in early March with recovering CEE currencies and somewhat lessened risk aversion towards the whole CEE region. The uptrend lasted until the end of March, when heightened stagflation (or GDP growth slowdown risk at the very least) risks started to outweigh seemingly attractive valuations and Polish equities returned to their downward trend.

All in all, 1Q22 brought 6% drop of WIG index, 12% drop of WIG Bank and 19% of Bank Millennium's share price.

During the 12 months ending 31 March 2022, WIG broad market index grew 12%, WIG20 index of largest companies grew 10%, while WIG Banks index grew 41%, At the same time Bank Millennium shares gained 75%.

Bank Millennium: ytd share price performance vs. WIG Banks



In 1Q22, the average daily turnover of Bank Millennium shares was 30% higher compared to the same period last year.

Market ratios	31.03.2022	30.03.2021	Change	30.12.2021 (*)	Change y/y
Number of Bank's shares ('000)	1 213 117	1 213 117	0.0%	1 213 117	0.0%
Average daily turnover in annual terms (in PLN'000)	12 274	9 469	29,6%	8 177	
Bank's share price (PLN)	6.63	3,78	75.1%	8.195	-19.2%
Market capitalisation of the Bank (PLNmn)	8 037	4 590	75.1%	9 941	-19.2%
WIG Banks	7 644	5 432	40.7%	8 640	-11.5%
WIG20	2 133	1 939	10.0%	2 267	-5,9%
WIG30	2 590	2 298	12.7%	2 765	-6.3%
WIG - main index	64 900	58 082	11.7%	69 296	-6.3%

(*) the last day of quotation in 2021

Bank Millennium shares are constituents of the following WSE indices: WIG, WIG Banks, WIG 30, mWIG 40, WIG Poland and WIG-ESG.

Bank Millennium tickers: ISIN PLBIG0000016, Bloomberg MIL PW, Reuters MILP.WA.

Ratings of Bank Millennium

On 27 January 2022, rating agency Moody's affirmed Bank Millennium S.A.'s (BM) long and short-term bank deposit ratings at Baa1/Prime-2, both the Baseline Credit Assessment (BCA) and Adjusted BCA at baa3, the Counterparty Risk Assessment (CRA) at A3(cr)/Prime-2(cr) and the Counterparty Risk Ratings (CRR) at A3/Prime-2. Concurrently, Moody's maintains a stable outlook on BM's long-term deposit ratings. The rating affirmation reflects Moody's expectation that the bank will be able to absorb adverse impacts from its legacy Swiss franc mortgages exposure over the next 12 to 18 months, based on the bank's strong financial flexibility, a result of above-peer efficiency and revenue generation (details in CR 3/2022, [Current reports - Investor relations - Bank Millennium](#)).

The Bank's corporate ratings, as at 31 March 2022, please find in the table below.

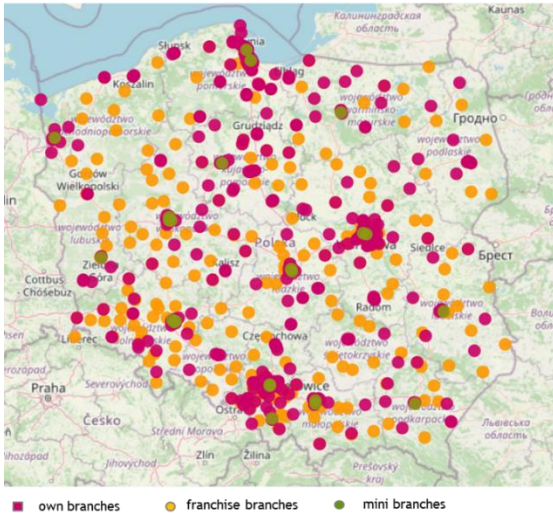
Rating	MOODY'S	FITCH
Long-term deposit rating/IDR	Baa1 (stable outlook)	BBB- (negative outlook)
National long-term IDR	-	A(pol) (negative outlook)
Short-term deposit rating	Prime-2	F-3
Viability / standalone BCA rating	baa3	bbb-
Counterparty Risk Rating (CRR)	A3/Prime-2	-
Support Rating		4

On April 7, 2022, rating agency Moody's Investors Service (Moody's Deutschland GmbH) has assigned (P)Baa3 junior senior unsecured EMTN program ratings to the Bank. All other ratings and assessments remained unaffected by this rating action ([Rating of EUR3bn EMTN programme by Moody's](#)).

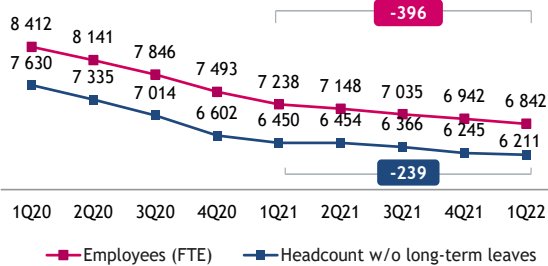
SUPPLEMENTARY DATA

Bank Millennium is a universal bank, offering a broad range of services to retail and corporate customers via a network of 646 branches (including 428 own branches and 218 franchise branches), and electronic banking channels. Bank Millennium is Poland's 7th largest bank by assets. It employs 6 842 people (FTEs).

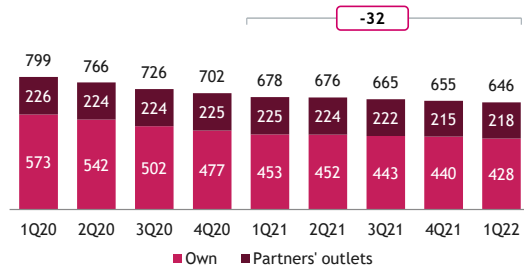
Distribution network and staff



Employees

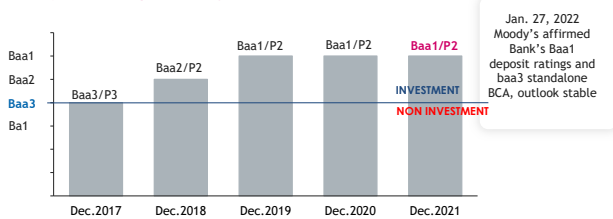


Branches

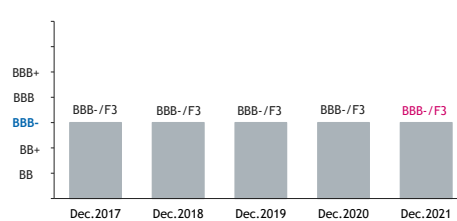


Rating history

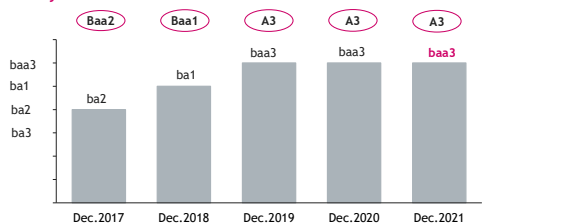
Moody's LT/ST Deposit Rating



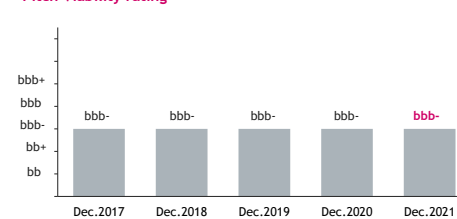
Fitch LT



Moody's BCA



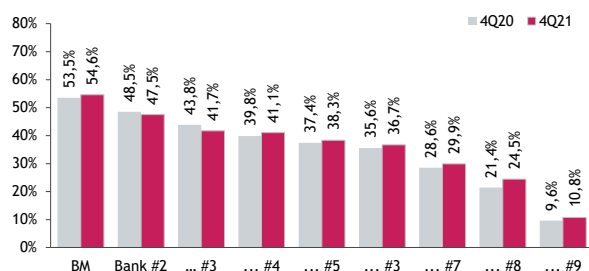
Fitch Viability rating



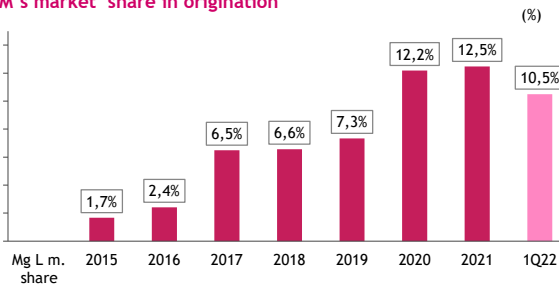
(*) (CR) LT Counterparty Risk Assessment - new rating introduced in May 2015, in line with Moody's revised bank rating methodology.

Mortgage loans

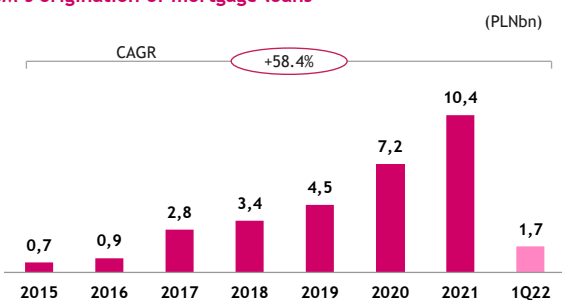
Share of mortgage loans in total portfolio (top 9 banks) (%)



BM's market share in origination (%)



BM's origination of mortgage loans (PLNbn)



Date	Name and surname	Position/Function	Signature
27.04.2022	Joao Bras Jorge	Chairman of the Management Board	Signed by a qualified electronic signature
27.04.2022	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature
27.04.2022	Wojciech Haase	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Andrzej Gliński	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Wojciech Rybak	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Antonio Pinto Junior	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Jarostaw Hermann	Member of the Management Board	Signed by a qualified electronic signature

CONSOLIDATED REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR 1ST QUARTER OF 2022

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL
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1. GENERAL INFORMATION ABOUT 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 centres, individual advisors and mobile 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, 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 a parent company of a Bank Millennium Capital Group (the Group) with almost 6,900 employees with core business comprising banking (including mortgage bank), leasing, factoring, brokerage, capital operations, investment fund management and web portals activity.

Supervisory Board and Management Board of Bank Millennium S.A. as at 31 March 2022

Composition of the Supervisory Board as at 31 March 2022 was as follows:

- Bogusław Kott - Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado - Deputy Chairman of the Supervisory Board,
- Dariusz Rosati - Deputy Chairman and Secretary of the Supervisory Board,
- Miguel de Campos Pereira de Bragança - Member of the Supervisory Board,
- Olga Grygier-Siddons - Member of the Supervisory Board,
- Anna Jakubowski - Member of the Supervisory Board,
- Grzegorz Jędrys - Member of the Supervisory Board,
- Alojzy Nowak - Member of the Supervisory Board,
- Jose Miguel Bensliman Schorcht da Silva Pessanha - Member of the Supervisory Board
- Miguel Maya Dias Pinheiro - Member of the Supervisory Board,
- Beata Stelmach - Member of the Supervisory Board,
- Lingjiang Xu - Member of the Supervisory Board.

Composition of the Management Board as at 31 March 2022 was as follows:

- Joao Nuno Lima Bras Jorge - Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho - Deputy Chairman of the Management Board,
- Wojciech Haase - Member of the Management Board,
- Andrzej Gliński - Member of the Management Board,
- Wojciech Rybak - Member of the Management Board,
- Antonio Ferreira Pinto Junior - Member of the Management Board,
- Jarosław Hermann - Member of the Management Board.

Capital Group of Bank Millennium S.A.

The Group's parent entity is Bank Millennium S.A. while the ultimate parent entity of the Bank Millennium S.A. is the Banco Comercial Portugues - company listed on the stock exchange in Lisbon. The companies that belong to the Capital Group as at 31 March 2022, are presented by the table below:

Company	Activity domain	Head office	% of the Group's capital share	% of the Group's voting share	Recognition in financial statements
MILLENNIUM BANK HIPOTECZNY S.A.	mortgage bank	Warsaw	100	100	full consolidation
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warsaw	100	100	full consolidation
MILLENNIUM DOM MAKLECKI S.A.	brokerage services	Warsaw	100	100	full consolidation
MILLENNIUM TFI S.A.	investment funds management	Warsaw	100	100	full consolidation
MILLENNIUM SERVICE Sp. z o.o.	rental and management of real estate, insurance and brokers activity	Warsaw	100	100	full consolidation
MILLENNIUM GOODIE Sp. z o.o.	web portals activity	Warsaw	100	100	full consolidation
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
MILLENNIUM FINANCIAL SERVICES Sp. z o.o.	the company is not yet operating	Warsaw	100	100	full consolidation
Piast Expert Sp. z o.o. in liquidation	marketing services	Tychy	100	100	full consolidation
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	furniture manufacturer	Świebodzin	50 (+1 share)	50 (+1 share)	equity method valuation *

* Despite having a control over the Lubuskie Fabryki Mebli S.A., due to insignificant nature of this company 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 enterprise.

2. INTRODUCTION AND ACCOUNTING POLICY

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union. 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 2021.

Pursuant to the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757) the Bank is required to publish financial data for the three months ending March 31, 2022.

Condensed interim consolidated financial statements of the Group prepared for the period from 1 January 2022 to 31 March 2022:

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

The Management Board approved these condensed consolidated interim financial statements on 25th April 2022.

Changes of applied accounting principles introduced in 2021

In 2021, the Bank (and in consequence - the Group) changed the accounting policy regarding the recognition of provisions for future claims related to active CHF mortgage loans in the balance sheet. As a result of changes in market conditions, such as the growing number of unfavourable court judgments declaring the entire agreement or certain provisions of these credits to be invalid, the Bank does not expect that all contractual cash flows related to these loans will be recovered. As a result, commencing from 2021, the Bank allocates provisions for future claims and recognizes them as a reduction of the gross carrying amount of loans for which a decrease in future cash flows is expected, in accordance with paragraph B5.4.6 of IFRS 9 "Financial Instruments" (previously provisions for future claims used to be recognized in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"). As a result of the above change, the approach applied in accordance with IAS 37 will be continued only with regard to claims relating to already repaid (or almost fully repaid) receivables not recognised in the Bank's balance sheet.

In the opinion of the Bank, this way of presentation better reflects the risk related to FX mortgage loans and enables the users of the financial statements a better assessment of the Bank's balance sheet. Additionally, it is a change adjusting the Bank's accounting standards to the majority market practice applied by the banking sector in this area.

In order to ensure comparability, the Bank has made appropriate adjustments to comparable data in the balance sheet as at March 31, 2021

Balance sheet item	Data presented previously in consolidated financial statements as at March 31, 2021	Value of adjustment	Data presented in these consolidated financial as at March 31, 2022
31.03.2021			
Loans and advances to customers valued at amortised cost	75 310 727	(675 075)	74 635 652
Provisions	1 148 259	(675 075)	473 184

Changes of presentation introduced in 2021

The Group changed the presentation of interest on derivatives not covered by formal hedge accounting. According to the Group's verified assessment, these revenues, even though they are related with instruments included in the trading portfolio, but according to the economic sense of cash flows from these transactions, constitute interest income and should be an element of the interest margin, not one of the components of the financial instrument valuation, as it was previously the case. In view of the above, the Group, starting from 2021, presents the interest in the Income statement as part of the "Net interest income", while previously this interest was included in the item "Results on financial assets and liabilities held for trading". In order to ensure comparability, the Group has made appropriate adjustments to the comparable data in the Income statement as presented below.

Income statement line	Data presented previously in consolidated financial statements as at March 31, 2021	Value of adjustment	Data presented in these consolidated financial statements as at March 31, 2022
1.01.2021 - 31.03. 2021			
Interest income and other of similar nature	652 138	2 794	654 932
Results on financial assets and liabilities held for trading	(1 014)	(2 794)	(3 808)

3. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Net interest income		961 039	622 294
Interest income and other of similar nature	1	1 059 315	654 932
Income calculated using the effective interest method		1 065 655	635 303
Interest income from Financial assets at amortised cost		983 669	598 294
Interest income from Financial assets at fair value through other comprehensive income		81 986	37 009
Result of similar nature to interest from Financial assets at fair value through profit or loss		(6 340)	19 629
Interest expenses	2	(98 276)	(32 638)
Net fee and commission income		220 816	204 777
Fee and commission income	3	267 907	245 994
Fee and commission expenses	4	(47 091)	(41 217)
Dividend income		299	136
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	(719)	863
Results on financial assets and liabilities held for trading	6	(2 735)	(3 808)
Result on non-trading financial assets mandatorily at fair value through profit or loss	7	10 826	8 116
Result on hedge accounting		(2 670)	890
Result on exchange differences		(63 141)	23 155
Other operating income		73 597	43 636
Other operating expenses		(35 328)	(29 020)
Administrative expenses	8	(434 626)	(375 885)
Impairment losses on financial assets	9	(78 762)	(74 370)
Impairment losses on non-financial assets		(2 622)	(2 377)
Provisions for legal risk connected with FX mortgage loans	10	(499 180)	(533 403)
Result on modification		(3 777)	(3 545)
Depreciation		(51 602)	(51 448)
Share of the profit of investments in subsidiaries		0	0
Banking tax		(81 984)	(75 041)
Profit before income taxes		9 431	(245 030)
Corporate income tax	11	(131 771)	(66 308)
Profit after taxes		(122 340)	(311 338)
Attributable to:			
Owners of the parent		(122 340)	(311 338)
Non-controlling interests		0	0
Weighted average number of outstanding ordinary shares (pcs.)		1 213 116 777	1 213 116 777
Profit (loss) per ordinary share (in PLN)		(0.10)	(0.26)

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Profit after taxes	(122 340)	(311 338)
Other comprehensive income items that may be (or were) reclassified to profit or loss	(465 713)	(113 955)
Result on debt securities	(394 387)	(86 101)
Hedge accounting	(71 326)	(27 854)
Other comprehensive income items that will not be reclassified to profit or loss	(4)	1
Actuarial gains (losses)	0	0
Result on equity instruments	(4)	1
Total comprehensive income items before taxes	(465 717)	(113 954)
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	88 485	21 652
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	1	0
Total comprehensive income items after taxes	(377 231)	(92 302)
Total comprehensive income for the period	(499 571)	(403 640)
Attributable to:		
Owners of the parent	(499 571)	(403 640)
Non-controlling interests	0	0

CONSOLIDATED BALANCE SHEET
ASSETS

<i>Amount '000 PLN</i>	<i>Note</i>	<i>31.03.2022</i>	<i>31.12.2021</i>	<i>31.03.2021</i>
Cash, cash balances at central banks		8 285 941	3 179 736	2 360 647
Financial assets held for trading	12	289 033	172 483	389 800
Derivatives		188 433	85 900	225 639
Equity instruments		121	145	280
Debt securities		100 479	86 438	163 881
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers		257 121	265 903	255 143
Equity instruments		122 786	138 404	203 707
Debt securities		134 335	127 499	51 436
Financial assets at fair value through other comprehensive income	13	17 707 350	17 997 699	22 755 127
Equity instruments		28 727	28 727	29 547
Debt securities		17 678 623	17 968 972	22 725 580
Loans and advances to customers	14	78 702 577	78 603 326	74 635 652
Mandatorily at fair value through profit or loss		296 693	362 992	1 632 385
Valued at amortised cost		78 405 884	78 240 334	73 003 267
Financial assets at amortised cost other than Loans and advances to customers	15	1 801 672	1 076 456	668 273
Debt securities		789 465	37 088	38 902
Deposits, loans and advances to banks and other monetary institutions		986 269	770 531	605 247
Reverse sale and repurchase agreements		25 938	268 837	24 124
Derivatives - Hedge accounting	16	52 245	14 385	33 301
Investments in subsidiaries, joint ventures and associates		0	0	0
Tangible fixed assets		552 168	549 788	555 651
Intangible fixed assets		383 648	392 438	373 624
Income tax assets		775 255	785 750	682 678
Current income tax assets		19 734	8 644	2 690
Deferred income tax assets	18	755 521	777 106	679 988
Other assets		933 377	857 650	632 833
Non-current assets and disposal groups classified as held for sale		15 578	18 294	23 452
Total assets		109 755 965	103 913 908	103 366 182

LIABILITIES AND EQUITY

<i>Amount '000 PLN</i>	<i>Note</i>	31.03.2022	31.12.2021	31.03.2021
LIABILITIES				
Financial liabilities held for trading	12	219 321	143 016	83 964
Derivatives		198 498	126 402	74 513
Liabilities from short sale of securities		20 823	16 614	9 451
Financial liabilities measured at amortised cost		99 539 430	93 585 673	91 052 766
Liabilities to banks and other monetary institutions	19	646 646	539 408	825 526
Liabilities to customers	20	97 304 820	91 447 515	88 254 606
Sale and repurchase agreements	21	27	18 038	9 980
Debt securities issued	22	39 644	39 568	423 600
Subordinated debt	23	1 548 293	1 541 144	1 539 054
Derivatives - Hedge accounting	16	661 003	614 573	485 502
Provisions	24	721 054	595 530	473 184
Pending legal issues		681 782	551 176	419 578
Commitments and guarantees given		39 272	44 354	53 606
Income tax liabilities		1 630	1 496	35 012
Current income tax liabilities		1 630	1 496	35 012
Deferred income tax liabilities	18	0	0	0
Other liabilities		2 415 852	2 276 374	2 548 419
Total Liabilities		103 558 290	97 216 662	94 678 847
EQUITY				
Share capital		1 213 117	1 213 117	1 213 117
Own shares		(21)	(21)	(21)
Share premium		1 147 502	1 147 502	1 147 502
Accumulated other comprehensive income		(1 235 864)	(858 633)	107 554
Retained earnings		5 072 941	5 195 281	6 219 183
Total equity		6 197 675	6 697 246	8 687 335
Total equity and total liabilities		109 755 965	103 913 908	103 366 182
Book value of net assets		6 197 675	6 697 246	8 687 335
Number of shares (pcs.)		1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN)		5.10	5.52	7.16

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total consolidated equity	Share capital	Own shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2022 - 31.03.2022							
Equity at the beginning of the period	6 697 246	1 213 117	(21)	1 147 502	(858 633)	(1 198 425)	6 393 706
Total comprehensive income for period (net)	(499 571)	0	0	0	(377 231)	(122 340)	0
net profit/ (loss) of the period	(122 340)	0	0	0	0	(122 340)	0
valuation of debt securities	(319 454)	0	0	0	(319 454)	0	0
valuation of shares	(3)	0	0	0	(3)	0	0
hedge accounting	(57 774)	0	0	0	(57 774)	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	1 388 118	(1 388 118)
Equity at the end of the period	6 197 675	1 213 117	(21)	1 147 502	(1 235 864)	67 353	5 005 588
01.01.2021 - 31.12.2021							
Equity at the beginning of the period	9 090 976	1 213 117	(21)	1 147 502	199 857	156 258	6 374 263
Total comprehensive income for period (net)	(2 390 356)	0	0	0	(1 058 490)	(1 331 866)	0
net profit/ (loss) of the period	(1 331 866)	0	0	0	0	(1 331 866)	0
valuation of debt securities	(791 803)	0	0	0	(791 803)	0	0
valuation of shares	(666)	0	0	0	(666)	0	0
hedge accounting	(270 938)	0	0	0	(270 938)	0	0
actuarial gains/losses	4 917	0	0	0	4 917	0	0
Purchase and transfer of own shares to employees	(3 374)	0	0	0	0	0	(3 374)
Transfer between items of reserves	0	0	0	0	0	(22 817)	22 817
Equity at the beginning of the period	6 697 246	1 213 117	(21)	1 147 502	(858 633)	(1 198 425)	6 393 706
01.01.2021 - 31.03.2021							
Equity at the beginning of the period	9 090 976	1 213 117	(21)	1 147 502	199 857	156 258	6 374 263
Total comprehensive income for period (net)	(403 641)	0	0	0	(92 303)	(311 338)	0
net profit/ (loss) of the period	(311 338)	0	0	0	0	(311 338)	0
valuation of debt securities	(69 742)	0	0	0	(69 742)	0	0
valuation of shares	1	0	0	0	1	0	0
hedge accounting	(22 562)	0	0	0	(22 562)	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(15 636)	15 636
Equity at the end of the period	8 687 335	1 213 117	(21)	1 147 502	107 554	(170 716)	6 389 899

CONSOLIDATED CASH FLOW STATEMENT
A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Profit (loss) after taxes	(122 340)	(311 338)
Total adjustments:	6 415 691	5 667 833
Interest received	1 000 765	639 047
Interest paid	(79 148)	(37 496)
Depreciation and amortization	51 602	51 448
Foreign exchange (gains)/ losses	0	0
Dividends	(299)	(136)
Changes in provisions	125 524	314 534
Result on sale and liquidation of investing activity assets	645	(1 685)
Change in financial assets held for trading	(228 276)	(40 090)
Change in loans and advances to banks	(30 507)	231 664
Change in loans and advances to customers	(1 010 492)	(1 607 681)
Change in receivables from securities bought with sell-back clause (loans and advances)	239 707	42 227
Change in financial liabilities valued at fair value through profit and loss (held for trading)	122 736	(337 937)
Change in deposits from banks	168 600	(174 787)
Change in deposits from customers	5 923 886	6 780 343
Change in liabilities from securities sold with buy-back clause	(10 814)	(238 581)
Change in debt securities	393	(134 229)
Change in income tax settlements	131 671	66 554
Income tax paid	(32 557)	(56 741)
Change in other assets and liabilities	24 402	180 872
Other	17 854	(9 493)
Net cash flows from operating activities	6 293 351	5 356 495

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Inflows:	5 511	29 648
Proceeds from sale of property, plant and equipment and intangible assets	5 212	29 512
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	0	0
Other	299	136
Outflows:	(371 977)	(1 828 446)
Acquisition of property, plant and equipment and intangible assets	(11 015)	(10 822)
Acquisition of shares in related entities	0	0
Acquisition of investment financial assets	(360 962)	(1 817 624)
Other	0	0
Net cash flows from investing activities	(366 466)	(1 798 798)

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Inflows from financing activities:	0	0
Long-term bank loans	0	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(66 978)	(67 651)
Repayment of long-term bank loans	(55 000)	(55 000)
Redemption of debt securities	0	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Other outflows from financing activities	(11 978)	(12 651)
Net cash flows from financing activities	(66 978)	(67 651)
D. Net cash flows. Total (A + B + C)	5 859 907	3 490 046
- including change resulting from FX differences	2 375	3 986
E. Cash and cash equivalents at the beginning of the reporting period	3 372 244	1 586 434
F. Cash and cash equivalents at the end of the reporting period (D + E)	9 232 151	5 076 480

4. NOTES TO CONSOLIDATED FINANCIAL DATA

1) INTEREST INCOME AND OTHER OF SIMILAR NATURE

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Interest income from Financial assets at fair value through other comprehensive income	81 986	37 009
Debt securities	81 986	37 009
Interest income from Financial assets at amortised cost	983 668	598 294
Balances with the Central Bank	12 837	100
Loans and advances to customers	938 577	569 973
Debt securities	345	151
Deposits, loans and advances to banks	2 269	15
Transactions with repurchase agreements	3 191	0
Hedging derivatives	26 449	28 055
Result of similar nature to interest, including:	(6 339)	19 629
Loans and advances to customers mandatorily at fair value through profit or loss	7 674	16 670
Financial assets held for trading - derivatives	(14 548)	2 794
Financial assets held for trading - debt securities	535	165
Total	1 059 315	654 932

In the line „Hedging derivatives” the Group presents net interest income from derivatives set as and being effective cash flow and fair value hedges. A detailed description of the hedging relations used by the Group is presented in note (16).

Interest income for the I quarter 2022 contains interest accrued on impaired loans in the amount of PLN 21,593 thous. (for corresponding data in the year 2021 the amount of such interest stood at PLN 24,793 thous.).

2) INTEREST EXPENSES AND OTHER OF SIMILAR NATURE

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Financial liabilities measured at amortised cost	(98 276)	(32 637)
Liabilities to banks and other monetary institutions	(6 362)	(1 916)
Liabilities to customers	(64 577)	(17 700)
Transactions with repurchase agreement	(7 197)	(5)
Debt securities issued	(317)	(1 332)
Subordinated debt	(17 819)	(9 641)
Liabilities due to leasing agreements	(2 004)	(2 043)
Other	0	(1)
Total	(98 276)	(32 638)

3) FEE AND COMMISSION INCOME

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Resulting from accounts service	40 489	39 152
Resulting from money transfers, cash payments and withdrawals and other payment transactions	21 326	18 480
Resulting from loans granted	59 976	50 876
Resulting from guarantees and sureties granted	3 876	3 229
Resulting from payment and credit cards	60 960	51 735
Resulting from sale of insurance products	41 136	38 710
Resulting from distribution of investment funds units and other savings products	11 351	17 153
Resulting from brokerage and custody service	5 002	5 070
Resulting from investment funds managed by the Group	16 433	15 189
Other	7 358	6 400
Total	267 907	245 994

4) FEE AND COMMISSION EXPENSE

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Resulting from accounts service	(2 759)	1 628
Resulting from money transfers, cash payments and withdrawals and other payment transactions	(1 229)	(1 148)
Resulting from loans granted	(6 608)	(7 309)
Resulting from payment and credit cards	(23 971)	(21 459)
Resulting from brokerage and custody service	(863)	(875)
Resulting from investment funds managed by the Group	(2 993)	(2 685)
Resulting from insurance activity	(2 464)	(4 936)
Other	(6 204)	(4 433)
Total	(47 091)	(41 217)

Verdict of Court of Justice of the European Union regarding return of commission in case of early repaid loans

On 11 September 2019 The Court of Justice of the European Union ruled in the case of Lexitor against SKOK Stefczyka, Santander Consumer Bank and mBank (case C 383/18) in which it stated that consumer has rights to demand the reduction of the total loan cost corresponding to interest and costs for the remaining term of the agreement in case of early repayment of loan.

Taking into consideration this verdict, the Group as at 31 March 2022 had a provision in the amount of PLN 88.8 million which was estimated based on the maximum amount of potential returns and the probability of payment being made.

5) RESULT ON DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Operations on debt instruments	(166)	1 526
Costs of financial operations	(553)	(663)
Total	(719)	863

6) RESULTS ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Result on debt instruments	(3 403)	(1 709)
Result on derivatives	654	(2 078)
Result on other financial operations	14	(21)
Total	(2 735)	(3 808)

7) RESULTS NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Loans and advances to customers	2 081	4 079
Result on equity instruments	1 908	2 935
Result on debt instruments	6 837	1 102
Total	10 826	8 116

8) ADMINISTRATIVE EXPENSES

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Staff costs:	(217 934)	(205 599)
Salaries	(176 863)	(168 410)
Surcharges on pay	(32 322)	(30 007)
Employee benefits, including:	(8 749)	(7 182)
- provisions for retirement benefits	(1 548)	(1 512)
- provisions for unused employee holiday	(17)	(5)
- other	(7 184)	(5 665)
Other administrative expenses:	(216 692)	(170 286)
Costs of advertising, promotion and representation	(15 320)	(12 767)
IT and communications costs	(31 173)	(29 658)
Costs of renting	(12 511)	(15 907)
Costs of buildings maintenance, equipment and materials	(10 336)	(10 248)
ATM and cash maintenance costs	(7 161)	(6 322)
Costs of consultancy, audit and legal advisory and translation	(17 153)	(11 230)
Taxes and fees	(8 553)	(8 468)
KIR - clearing charges	(2 678)	(2 147)
PFRON costs	(836)	(1 832)
Banking Guarantee Fund costs	(85 847)	(53 136)
Financial Supervision costs	(3 109)	(3 166)
Other	(22 015)	(15 405)
Total	(434 626)	(375 885)

9) IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Impairment losses on loans and advances to customers	(83 894)	(72 668)
Impairment charges on loans and advances to customers	(477 338)	(471 393)
Reversal of impairment charges on loans and advances to customers	385 498	372 258
Amounts recovered from loans written off	10 855	13 042
Sale of receivables	0	13 453
Other directly recognised in profit and loss	(2 910)	(27)
Impairment losses on securities	0	(6)
Impairment charges on securities	0	(6)
Reversal of impairment charges on securities	0	0
Impairment losses on off-balance sheet liabilities	5 133	(1 696)
Impairment charges on off-balance sheet liabilities	(17 715)	(30 751)
Reversal of impairment charges on off-balance sheet liabilities	22 848	29 055
Total	(78 762)	(74 370)

10) PROVISIONS FOR LEGAL RISK CONNECTED WITH FX MORTGAGE LOANS

01.01.2022 - 31.03.2022	TOTAL	Allocated for credit portfolio	Provisions for pending legal issues
Balance at the beginning of the period	3 332 614	2 916 779	415 835
Amounts written off	(25 160)	0	(25 160)
Costs of provisions for legal risk connected with FX mortgage loans	499 180	0	499 180
Change of accounting principles from IAS 37 to IFRS 9	0	410 127	(410 127)
Increase of provisions due to FX rates differences	65 471	0	65 471
Balance at the end of the period	3 872 105	3 326 906	545 199

01.01.2021 - 31.03.2021	TOTAL	Allocated for credit portfolio	Provisions for pending legal issues
Balance at the beginning of the period	960 046	884 755	75 291
Amounts written off	0	0	0
Costs of provisions for legal risk connected with FX mortgage loans	533 403	0	533 403
Change of accounting principles from IAS 37 to IFRS 9	0	218 252	(218 252)
Increase of provisions due to FX rates differences	(3 491)	0	(3 491)
Balance at the end of the period	1 489 958	1 103 007	386 951

11) CORPORATE INCOME TAX

11A. INCOME TAX REPORTED IN INCOME STATEMENT

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Current tax	(20 632)	(62 618)
Current year	(20 632)	(62 618)
Deferred tax:	(111 138)	(3 690)
Recognition and reversal of temporary differences	(108 370)	486
Recognition / (Utilisation) of tax loss	(2 768)	(4 176)
Total income tax reported in income statement	(131 771)	(66 308)

11B. EFFECTIVE TAX RATE

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Profit before tax	9 431	(245 030)
Statutory tax rate	19.00%	19.00%
Income tax according to obligatory income tax rate of 19%	(1 792)	46 556
Impact of permanent differences on tax charges:	(129 979)	(112 864)
- Non-taxable income	9 622	4 365
Dividend income	0	0
Release of other provisions	9 467	4 362
Other	155	3
- Cost which is not a tax cost	(139 601)	(117 229)
Write-down of unrealized deferred tax assets	0	0
Loss on sale of receivables	0	0
PFRON fee	(159)	(348)
Fees for Banking Guarantee Fund	(16 311)	(10 096)
Banking tax	(15 577)	(14 258)
Income/cost of provisions for factoring and leasing receivables	52	(1 354)
Receivables written off	(695)	(7 255)
Costs of litigations and claims	(102 667)	(83 173)
Depreciation and insurance costs of cars (in excess of PLN 150,000)	(124)	(243)
costs related to concluded settlements	(678)	0
BFG SKOK Piast settlements	(97)	0
Other	(3 345)	(502)
Deduction of the tax paid abroad	0	0
Other differences between the gross financial result and taxable income (including R&D relief)	0	0
Total income tax reported in income statement	(131 771)	(66 308)
Effective tax rate	1397.21%	/-/*

* For the I quarter of 2021, the Group recorded a negative gross financial result and at the same time a tax burden of a cost nature, therefore the Group did not calculate the effective tax rate.

11C. DEFERRED TAX REPORTED IN EQUITY

	31.03.2022	31.12.2021	31.03.2021
Valuation of securities at fair value through other comprehensive income	204 793	129 857	(39 671)
Valuation of cash flow hedging instruments	85 545	71 993	13 732
Actuarial gains (losses)	(445)	(444)	708
Deferred tax reported directly in equity	289 893	201 406	14 440

Withholding tax audit for years 2015-17

On February 2019 the Head of Western Pomeranian Customs & Tax Office (Zachodniopomorski Urząd Celno-Skarbowy w Szczecinie, ZUCS) commenced tax audits regarding the correctness of withholding tax (WHT) settlements for years 2015 and 2016. On 17 December 2019 the Bank received audit results as of 13 December 2019, in which ZUCS questioned WHT-exemption on coupon interest from bonds paid to MB Finance AB with the seat in Sweden constituting a collateral to 10Y subordinated bonds with a par value of EUR 150 mio. issued by this company in December 2007 (fully amortized in December 2017). On 11 June 2021 Bank received 2nd instance decisions of ZUCS decreasing the amount of WHT arrear from PLN 6.6 to 5.3 mio. This amount with penalty interests were paid by Bank on 18 June 2021. Bank lodged complaints on these decisions to the administrative court in Szczecin (WSA). WSA in its judgements as of 13 and 27 October 2021 wholly overruled both ZUCS's decisions. ZUCS appealed from these judgments to the Supreme Administrative Court.

On 13 April 2021 Head of ZUCS commenced a WHT audit for year 2017. As expected in the audit result ZUCS challenged WHT-exemption on coupon interests paid by Bank to MBF in this year as well (disputable WHT amount is ca. PLN 2.2 mio.). Bank does not agree with such findings as well and will continue a dispute with ZUCS. On 21 March 2022 Bank received the ZUCS's decision on WHT audit transformation into a tax proceeding.

Bank received an expert opinion as of January 29, 2020 of tax professors from the Public Finances Law Department of the Faculty of Law and Administration at Nicolaus Copernicus University in Torun, according to which ZUCS's statement violates binding tax law provisions.

12) FINANCIAL ASSETS HELD FOR TRADING

12A. FINANCIAL ASSETS HELD FOR TRADING

	31.03.2022	31.12.2021	31.03.2021
Debt securities	100 479	86 438	163 881
Issued by State Treasury	100 479	86 438	163 881
a) bills	0	0	0
b) bonds	100 479	86 438	163 881
Other securities	0	0	0
a) quoted	0	0	0
b) non quoted	0	0	0
Equity instruments	121	145	280
Quoted on the active market	121	145	280
a) financial institutions	34	53	136
b) non-financial institutions	88	92	144
Adjustment from fair value hedge	0	0	0
Positive valuation of derivatives	188 433	85 900	225 639
Total	289 033	172 483	389 800

12B. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING - VALUATION OF DERIVATIVES, ADJUSTMENT FROM FAIR VALUE HEDGE AND SHORT POSITIONS AS AT:

	Fair Values 31.03.2022		
	Total	Assets	Liabilities
1. Interest rate derivatives	(28 917)	16 164	45 081
Forward Rate Agreements (FRA)	0	0	0
Interest rate swaps (IRS)	(29 473)	1 770	31 243
Other interest rate contracts: options	556	14 394	13 838
2. FX derivatives	19 529	118 131	98 602
FX contracts	9 653	26 151	16 498
FX swaps	15 379	91 980	76 601
Other FX contracts (CIRS)	(5 503)	0	5 503
FX options	0	0	0
3. Embedded instruments	(53 568)	9	53 577
Options embedded in deposits	(53 577)	0	53 577
Options embedded in securities issued	9	9	0
4. Indexes options	52 891	54 129	1 238
Total	(10 065)	188 433	198 498
Valuation of hedged position in fair value hedge accounting	-	0	0
Liabilities from short sale of debt securities	-	-	20 823

	Fair Values 31.12.2021			Fair Values 31.03.2021		
	Total	Assets	Liabilities	Total	Assets	Liabilities
1. Interest rate derivatives	(15 497)	10 099	25 596	14 880	24 737	9 857
Forward Rate Agreements (FRA)	0	0	0	136	136	0
Interest rate swaps (IRS)	(15 511)	4 124	19 635	14 954	23 537	8 583
Other interest rate contracts: options	14	5 975	5 961	(210)	1 064	1 274
2. FX derivatives	(24 530)	46 793	71 323	135 945	184 193	48 248
FX contracts	9 077	16 603	7 526	22 203	36 495	14 292
FX swaps	(33 607)	30 190	63 797	113 742	147 698	33 956
Other FX contracts (CIRS)	0	0	0	0	0	0
FX options	0	0	0	0	0	0
3. Embedded instruments	(28 872)	0	28 872	(16 081)	0	16 081
Options embedded in deposits	(28 872)	0	28 872	(15 030)	0	15 030
Options embedded in securities issued	0	0	0	(1 051)	0	1 051
4. Indexes options	28 397	29 008	611	16 382	16 709	327
Total	(40 502)	85 900	126 402	151 126	225 639	74 513
Valuation of hedged position in fair value hedge accounting	-	0	0	-	0	0
Liabilities from short sale of debt securities	-	-	16 614	-	-	9 451

13) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31.03.2022	31.12.2021	31.03.2021
Debt securities	17 678 623	17 968 972	22 725 580
Issued by State Treasury	17 228 428	17 498 704	19 759 103
a) bills	0	0	0
b) bonds	17 228 428	17 498 704	19 759 103
Issued by Central Bank	42 500	34 990	2 299 994
a) bills	42 500	34 990	2 299 994
b) bonds	0	0	0
Other securities	407 695	435 278	666 483
a) listed	407 695	435 278	666 483
b) not listed	0	0	0
Shares and interests in other entities	28 727	28 727	29 547
Other financial instruments	0	0	0
Total financial assets at fair value through other comprehensive income	17 707 350	17 997 699	22 755 127

14) LOANS AND ADVANCES TO CUSTOMERS

14A. LOANS AND ADVANCES TO CUSTOMERS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

Balance sheet value:	31.03.2022	31.12.2021	31.03.2021
Mandatorily at fair value through profit or loss *	296 693	362 992	1 632 385
Companies	100	40	12 609
Individuals	296 593	362 952	1 619 705
Public sector	0	0	71

At the implementation of IFRS9 Group separated credit exposures which include, in the interest rate definition, leverage/multiplier feature and presents aforementioned exposures in these financial statements as "Non-trading financial assets mandatorily at fair value through profit or loss - Credits and advances". The provisions of IFRS 9 indicate that the multiplier feature modifies money over time and causes the need to apply fair value measurement, however the economic sense of the transaction, i.e. portfolio management not based on fair value and maintaining the portfolio to obtain cash flows from the contract, constitute characteristics of portfolios valued at amortized cost. In 2021, as a result of a change in contractual provisions (eliminating the multiplier feature), some of these exposures began to be re-measured at amortized cost. The change concerned loans where clients fully repaid their commitment, the interest on which was calculated based on the old formula containing a multiplier. Exposures recorded after that time under new contractual conditions (without a multiplier) are measured at amortized cost).

The Bank writes down the gross carrying amount of a financial asset when there is no reasonable probability that it will be fully (total writes off) or partially (partial writes off) recovered. Following the recorded partial writes off the Bank transferred to off-balance sheet evidence (deducting the carrying value of gross receivables) penalty interest amounting to PLN 397 million as at 31.03.2022.

14B. LOANS AND ADVANCES TO CUSTOMERS VALUED AT AMORTISED COST

	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Valued at amortised cost, as at 31.03.2022	73 342 811	3 942 489	3 540 314	(315 933)	(238 758)	(1 865 039)	78 405 884
Companies	17 392 746	1 212 758	848 019	(103 708)	(50 692)	(336 250)	18 962 873
Individuals	55 692 623	2 729 726	2 692 295	(211 387)	(188 066)	(1 528 789)	59 186 402
Public sector	257 442	5	0	(838)	0	0	256 609
Valued at amortised cost, as at 31.12.2021	73 262 717	3 866 807	3 485 056	(340 177)	(234 353)	(1 799 716)	78 240 334
Companies	17 458 183	1 032 369	806 767	(114 852)	(45 876)	(320 591)	18 816 000
Individuals	55 561 933	2 834 434	2 678 289	(224 196)	(188 477)	(1 479 125)	59 182 858
Public sector	242 601	4	0	(1 129)	0	0	241 476
Valued at amortised cost, as at 31.03.2021	67 655 093	4 017 725	3 643 698	(381 953)	(170 400)	(1 760 896)	73 003 267
Companies	15 590 752	2 230 751	927 923	(124 670)	(52 302)	(376 671)	18 195 783
Individuals	51 802 785	1 786 490	2 710 714	(256 036)	(118 084)	(1 383 685)	54 542 184
Public sector	261 556	484	5 061	(1 247)	(14)	(540)	265 300

14C. LOANS AND ADVANCES TO CUSTOMERS

	31.03.2022	
	Valued at amortised cost	Mandatorily at fair value through profit or loss *
Loans and advances	72 462 188	59 924
▪ to companies	12 481 601	
▪ to private individuals	59 898 040	59 924
▪ to public sector	82 547	
Receivables on account of payment cards	799 579	236 769
▪ due from companies	14 448	100
▪ due from private individuals	785 131	236 669
Purchased receivables	114 501	
▪ from companies	114 501	
▪ from public sector	0	
Guarantees and sureties realised	7 749	
Debt securities eligible for rediscount at Central Bank	33	
Financial leasing receivables	6 965 087	
Other	24 044	
Interest	452 433	
Total:	80 825 614	296 693
Impairment allowances	(2 419 730)	-
Total balance sheet value:	78 405 884	296 693

	31.12.2021		31.03.2021	
	Valued at amortised cost	Mandatorily at fair value through profit or loss *	Valued at amortised cost	Mandatorily at fair value through profit or loss *
Loans and advances	72 359 455	98 324	68 214 216	793 734
▪ to companies	12 356 995		12 252 649	
▪ to private individuals	59 921 206	98 324	55 863 416	793 734
▪ to public sector	81 254		98 151	
Receivables on account of payment cards	784 087	264 668	79 223	838 651
▪ due from companies	14 572	40	154	12 680
▪ due from private individuals	769 515	264 628	79 069	825 971
Purchased receivables	96 591		207 505	
▪ from companies	96 591		207 505	
▪ from public sector	0		0	
Guarantees and sureties realised	8 020		7 303	
Debt securities eligible for rediscount at Central Bank	103		121	
Financial leasing receivables	6 949 534		6 423 965	
Other	18 876		3 865	
Interest	397 914		380 318	
Total:	80 614 580	362 992	75 316 516	1 632 385
Impairment allowances	(2 374 246)	-	(2 313 249)	-
Total balance sheet value:	78 240 334	362 992	73 003 267	1 632 385

14D. QUALITY OF LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST

	31.03.2022	31.12.2021	31.03.2021
Loans and advances to customers (gross)	80 825 614	80 614 580	75 316 516
impaired	3 540 314	3 485 056	3 643 698
not impaired	77 285 300	77 129 524	71 672 818
Impairment write-offs	(2 419 730)	(2 374 246)	(2 313 249)
for impaired exposures	(1 865 039)	(1 799 716)	(1 760 896)
for not impaired exposures	(554 691)	(574 530)	(552 353)
Loans and advances to customers (net)	78 405 884	78 240 334	73 003 267

14E. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY METHODOLOGY OF IMPAIRMENT ASSESSMENT

	31.03.2022	31.12.2021	31.03.2021
Loans and advances to customers (gross)	80 825 614	80 614 580	75 316 516
case by case analysis	795 046	820 462	935 477
collective analysis	80 030 568	79 794 118	74 381 039
Impairment allowances	(2 419 730)	(2 374 246)	(2 313 249)
on the basis of case by case analysis	(262 080)	(261 290)	(288 902)
on the basis of collective analysis	(2 157 650)	(2 112 956)	(2 024 347)
Loans and advances to customers (net)	78 405 884	78 240 334	73 003 267

14F. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY KIND OF CUSTOMERS

	31.03.2022	31.12.2021	31.03.2021
Loans and advances to customers (gross)	80 825 614	80 614 580	75 316 516
corporate customers	19 710 970	19 539 924	19 016 527
individuals	61 114 644	61 074 656	56 299 989
Impairment allowances	(2 419 730)	(2 374 246)	(2 313 249)
for receivables from corporate customers	(491 488)	(482 448)	(555 444)
for receivables from private individuals	(1 928 242)	(1 891 798)	(1 757 805)
Loans and advances to customers (net)	78 405 884	78 240 334	73 003 267

14G. MOVEMENTS IN IMPAIRMENT ALLOWANCES FOR LOANS AND ADVANCES TO CUSTOMERS CARRIED AT AMORTISED COST

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
Balance at the beginning of the period	2 374 246	2 372 635	2 372 635
Change in value of allowances:	45 484	1 611	(59 386)
Impairment allowances created in the period	477 120	1 607 350	471 393
Amounts written off	(68 171)	(340 852)	(129 326)
Impairment allowances released in the period	(385 268)	(1 167 777)	(372 258)
Sale of receivables	0	(145 828)	(34 691)
KOIM created in the period*	16 963	35 850	7 131
Changes resulting from FX rates differences	4 408	9 287	(2 276)
Other	432	3 581	641
Balance at the end of the period	2 419 730	2 374 246	2 313 249

* In accordance with IFRS 9, the Group calculates interest on the loan portfolio with a recognized impairment based on the net exposure value. For this purpose, the so-called impaired interest adjustment ("KOIM") is calculated and recorded as a reduction of interest income. Aforementioned KOIM adjustment in the balance sheet is presented as an impairment allowances, and as a consequence the reconciliation of the change in impairment allowances requires consideration of the KOIM recognized in the interest income.

The Group records POCI assets in the balance sheet as a result of recognition of impaired loans after the merger with Euro Bank and takeover of SKOK Piast. At the time of the merger, the aforementioned assets included in the Bank's books at fair value.

The value of POCI assets is as follows:

	Gross balance sheet value	Accumulated impairment	Net balance sheet value
31.03.2022			
- Companies	58	139	197
- Individuals	233 748	(37 125)	196 623
- Public sector	0	0	0
31.12.2021			
- Companies	59	231	290
- Individuals	241 218	(15 488)	225 730
- Public sector	0	0	0
31.03.2021			
- Companies	59	245	303
- Individuals	350 408	(30 563)	319 845
- Public sector	0	0	0

14H. LOANS AND ADVANCES TO CUSTOMERS PORTFOLIO VALUED AT AMORTISED COST BY CURRENCY

	31.03.2022	31.12.2021	31.03.2021
in Polish currency	67 594 195	66 605 331	58 222 786
in foreign currencies (after conversion to PLN)	13 231 419	14 009 249	17 093 730
currency: USD	168 829	116 213	128 444
currency: EUR	3 864 722	3 888 269	3 815 221
currency: CHF	9 191 203	9 998 378	13 142 834
other currencies	6 665	6 389	7 231
Total gross	80 825 614	80 614 580	75 316 516

15) FINANCIAL ASSETS AT AMORTISED COST OTHER THAN LOANS AND ADVANCES TO CUSTOMERS
15A. FINANCIAL ASSETS AT AMORTISED COST OTHER THAN LOANS AND ADVANCES TO CUSTOMERS

31.03.2022	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	789 466	0	0	(1)	0	0	789 465
Deposits, loans and advances to banks and other monetary institutions	986 496	0	0	(227)	0	0	986 269
Repurchase agreements	25 938	0	0	0	0	0	25 938

31.12.2021	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	37 089	0	0	(1)	0	0	37 088
Deposits, loans and advances to banks and other monetary institutions	770 770	0	0	(239)	0	0	770 531
Repurchase agreements	268 837	0	0	0	0	0	268 837

31.03.2021	Balance sheet value, gross			Accumulated impairment allowances			Balance sheet value, net
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Debt securities	38 910	0	0	(8)	0	0	38 902
Deposits, loans and advances to banks and other monetary institutions	605 247	0	0	0	0	0	605 247
Repurchase agreements	24 124	0	0	0	0	0	24 124

15B. DEBT SECURITIES

	31.03.2022	31.12.2021	31.03.2021
credit institutions	0	0	0
other companies	0	0	0
public sector	789 465	37 088	38 902
Total	789 465	37 088	38 902

15C. DEPOSITS, LOANS AND ADVANCES TO BANKS AND OTHER MONETARY INSTITUTIONS

	31.03.2022	31.12.2021	31.03.2021
Current accounts	188 190	152 661	143 327
Deposits	797 827	617 949	461 780
Interest	479	160	140
Total (gross) deposits, loans and advances	986 496	770 770	605 247
Impairment allowances	(227)	(239)	0
Total (net) deposits, loans and advances	986 269	770 531	605 247

15D. REPURCHASE AGREEMENTS

	31.03.2022	31.12.2021	31.03.2021
credit institutions	0	0	24 124
other customers	25 935	268 534	0
interest	3	303	0
Total	25 938	268 837	24 124

16) DERIVATIVES - HEDGE ACCOUNTING
16A. HEDGE RELATIONS

Detailed information on cash flow hedge relations applied by the Group, items designated as hedged and hedging and presentation of the result (active as at 31.03.2022) is shown in a table below:

	Hedge of volatility of the cash flows generated by PLN denominated financial assets	Cash flow volatility hedge for the flows generated by FX mortgage portfolio and its underlying PLN liabilities
Description of hedge transactions	The Group hedges the risk of the volatility of cash flows generated by PLN denominated financial assets. The volatility of cash flows results from interest rate risk.	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.
Hedged items	Cash flows resulting from PLN denominated financial assets.	Cash flows resulting from the FX mortgage loan portfolio and PLN deposits together with issued debt PLN securities funding them.
Hedging instruments	IRS transactions	CIRS transactions
Presentation of the result on the hedged and hedging transactions	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. Ineffective part of the valuation of hedging instruments is recognized in the income statement as a result on instruments measured at fair value through profit and loss.	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; valuation of hedging and hedged instruments on FX differences is recognised in Result on exchange differences. Ineffective part of the valuation of hedging instruments is recognized in the income statement as a result on instruments measured at fair value through profit and loss.

	Fair value hedge of a fixed interest rate debt instrument	Cash flow volatility hedge due to future income and interest costs denominated in foreign currencies
Description of hedge transactions	The Group hedges part of the interest rate risk associated with the change in the fair value of a fixed-rate debt instrument recorded in other comprehensive income, resulting from fluctuations in market interest rate.	The Group hedges the risk of the volatility of cash flows generated by income and interest costs denominated in foreign currencies. The volatility of cash flows results from the currency risk.
Hedged items	A portfolio of fixed coupon debt securities classified as financial assets measured at fair value through other comprehensive income denominated in PLN.	Cash flows resulting from income and interest costs denominated in foreign currencies.
Hedging instruments	IRS transactions	FX position resulting from recognized future leasing liabilities.
Presentation of the result on the hedged and hedging transactions	The result on the change in the fair value measurement of hedged items in the hedged risk is referred to the result on hedge accounting. The remaining part of the change in fair value measurement is recognized in other comprehensive income. Interest on debt securities is recognized in net interest income. The change in fair value measurement of derivative instruments being a hedge is presented in the result on hedge accounting, and interest on these instruments is recognized in the interest result.	The effective part of the spot revaluation of hedging instruments is recognized in the revaluation reserve. The ineffective part of the valuation of the hedging item is recognized in the income statement as a result on instruments measured at fair value through profit and loss.

16B. HEDGE ACCOUNTING - BALANCE SHEET VALUATION

	Fair values 31.03.2022		
	Total	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate and/or exchange rate			
CIRS contracts	(195 435)	52 245	247 680
IRS contracts	(413 323)	0	413 323
FXS contracts	0	0	0
2. Derivatives used as interest rate hedges related to interest rates			
IRS contracts	0	0	0
3. Total hedging derivatives	(608 758)	52 245	661 003

	Fair values 31.12.2021			Fair values 31.03.2021		
	Total	Assets	Liabilities	Total	Assets	Liabilities
1. Derivative instruments constituting cash flow hedges related to interest rate and/or exchange rate						
CIRS contracts	(283 605)	14 385	297 990	(372 233)	33 301	405 534
IRS contracts	(316 584)	0	316 584	(74 008)	0	74 008
FXS contracts	0	0	0	0	0	0
2. Derivatives used as interest rate hedges related to interest rates						
IRS contracts	0	0	0	(5 960)	0	5 960
3. Total hedging derivatives	(600 189)	14 385	614 574	(452 201)	33 301	485 502

17) IMPAIRMENT WRITE-OFFS FOR SELECTED ASSETS

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
As at 01.01.2022	5 005	8 875	3 988	137	31 618
- Write-offs created	0	0	0	0	5 424
- Write-offs released	0	0	0	0	(2 801)
- Utilisation	0	0	0	0	(4 438)
- Other	0	0	0	0	0
As at 31.03.2022	5 005	8 875	3 988	137	29 803
As at 01.01.2021	5 007	8 875	3 988	3 697	22 700
- Write-offs created	6	0	0	0	22 069
- Write-offs released	(7)	0	0	0	(14 397)
- Utilisation	0	0	0	0	(301)
- Other	0	0	0	(3 560)	1 547
As at 31.12.2021	5 005	8 875	3 988	137	31 618
As at 01.01.2021	5 007	8 875	3 988	3 697	22 700
- Write-offs created	5	0	0	0	6 210
- Write-offs released	0	0	0	0	(3 388)
- Utilisation	0	0	0	0	(958)
- Other	0	0	0	(3 560)	3 560
As at 31.03.2021	5 012	8 875	3 988	137	28 124

18) DEFERRED INCOME TAX ASSETS AND LIABILITY

	31.03.2022		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	20 615	(26 547)	(5 932)
Balance sheet valuation of financial instruments	(4 912)	(3 549)	(8 461)
Unrealised receivables/ liabilities on account of derivatives	20 444	(17 608)	2 836
Interest on deposits and securities to be paid/ received	16 976	(167 428)	(150 452)
Interest and discount on loans and receivables	0	(85 597)	(85 597)
Income and cost settled at effective interest rate	141 957	(1 245)	140 712
Impairment of loans presented as temporary differences	456 706	0	456 706
Employee benefits	19 400	0	19 400
Rights to use	6 041	0	6 041
Provisions for future costs	77 372	0	77 372
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	339 492	(49 598)	289 894
Valuation of shares	1 273	(36 959)	(35 686)
Tax loss deductible in the future	52 087	0	52 087
Other	471	(3 870)	(3 399)
Net deferred income tax asset	1 147 922	(392 401)	755 521

	31.12.2021			31.03.2021		
	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	24 993	(26 214)	(1 221)	26 991	(31 022)	(4 031)
Balance sheet valuation of financial instruments	(8 231)	(2 131)	(10 362)	106 742	(107 394)	(652)
Unrealised receivables/ liabilities on account of derivatives	12 450	(13 284)	(834)	8 937	(7 676)	1 261
Interest on deposits and securities to be paid/ received	12 215	(77 358)	(65 143)	23 933	(33 022)	(9 089)
Interest and discount on loans and receivables	0	(75 831)	(75 831)	0	(74 144)	(74 144)
Income and cost settled at effective interest rate	147 394	(1 455)	145 939	179 385	(1 089)	178 296
Impairment of loans presented as temporary differences	445 223	0	445 223	451 537	0	451 537
Employee benefits	19 874	0	19 874	19 278	0	19 278
Rights to use	6 691	0	6 691	8 116	0	8 116
Provisions for future costs	93 345	0	93 345	104 140	0	104 140
Valuation of investment assets, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	258 220	(56 814)	201 406	14 607	(39 838)	(25 231)
Valuation of shares	1 273	(36 440)	(35 167)	1 273	(24 477)	(23 204)
Tax loss deductible in the future	54 855	0	54 855	52 929	0	52 929
Other	657	(2 326)	(1 669)	2 591	(1 809)	782
Net deferred income tax asset	1 068 959	(291 853)	777 106	1 000 459	(320 471)	679 988

19) LIABILITIES TO BANKS AND OTHER MONETARY INSTITUTIONS

	31.03.2022	31.12.2021	31.03.2021
In current account	41 389	63 176	155 596
Term deposits	288 421	106 570	205 152
Loans and advances received	315 079	368 313	464 179
Interest	1 757	1 349	599
Total	646 646	539 408	825 526

20) LIABILITIES TO CUSTOMERS

	31.03.2022	31.12.2021	31.03.2021
Amounts due to private individuals	64 271 506	66 022 086	64 263 556
Balances on current accounts	53 420 765	56 192 055	53 768 804
Term deposits	10 585 881	9 565 716	10 247 989
Other	242 329	237 776	207 323
Accrued interest	22 531	26 539	39 440
Amounts due to companies	24 373 575	21 814 451	21 050 259
Balances on current accounts	15 886 519	15 070 590	15 318 477
Term deposits	8 041 073	6 398 936	5 401 100
Other	432 840	342 618	320 629
Accrued interest	13 143	2 307	10 053
Amounts due to public sector	8 659 739	3 610 978	2 940 791
Balances on current accounts	5 228 402	3 385 597	2 504 337
Term deposits	3 424 771	215 889	430 416
Other	1 955	9 417	6 029
Accrued interest	4611	75	9
Total	97 304 820	91 447 515	88 254 606

21) LIABILITIES FROM SECURITIES SOLD WITH BUY-BACK CLAUSE

	31.03.2022	31.12.2021	31.03.2021
to the Central Bank	0	0	0
to banks	27	0	9 980
to customers	0	18 037	0
interest	0	1	0
Total	27	18 038	9 980

22) CHANGE OF DEBT SECURITIES

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
Balance at the beginning of the period	39 568	558 560	558 560
Increases, on account of:	317	3 769	1 491
issue of Banking Securities	0	0	159
interest accrual	317	3 769	1 332
Reductions, on account of:	(241)	(522 761)	(136 451)
repurchase of Banking Securities	0	(234 427)	(101 570)
repurchase of bonds by the Bank	0	(250 000)	0
repurchase of bonds by the Millennium Leasing	0	(34 350)	(34 150)
interest payment	(241)	(3 984)	(731)
Balance at the end of the period	39 644	39 568	423 600

23) CHANGE OF SUBORDINATED DEBT

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
Balance at the beginning of the period	1 541 144	1 540 209	1 540 209
Increases, on account of:	17 819	40 076	9 641
issue of subordinated bonds	0	0	0
interest accrual	17 819	40 076	9 641
Reductions, on account of:	(10 670)	(39 141)	(10 796)
interest payment	(10 670)	(39 141)	(10 796)
Balance at the end of the period	1 548 293	1 541 144	1 539 054

During 2021 and 2022 the Group did not have any delays in the payment of principal and interest instalments, nor did it infringe any contractual provisions resulting from its subordinated liabilities.

24) PROVISIONS

24A. PROVISIONS

	31.03.2022	31.12.2021	31.03.2021
Provision for commitments and guarantees given	39 272	44 354	53 606
Provision for pending legal issues	681 782	551 176	419 578
Total	721 054	595 530	473 184

24B. CHANGE OF PROVISION FOR COMMITMENTS AND GUARANTEES GIVEN

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
Balance at the beginning of the period	44 354	51 728	51 728
Charge of provision	17 715	55 368	30 750
Release of provision	(22 848)	(62 805)	(29 055)
FX rates differences	51	63	183
Balance at the end of the period	39 272	44 354	53 606

24C. CHANGE OF PROVISION FOR PENDING LEGAL ISSUES

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
Balance at the beginning of the period	551 176	106 922	106 922
Charge of provision	3 232	113 173	2 873
Release of provision	(1 815)	(9 463)	(1 876)
Utilisation of provision	(25 335)	(24 059)	0
Creation of provisions for legal risk connected with FX mortgage loans *	499 180	2 305 157	533 403
Allocation to the loans portfolio	(410 127)	(2 032 024)	(218 252)
Reclassification	0	0	0
FX differences	65 471	91 470	(3 492)
Balance at the end of the period	681 782	551 176	419 578

* Creation of provisions for legal risk related to foreign currency mortgage loans is described in more detail in Chapter 10 Costs of provisions for legal risk related to foreign currency mortgage loans.

5. CHANGES IN RISK MANAGEMENT PROCESS

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

To ensure effective risk management and coherent policy the Group has implemented risk management model under which credit, market, liquidity, operational risks, and capital requirements are managed in an integrated manner.

Credit risk

In the first quarter of 2022 the Bank Millennium Group, both in the corporate and retail segments, focused on introducing changes to the lending policy aimed at ensuring the appropriate quality of the portfolio in the new, more demanding economic environment. The direct and indirect effects of the armed conflict in Ukraine have created an additional element of uncertainty in credit risk management.

In the area of credit risk, the Group has focused on adapting regulations, credit processes and monitoring to changed conditions.

In the corporate segment, the Group focused on analysing the loan portfolio and industries of borrowers to monitor risk, with particular emphasis on customers directly affected by the negative effects of the conflict in Ukraine, as well as customers with low profitability, potentially most exposed to negative changes in the macroeconomic environment. Additionally, the Group worked on improving credit processes and products, in particular in investment credit.

In the retail segment, the Bank focused on adjusting the lending policy to the changing macroeconomic environment, in particular, changes were implemented to mitigate the potential increase in risk related to growing credit costs and inflation. Additionally, the monitoring frequency of the loan portfolio granted to Polish residents with Ukrainian citizenship was increased.

At the same time, the Bank continued to implement changes aimed at improving the efficiency of the risk assessment process for retail and mortgage-secured transactions through automation while maintaining an unchanged level of risk.

The Group assesses credit risk regardless of the method of classifying the portfolio of receivables from customers in the financial statements as a portfolio measured at amortized cost or a portfolio measured at fair value through profit or loss. The table below contains data on the entire portfolio of receivables from customers broken down into regular and past due exposures.

Changes in the loan portfolio of the Group after 3 months of 2022 are summarized below:

	31.03.2022		31.12.2021	
	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	75 949 431	986 496	75 721 712	770 770
Overdue*, but without impairment	1 625 369	0	1 765 405	0
Total without impairment	77 574 800	986 496	77 487 117	770 770
With impairment	3 607 779	0	3 556 803	0
Total	81 182 579	986 496	81 043 920	770 770
Impairment write-offs	(2 419 730)	(227)	(2 374 246)	(239)
Fair value adjustment**	(60 273)	0	(66 349)	0
Total, net	78 702 576	986 269	78 603 326	770 531
Loans with impairment / total loans	4,44%	0,00%	4,39%	0,00%

(*) Loans overdue not more than 4 days are treated as technical and are not shown in this category.

(**) Fair value adjustment is defined as the difference between the nominal value and the fair value of the portfolio measured at fair value through profit or loss. The fair value adjustment is influenced by considering the credit risk of the portfolio.

Exposures subject to measures applied in response to the COVID-19 crisis:

Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria, Gross carrying amount	Number of obligors	TOTAL	Of which: legislative moratoria	Of which: expired
Loans and advances for which moratorium was offered	55 689	6 791 141		
Loans and advances subject to moratorium (granted)	55 455	6 310 875	9 853	6 310 875
of which: Households		5 443 995	9 853	5 443 995
of which: <i>Collateralised by residential immovable property</i>		4 076 185	8 473	4 076 185
of which: Non-financial corporations		866 880	0	866 880
of which: <i>Small and Medium-sized Enterprises</i>		456 577	0	456 577
of which: <i>Collateralised by commercial immovable property</i>		65 008	0	65 008

Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria, Gross carrying amount	Residual maturity of moratoria				
	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances subject to moratorium (granted)	0	0	0	0	0
of which: Households	0	0	0	0	0
of which: <i>Collateralised by residential immovable property</i>	0	0	0	0	0
of which: Non-financial corporations	0	0	0	0	0
of which: <i>Small and Medium-sized Enterprises</i>	0	0	0	0	0
of which: <i>Collateralised by commercial immovable property</i>	0	0	0	0	0

Loans and advances subject to legislative and non-legislative moratoria	TOTAL	Performing Gross carrying amount	Performing	
			Of which: grace period of capital and interest	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)
Gross carrying amount				
Loans and advances subject to moratorium	0	0	0	0
of which: Households	0	0	0	0
<i>of which: Collateralised by residential immovable property</i>	0	0	0	0
of which: Non-financial corporations	0	0	0	0
<i>of which: Small and Medium-sized Enterprises</i>	0	0	0	0
<i>of which: Collateralised by commercial immovable property</i>	0	0	0	0

Loans and advances subject to legislative and non-legislative moratoria	Non-performing Gross carrying amount	Non-performing		Inflows to non-performing exposures
		Of which: Unlikely to pay that are not past-due or past-due <= 90 days		
Gross carrying amount				
Loans and advances subject to moratorium	0		0	0
of which: Households	0		0	0
<i>of which: Collateralised by residential immovable property</i>	0		0	0
of which: Non-financial corporations	0		0	0
<i>of which: Small and Medium-sized Enterprises</i>	0		0	0
<i>of which: Collateralised by commercial immovable property</i>	0		0	0

Information on loans and advances subject to legislative and non-legislative moratoria,	TOTAL	Performing Accumulated impairment	Performing	
			Of which: grace period of capital and interest	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)
Accumulated impairment				
Loans and advances subject to moratorium	0	0	0	0
of which: Households	0	0	0	0
<i>of which: Collateralised by residential immovable property</i>	0	0	0	0
of which: Non-financial corporations	0	0	0	0
<i>of which: Small and Medium-sized Enterprises</i>	0	0	0	0
<i>of which: Collateralised by commercial immovable property</i>	0	0	0	0

Information on loans and advances subject to legislative and non-legislative moratoria, Accumulated impairment	Non-performing Accumulated impairment	Non-performing	
		Of which: grace period of capital and interest	Of which: Unlikely to pay that are not past-due or past-due <= 90 days
Loans and advances subject to moratorium	0	0	0
of which: Households	0	0	0
of which: Collateralised by residential immovable property	0	0	0
of which: Non-financial corporations	0	0	0
of which: Small and Medium-sized Enterprises	0	0	0
of which: Collateralised by commercial immovable property	0	0	0

Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	Gross carrying amount		Gross carrying amount
	TOTAL	of which: forbore	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	1 332 704	12 750	14 596
of which: Households	0		0
of which: Collateralised by residential immovable property	0		0
of which: Non-financial corporations	1 332 704	12 750	14 596
of which: Small and Medium-sized Enterprises	655 730		4 233
of which: Collateralised by commercial immovable property	0		0

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 (10-days holding period) and with specified probability (99% confidence level) from an adverse market movement. The market risk measurement, monitoring and reporting is conducted daily.

The market risk limits are revised at least once a year and to consider, inter alia, the change of the consolidated Own Funds, current and projected balance sheet structure as well as the market environment. The current limits in place have been valid since 31st July 2021. The next market risk limits' revision is planned in 2Q 2022.

Within the current market environment, the Group continued to act very prudently. The strong market volatility in connection with the war in Ukraine as well as with Monetary Policy Council's (MPC's) series of decisions to increase interest rates in Poland resulted in increased Group's market risk but lower interest rate risk.

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 keeping FX open positions only in Trading Book. In the 1Q 2022, the FX Total open position (Intraday as well as Overnight) remained below internal limits in place and well below 2% of Own Funds.

In 1Q 2022, the VaR remained on average at the level of approx. PLN 392 m for the total Group, which is jointly Trading Book and Banking Book, (151% of the limit) and at approx. PLN 4.0 m for Trading Book (13% of the limit). Exposure to market risk at end of March 2022 the was approx. PLN 572.0 m for Global Bank (220% of the limit) and approx. PLN 2.8 m for Trading Book (9% of the limit). In 1Q2022, the market volatility was high and internal VaR limits were still very conservative - set for Global Bank at no more than 3,3% and for Trading Book at 0,4% of Own Funds. All excesses of market risk limits are always reported, documented, and ratified at the proper competence level.

The market risk exposure in 1Q 2022 in terms of value at risk for Trading Book, together with risk type division, is presented in the table below (PLN thousands).

VaR measures for market risk in Trading Book ('000 PLN)

	31.03.2022		VaR (1Q 2022)			31.12.2021	
	Exposure	Limit usage	Average	Maximum	Minimum	Exposure	Limit usage
Total risk	2 826	9%	4 011	9 119	2 001	2 518	8%
Generic risk	2 824	9%	4 008	9 116	1 999	2 514	8%
Interest Rate VaR	2 837	11%	4 007	9 128	2 007	2 485	10%
FX Risk	165	3%	111	642	13	228	4%
Diversification Effect	6,3%					7,9%	
Specific risk	2	0%	2	2	2	2	0%

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 assumptions for the positions in question must be undertaken.

Interest rate risk in Banking Book (IRRBB)

In case of the Banking Book, the main component of the market risk is interest rate risk. 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 rates 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 on quarterly basis economic value measures, in particular:

- the impact on net interest income over a time horizon of next 12 months resulting from one-off interest rate shock of upward/downward shift by 100 basis points,
- the economic value of equity that measures the theoretical change in the net present value of all Group's positions resulting from different upward/downward parallel basis points shocks applied to market interest rates curves. Therefore, the results show the impact on the Group's economic value resulting from the interest rate change.

The exposure to interest rate risk in the Banking Book are primarily generated by the differences in repricing dates of assets and liabilities as well as its reference indexes, if contractually existing. It is specifically affected by the unbalance between assets and liabilities that have fixed rate, especially by the liabilities which cannot have interest rate lower than zero. Consequently, the level of sensitivity to interest rate changes is influenced by the level of interest rates taken as a reference. Additionally, due to specificity of the Polish legal system, the interest rate of credits is limited (it cannot exceed two times Reference Rate of the National Bank of Poland increased by 7 percentage points). In situations of decreasing interest rates, the impact on Net Interest Income is negative and depends on the share of the loan portfolio that is affected by the new maximum rate. On the other hand, assumptions regarding the timing and size of deposits repricing are also especially important when assessing the interest rate sensitivity and risk.

Considering the increase of interest rates that occurred in Poland in the last months, the results of the IRRBB measurement as of the end of March 2022 indicate that the Group is now in a more balanced situation regarding the scenario of a decline or increase in interest rates.

The results of sensitivity of NII for the next 12 months after 31st March 2022 and for position in Polish Zloty in Banking Book are conducted under the following assumptions:

- static balance sheet structure as of that reference date (no change during the following 12 months),
- reference level of net interest income if all assets and liabilities with variable interest rate already reflect market interest rates levels as of 31st March 2022 (for example, the NBP Reference rate was set at 3.50%),
- application of a parallel move of 100 bps in the yield curve up and down is an additional shock to all market interest rates levels as of 31st March 2022 and is set at the repricing date of the assets and liabilities that happens during the 12 following months.

In a scenario of parallel decrease of interest rates by 100 bp, the results are negative and equal to -209 m PLN or -6.8% of the Group's NII reference level. In a scenario of parallel increase of interest rates by 100 bp, the results are positive and equal to PLN 209 m PLN or +6.8% of the Group's NII reference level. The level of asymmetry that existed in past reporting dates is now lower as interest rates were meaningfully above 0% on 31st March 2022 and the leverage impact of the maximum interest rate is now less strong than in previous years due to changes in the structure of portfolio and pricing of loans.

Sensitivity of NII for PLN to changes of interest rates	31.03.2022	31.12.2021
Parallel yield curve increase by 100 bp	+6,8%	+5,9%
Parallel yield curve decrease by 100 bp	-6,8%	-6,0%

When it comes to impact of interest rate changes to economic value at equity (EVE) in the long term, the supervisory outlier stress tests results as of 31st March 2022 show that even under the most severe outlier test scenario, the decline of EVE for Banking Book is still below supervisory limit of 15% of Tier 1. Similarly, decline of EVE under standard scenario of sudden parallel +/-200 basis points shift of the yield curve also stayed far below supervisory maximum of 20% of Own Funds.

Liquidity risk

The liquidity risk measurement, monitoring and reporting is conducted daily with the use of both measures defined by the supervisory authorities and internally, for which limits were established.

The liquidity risk limits are revised at least once a year to consider, inter alia, the change of the size of the consolidated own funds, current and expected balance sheet structure, historical limits' consumption, as well as current market conditions and supervisory requirements. The current limits in place have been valid since 1st of January 2022. Its levels were confirmed by the annual revision conducted and approved by the Risk Committee in December 2021.

In 1Q 2022, the Group was characterized still by solid liquidity position. All the supervisory and internal liquidity indicators remained significantly above minimum limits in place. The steps taken as part of standard and binding risk management procedures have proved sufficient for managing liquidity in the current market environment.

The Group manages FX liquidity using FX-denominated bilateral loans as well as subordinated debt, Cross Currency Swap and FX Swap transactions. The importance of swaps has been decreasing because of the reduction of the FX mortgage loan portfolio and the hedge in foreign currency of the provisions for legal risk. The swaps portfolio is diversified in term of counterparties and maturity dates. For most 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 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. There is no relationship between level of the Bank's ratings and parameters of collateral in any of the signed ISDA Schedules and Credit Support Annexes (both international and domestic). A potential downgrade in any rating will not have an impact on the method of calculation or collateral exchange. It should be noted that the need of currency swaps has been decreasing at a relevant pace due to the reduction in the FX mortgage loan portfolio.

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.

In 1Q 2022, the Group maintained Loan-to-Deposit ratio well below 100%. This ratio was equalled 81% at the end of March 2022 (86% at the end of December 2021). The Group continue the policy of investing the liquidity surplus in the portfolio of liquid assets, especially in the debt securities with low specific risk (Polish Government Bonds, Treasury and NBP Bills) of which the share in total debt securities amounted to 99% at the end of March 2022. During 1Q 2022 this portfolio increased to the level of approx. PLN 18.0 billion at the end of March 2022 (16% of total assets) from PLN 17.6 billion at the end of December 2021 (17% of total assets). Those assets are Central Bank eligible and are characterized with high liquidity and can be easily used as collateral or sold without material loss on its value. The portfolio, supplemented by the cash and exposures to the National Bank of Poland, is liquid assets portfolio and is treated as the Group's liquidity reserve, which can overcome crisis situations.

Main liquidity ratios	31.03.2022	31.12.2021
Loans/Deposits ratio (%)	81%	86%
Liquid assets portfolio (PLN million) *	22 833	18 793
Liquidity Coverage Requirement, LCR (%)	151%	150%

(*) *Liquid Assets Portfolio: The sum of cash, exposure to Central Bank (the surplus above the required obligatory reserve), Polish Government debt securities, NBP-Bills and due from banks with maturity up to 1 month. The debt securities portfolio is reduced by NBP haircut for repo transactions and securities encumbered for non-liquidity purposes.*

Total Clients' deposits of the Group reached the level of PLN 97.3 billion (PLN 91.4 billion at the end of December 2021). The share of funds from individuals in total Client's deposits equalled to approx. 66.1% at the end of March 2022 (72.2% at the end of December 2021). The maintenance of high share of funds from individuals had a positive impact on the Group's liquidity and supported the safe compliance of the supervisory measures.

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 institutions and other money market operations. The source of medium-term funding remains also subordinated debt, medium-term loans, and own bonds issue.

The level of deposit concentration is regularly monitored and did not have any negative impact on the stability of the deposit base in 1Q 2022. 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, to prevent deposit base fluctuations, the Group maintains the reserves of liquid assets in the form of securities portfolio as described above.

According to the Regulation of European Parliament and Council no 575/2013 on prudential requirements for credit institutions and investment firms (CRR); the Group is daily calculating the liquidity coverage requirement (LCR) and quarterly net stable funding requirement (NSFR). In 1Q 2022, the regulatory minimum of 100% for both LCR and NSFR was fulfilled by the Group.

Despite the increase in the obligatory reserve requirement to be kept in NBP from the end of March 2022, the LCR stayed at safe level of 151% at the end of March 2022 (150% at the end of December 2021). The comfortable liquidity position was kept due to increase of the Clients' deposits that guaranteed stable level of the portfolio of liquid assets.

Additionally, the Group employs an internal structural liquidity analysis based on cumulative liquidity gaps calculated on an actuarial basis (i.e., assuming a certain probability of cash flow occurrence). In 1Q 2022 the internally defined limit of 12% total assets was not breached and the liquidity position was confirmed as solid.

Stress tests as regards structural liquidity are conducted at least quarterly 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 revised and tested at least once a year in order to ensure that it is operationally robust.

Operational risk

In the first quarter of 2022 there could be observed a continuous use of standards implemented for the purpose of efficient management of operational risk, which are in line with legal provisions in force and 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, which effectively translates into a real reduction in the level of operational risk in the business tasks.

In the first quarter of 2022 the registered level of operational risk losses was at the acceptable level.

Capital management

Capital management relates to two areas: capital adequacy management and capital allocation. For both areas, management goals were set.

The goal of capital adequacy management is: (a) meeting the requirements specified in external regulations (regulatory capital adequacy) and (b) ensuring the solvency in normal and stressed conditions (economic capital adequacy/internal capital). Completing that goal, the Bank strives to achieve internal long-term capital limits (targets), defined in Risk Strategy.

Capital allocation purpose is to create value for shareholders by maximizing the return on risk in business activity, considering established risk tolerance.

In a scope of capital management process, there is also a capital planning process. The goal of capital planning is to designate the own funds (capital base that is risk-taking capacity) and capital usage (regulatory capital requirements and economic capital) in a way to ensure that capital targets/limits shall be met, given forecasted business strategy and risk profile - in normal and stressed macroeconomic conditions.

The Bank and the Group are obliged by law to meet minimum own funds and leverage ratio requirements, set in art. 92 of the Regulation (EU) 2019/876 of the European Parliament and of the Council as of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertaking, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (CRR II). At the same time, the following levels, recommendations, and buffers were included in capital limits/targets setting:

- Pillar II FX mortgage buffer (RRE FX) - KNF recommendation to maintain additional own funds for the coverage of additional capital requirements to secure the risk resulting from FX mortgage loans granted to households, in line with art. 138.1.2a of Banking Act. At present, the buffer was set by KNF in recommendations issued in the end of 2021 in the level of 2.82pp (the Bank) and 2.79pp (the Group) as for Total Capital Ratio (TCR), which corresponds to capital requirements for Tier 1 ratio of 2.11pp (the Bank) and of 2.09pp (the Group), and which corresponds to capital requirements for CET 1 ratio of 1.58pp (the Bank) and 1.56pp (the Group).
- Combined buffer - defined in Act on macro prudential supervision over the financial system and crisis management - that consists of:
 - Capital conservation buffer at the level of 2.5%,
 - Other systemically important institution buffer (OSII) - at the level of 0.25% and the value is set by KNF every year,
 - Systemic risk buffer at the level of 0%, reduced from 3% in March 2020,
 - Countercyclical buffer at the 0% level.

In February 2022, the Bank received a recommendation to maintain, on an individual and consolidated level, own funds to cover an additional capital charge (“P2G”) in order to absorb potential losses resulting from the occurrence of stresses, at the level of 0.89pp over the OCR value (Pillar II Guidance or “P2G”). According to the recommendation, the additional capital charge should consist of common equity Tier 1 capital (CET1 capital).

Capital adequacy of the Group was as follows (PLN mn, %, pp):

Capital adequacy	31.03.2022	31.12.2021	31.03.2021
Risk-weighted assets	48 956.9	49 443.0	50 078.1
Own Funds requirements, including:	3 916,6	3 955.4	4 006.2
- Credit risk and counterparty credit risk	3 401.2	3 479.8	3 539.1
- Market risk	32.4	32.3	29.7
- Operational risk	474.5	433.0	433.0
- Credit Valuation Adjustment CVA	8.4	10.3	4.5
Own Funds, including:	7 824.7	8 436.3	9 701.0
Common Equity Tier 1 Capital	6 294.7	6 906.3	8 171.0
Tier 2 Capital	1 530.0	1 530.0	1 530.0
Total Capital Ratio (TCR)	15.98%	17.06%	19.37%
Minimum required level	13.54%	13.54%	14.1%
Surplus (+) / Deficit (-) of TCR capital adequacy (pp)	2.44	3.52	5.27
Tier 1 Capital ratio (T1)	12.86%	13.97%	16.32%
Minimum required level	10.84%	10.84%	11.27%
Surplus (+) / Deficit (-) of T1 capital adequacy (pp)	2.02	3.13	5.05
Common Equity Tier 1 Capital ratio (CET1)	12.86%	13.97%	16.32%
Minimum required level	8.81%	8.81%	9.13%
Surplus (+) / Deficit (-) of CET1 capital adequacy (p.p.) ^(*)	2.02	3.13	5.05
Leverage ratio (LR)	5.66%	6.46%	7.62%

(*) This item is intended to show how much Common Equity Tier 1 capital is available for the combined buffer requirement and subsequent requirements in the hierarchy of capital requirements. In the case of banks subject to Pillar 2 buffers and correspondingly higher requirements relating to the Tier 1 capital ratio and the Total Capital Ratio (expressed in total risk exposure), they must use part of their surplus of Common Equity Tier 1 capital after meeting the Common Equity Tier 1 ratio (4.5% + Pillar II buffer) to meet the Tier 1 capital or total capital ratio requirements. In practical terms, this means that the surplus / deficit of CET1 capital adequacy decreases and it becomes the surplus / deficit of T1 capital adequacy.

Drop of capital adequacy ratios in 1Q22 compared to 4Q21 came from the fall of own funds, whereas own funds requirements have been decreasing. Own funds went down by ca. PLN 612mn (by 7.2%), being before all a result of an increase of a negative valuation of State Treasury securities and to a lower extent recognition of net financial loss. Own funds requirements shrank by ca. PLN 38.9mn (by 1%), what came mainly from the completed synthetic securitisation of a part of corporate loans portfolio. The leverage ratio is decreasing because of the said above reduction of own funds.

The Bank received the joint decision of the resolution authorities obliging to meet MREL requirements. At the moment of communication of the decision, the Bank at the consolidated level is obliged to meet the minimum MRELTrea requirements of 15.60% and MRELtem of 3.00%. At the individual level, the minimum MRELTrea was set at 15.55% and MRELtem 3.00%. Additionally, the above mentioned decision sets updated minimum requirements that must be met by December 31, 2023, along with mid-term objectives. Having reference to that, the Bank prepared an Eurobond Issue Programme of the total nominal value not higher than EUR 3 billion, what was communicated in a current report in January 2022. Senior unsecured bonds, which may be issued under the Programme were assigned (P)Baa3 rating by Moody's Investor Service, what was communicated in a current report in April 2022.

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 evaluating 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.

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;
- Operating profit calculated as a measure of segment profit differs from the IFRS financial result before tax due to: share in net profits of associates and charge of bank tax. These items and the income tax burden were presented only at the Group level.

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.

Bank Millennium recent financial performance is significantly influenced by the costs related to managing legacy FX mortgage portfolio of loans. To isolate these costs and other financial results related to this portfolio Bank decided to isolate a new segment from Retail and present it in financial statements as “FX mortgage”. Such change impacts only results presentation and is not triggering any organizational changes in the Bank. New segment includes loans separated based on active FX mortgage contracts for a given period and is applying to portfolios of retail mortgages originated in Bank Millennium and Eurobank in foreign currencies. This portfolio is expected to run-off in line with repayments of FX loans and conversions to PLN loans. Following P&L categories are presented as part of financial performance of new segment:

1. Net Interest Income: Margin on FX loans (interest results less Fund Transfer Pricing).
2. FX results related to portfolio (mainly costs of amicable negotiations).
3. Cost of provisions for FX mortgage portfolio legal risk partially offset by valuation of SG Indemnity in other operating income line regarding ex-EB portfolio
4. Cost of Credit Risk related to current FX portfolio.
5. Other Costs that are directly related to FX mortgages including, but not limited to:
 - i. Legal chancellery costs (administrative costs),
 - ii. Court costs related to FX mortgage cases (other operating costs).

Income statement 1.01.2022 - 31.03.2022

<i>In '000 PLN</i>	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Net interest income	837 721	159 541	(59 945)	937 317	23 722	961 039
Net fee and commission income	169 395	55 828	(8 240)	216 983	3 833	220 816
Dividends, other income from financial operations and foreign exchange profit	32 441	21 416	(2 977)	50 880	(119 846)	(68 966)
Result on non-trading financial assets mandatorily at fair value through profit or loss	2 081	0	8 745	10 826	0	10 826
Other operating income and cost	(9 582)	(1 107)	2 876	(7 813)	46 082	38 269
Operating income	1 032 056	235 678	(59 541)	1 208 193	(46 209)	1 161 984
Staff costs	(170 753)	(39 090)	(8 090)	(217 933)	0	(217 933)
Administrative costs	(133 543)	(16 015)	(55 251)	(204 809)	(11 884)	(216 693)
Depreciation and amortization	(43 478)	(6 860)	(1 264)	(51 602)	0	(51 602)
Operating expenses	(347 774)	(61 965)	(64 605)	(474 344)	(11 884)	(486 228)
Impairment losses on assets	(71 308)	(9 161)	(2 623)	(83 092)	1 708	(81 384)
Results on modification	(4 037)	260	0	(3 777)	0	(3 777)
Provisions for legal risk connected with FX mortgage loans	0	0	0	0	(499 180)	(499 180)
Total operating result	608 937	164 812	(126 769)	646 980	(555 565)	91 415
Share in net profit of associated companies						0
Banking tax						(81 984)
Profit / (loss) before income tax						9 431
Income taxes						(131 771)
Profit / (loss) after taxes						(122 340)

Balance sheet items as at 31.03.2022

<i>In '000 PLN</i>	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Loans and advances to customers	53 170 631	16 314 752	0	69 485 383	9 217 194	78 702 577
Liabilities to customers	71 570 483	25 500 776	233 561	97 304 820	0	97 304 820

Income statement 1.01.2021 - 31.03.2021

<i>In '000 PLN</i>	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Net interest income	385 440	72 333	139 358	597 131	25 163	622 294
Net fee and commission income	150 759	52 060	1 949	204 768	9	204 777
Dividends, other income from financial operations and foreign exchange profit	20 036	16 927	1 062	38 025	(16 789)	21 236
Result on non-trading financial assets mandatorily at fair value through profit or loss	4 079	0	4 037	8 116	0	8 116
Other operating income and cost	(4 984)	(1 179)	(303)	(6 466)	21 082	14 616
Operating income	555 330	140 141	146 103	841 574	29 465	871 039
Staff costs	(160 834)	(36 641)	(8 124)	(205 599)	0	(205 599)
Administrative costs	(105 122)	(15 868)	(42 280)	(163 270)	(7 016)	(170 286)
Depreciation and amortization	(43 376)	(6 836)	(1 236)	(51 448)	0	(51 448)
Operating expenses	(309 332)	(59 345)	(51 640)	(420 317)	(7 016)	(427 333)
Impairment losses on assets	(40 616)	(34 841)	(2 384)	(77 841)	1 094	(76 747)
Results on modification	(3 540)	(5)	0	(3 545)	0	(3 545)
Provisions for legal risk connected with FX mortgage loans	0	0	0	0	(533 403)	(533 403)
Total operating result	201 842	45 950	92 079	339 871	(509 860)	(169 989)
Share in net profit of associated companies						0
Banking tax						(75 041)
Profit / (loss) before income tax						(245 030)
Income taxes						(66 308)
Profit / (loss) after taxes						(311 338)

Balance sheet items as at 31.12.2021

<i>In '000 PLN</i>	Retail Banking	Corporate Banking	Treasury. ALM & Other	Segments excluding FX mortgage	FX mortgage	TOTAL
Loans and advances to customers	52 364 612	16 441 570	0	68 806 182	9 797 144	78 603 326
Liabilities to customers	70 999 352	20 208 669	239 494	91 447 515	0	91 447 515

7. TRANSACTIONS WITH RELATED ENTITIES

All and any transactions between entities of the Group in I quarter of 2022 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. TRANSACTIONS WITH THE PARENT GROUP

The following are the amounts of transactions with the Capital Group of Bank's parent company - Banco Comercial Portugues (ultimate parent company), these transactions are mainly of banking nature (in '000 PLN):

	With parent company		With other entities from parent group	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
ASSETS				
Loans and advances to banks - accounts and deposits	46 212	611	0	0
Financial assets held for trading	0	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
LIABILITIES				
Loans and deposits from banks	177	100	0	0
Debt securities	0	0	0	0
Financial liabilities held for trading	85	159	0	0
Hedging derivatives	0	0	0	0
Other liabilities	0	0	68	65

	With parent company		With other entities from parent group	
	2022	2021	2022	2021
Income from:				
Interest	(52)	(325)	0	0
Commissions	50	101	0	0
Financial assets and liabilities held for trading	0	0	0	0
Expense from:				
Interest	40	161	0	(190)
Commissions	0	0	0	0
Financial assets and liabilities held for trading	84	160	0	0
Other net operating	0	5	0	0
Administrative expenses	0	0	6	36

	With parent company		With other entities from parent group	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Conditional commitments	103 198	103 198	0	0
granted	101 500	101 500	0	0
obtained	1 698	1 698	0	0
Derivatives (par value)	14 535	14 675	0	0

7.2. BALANCE OF THE BANK'S SHARES HELD BY THE BANK'S SUPERVISORY AND MANAGEMENT BOARD MEMBERS

Name and surname	Position/Function	Number of shares as of delivery date of I quarter report 2022	including received under the incentive program blocked on investment accounts until 14.06.22
Joao Nuno Lima Bras Jorge	Chairman of the Management Board,	278 900	31 879
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board,	101 568	25 316
Wojciech Haase	Member of the Management Board	90 253	20 628
Andrzej Gliński	Member of the Management Board	52 759	20 628
Wojciech Rybak	Member of the Management Board	82 759	20 628
Antonio Ferreira Pinto Junior	Member of the Management Board	82 759	20 628
Jarosław Hermann	Member of the Management Board	37 759	20 628

Name and surname	Position/Function	Number of shares as of delivery date of annual report for year 2021	including received under the incentive program blocked on investment accounts until 14.06.22
Joao Nuno Lima Bras Jorge	Chairman of the Management Board,	278 900	31 879
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board,	101 568	25 316
Wojciech Haase	Member of the Management Board	90 253	20 628
Andrzej Gliński	Member of the Management Board	52 759	20 628
Wojciech Rybak	Member of the Management Board	82 759	20 628
Antonio Ferreira Pinto Junior	Member of the Management Board	82 759	20 628
Jarosław Hermann	Member of the Management Board	37 759	20 628

Name and surname	Position/Function	Number of shares as of delivery date of I quarter report 2022	Number of shares as of delivery date of annual report for year 2021
Bogusław Kott	Chairman of the Supervisory Board	1 000	1 000
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Dariusz Rosati	Deputy Chairman and Secretary of the Supervisory Board	0	0
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Olga Grygier-Siddons	Member of the Supervisory Board	0	0
Anna Jakubowski	Member of the Supervisory Board	0	0
Grzegorz Jędrys	Member of the Supervisory Board	0	0
Alojzy Nowak	Member of the Supervisory Board	0	0
José Miguel Bensliman Schorcht da Silva Pessanha	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	0
Beata Stelmach	Member of the Supervisory Board	0	0
Lingjiang Xu	Member of the Supervisory Board	0	0

8. FAIR VALUE

The best reflection of fair value of financial instruments is the price which can be obtained for the sale of assets or paid for the transfer of liability in case of 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 cash 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.

According to 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:

Level 1 - valuation based on the data fully observable (active market quotations);

Level 2 - valuation models using the information not constituting the data from level 1, but observable, either directly or indirectly;

Level 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 Level 1 to 2 takes place when for the financial instruments measured according to Level 1 quoted market prices from an active market are not available at the balance sheet day (previously used to be);
- transfer from Level 2 to 3 takes place when for the financial instruments measured according to the Level 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 disclosure requirements of IFRS 13 and IFRS 7.

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

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 valued at amortised cost

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 30 days is considered by the Group to be close to balance-sheet value.

Fair value of instruments due and payable in 30 days or more 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 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 31.03.2022 (data in PLN thousand):

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	15	789 465	755 848
Deposits, loans and advances to banks and other monetary institutions	15	986 269	986 110
Loans and advances to customers*	14	78 405 884	76 229 539
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	19	646 646	645 598
Liabilities to customers	20	97 304 820	97 239 770
Debt securities issued	22	39 644	40 238
Subordinated debt	23	1 548 293	1 542 269

* The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. 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 spreads of new loans increase, 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 fair value of Treasury bonds held to maturity was calculated on market quotations basis and is included in the first level of the valuation category.

The table below presents data as at 31.12.2021 (data in PLN thousand):

	Note	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST			
Debt securities	15	37 088	37 764
Deposits, loans and advances to banks and other monetary institutions	15	770 531	770 446
Loans and advances to customers*	14	78 240 334	76 143 058
LIABILITIES MEASURED AT AMORTISED COST			
Liabilities to banks and other monetary institutions	19	539 408	538 811
Liabilities to customers	20	91 447 515	91 385 178
Debt securities issued	22	39 568	40 148
Subordinated debt	23	1 541 144	1 538 598

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 31.03.2022

	Note	Quoted market prices Level 1	Valuation techniques - observable inputs Level 2	Valuation techniques - significant unobservable inputs Level 3
ASSETS				
Financial assets held for trading	12			
Valuation of derivatives			134 295	54 138
Equity instruments		121		
Debt securities		100 479		
Non-trading financial assets mandatorily at fair value through profit or loss	14			
Equity instruments			56 177	66 609
Debt securities				134 335
Loans and advances				296 693
Financial assets at fair value through other comprehensive income	13			
Equity instruments		286		28 441
Debt securities		17 636 123	42 500	
Derivatives - Hedge accounting	16		52 245	
LIABILITIES				
Financial liabilities held for trading	12			
Valuation of derivatives			143 683	54 815
Short positions		20 823		
Derivatives - Hedge accounting	16		661 003	

Data in PLN'000, as at 31.12.2021

	Note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
		Level 1	Level 2	Level 3
ASSETS				
Financial assets held for trading	12			
Valuation of derivatives			56 892	29 008
Equity instruments		145		
Debt securities		86 438		
Non-trading financial assets mandatorily at fair value through profit or loss	14			
Equity instruments			71 795	66 609
Debt securities				127 499
Loans and advances				362 992
Financial assets at fair value through other comprehensive income	13			
Equity instruments		290		28 437
Debt securities		17 933 983	34 990	
Derivatives - Hedge accounting	16		14 385	
LIABILITIES				
Financial liabilities held for trading	12			
Valuation of derivatives			96 918	29 483
Short positions		16 614		
Derivatives - Hedge accounting	16		614 573	

Using the criterion of valuation techniques as at 31.03.2022 Group classified into the third category following financial instruments:

- credit exposures with a leverage / multiplier feature inbuilt in the definition of interest rate (these are credit card exposures and overdraft limits for which the interest rate is based on a multiplier: 4 times the lombard rate). To estimate the fair value of loans, due to the lack of availability of the market value, an internal valuation model was used, taking into account the assumption that at the time of granting the loan the fair value is equal to the carrying value. The fair value of loans without recognized impairment is equal to the sum of future expected cash flows discounted at the balance sheet date. The discounting rate is the sum of: the cost of risk, the cost of financing, the value of the expected return. The fair value of impaired loans is equal to the sum of future expected recoveries discounted using the effective interest rate, recognizing that the average expected recoveries fully take into account the element of credit risk. In case of an increase in the discount rate by 1 p.p. valuation of the portfolio would have been reduced by -0.1% (sensitivity analysis: based on the FV model for the portfolio of credit cards);
- 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;
- VISA Inc. engagement shares; the method of fair value calculation of this instrument considers the time value of money and the time line for conversion of preferred stock in common stock of VISA.;
- other equity instruments measured at fair value (unquoted on an active market).

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 are presented in the table below (in '000 PLN):

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances
Balance on 01.01.2022	28 397	(28 872)	95 046	127 499	362 992
Settlement/sell/purchase	16 000	(16 414)	0	0	(76 054)
Change of valuation recognized in equity	0	0	0	0	0
Interest income and other of similar nature	0	0	0	0	7 674
Results on financial assets and liabilities held for trading	8 494	(8 282)	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	6 836	2 081
Result on exchange differences	0	0	4	0	0
Balance on 31.03.2022	52 891	(53 568)	95 050	134 335	296 693

For options on indexes concluded on an inactive market, and FX options 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 Group'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.

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances
Balance on 01.01.2021	19 911	(19 559)	95 827	50 335	1 615 753
Settlement/sell/purchase	4 158	(5 055)	3	0	(1 348 014)
Change of valuation recognized in equity	0	0	(785)	0	0
Interest income and other of similar nature	0	0	0	0	55 372
Results on financial assets and liabilities held for trading	4 328	(4 258)	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	77 164	39 881
Result on exchange differences	0	0	0	0	0
Balance on 31.03.2021	28 397	(28 872)	95 046	127 499	362 992

9. CONTINGENT LIABILITIES AND ASSETS

9.1. LAWSUITS

Below please find the data on the court cases pending, brought up by and against entities of the Group. A separate category are the proceedings related to the activities of the Tax Control Authority described in Chapter 4. note 11) "Corporate Income Tax".

Court cases brought up by the Group

Value of the court litigations, as at 31.03.2022, in which the companies of the Group were a plaintiff, totalled PLN 729.0 million. The increase in the value of the subject of litigation in cases brought by the Bank in relation to previous periods results from the fact of filing lawsuits against FX mortgage loan customers.

Proceedings on infringement of collective consumer interests

On January 3 2018, the Bank received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman) , in which the OPCC Chairman found infringement by the Bank of the rights of consumers. In the opinion of the OPCC Chairman the essence of the violation is that the Bank informed consumers (it regards 78 agreements) in responses to their complaints, that the court verdict stating the abusiveness of the provisions of the loan agreement regarding exchange rates does not apply to them. According to the position of the OPCC Chairman the abusiveness of contract's clauses determined by the court in the course of abstract control is constitutive and effective for every contract from the beginning. As a result of the decision, the Bank was obliged to:

- 1) send information on the UOKiK's decision to the said 78 clients,
- 2) place the information on decision and the decision itself on the website and on Twitter,
- 3) to pay a fine amounting to PLN 20.7 mln.

The Bank lodged an appeal within the statutory time limit.

On January 7, 2020, the first instance court dismissed the Bank's appeal in its entirety. The bank appealed against the judgment within the statutory deadline. The court presented the view that the judgment issued in the course of the control of a contractual template (in the course of an abstract control), recognizing the provisions of the template as abusive, determines the abusiveness of similar provisions in previously concluded contracts. Therefore, the information provided to consumers was incorrect and misleading. As regards the penalty imposed by OPCC, the court pointed out that the policy of imposing penalties by the Office had changed in the direction of tightening penalties and that the court agrees with this direction.

In the Bank's assessment, the Court should not assess the Bank's behaviour in 2015 from the perspective of today's case-law views on the importance of abstract control (it was not until January 2016 that the Supreme Court's resolution supporting the view of the OPCC Chairman was published), the more penalties for these behaviours should not be imposed using current policy. The above constitutes a significant argument against the validity of the judgment and supports the appeal which the Bank submitted to the Court of second instance.

The second instance court, in its judgment of February 24, 2022, completely revoked the decision of the OPCC Chairman. The OPCC Chairman may file a cassation appeal against the judgment.

Proceedings on competition-restricting practice

The Bank (along with other banks) is also a party to the dispute with OPCC, in which the OPCC Chairman recognized the practice of participating banks, including Bank Millennium, in an agreement aimed at jointly setting interchange fee rates charged on transactions made with Visa and Mastercard cards as restrictive of competition, and by decision of 29 December 2006 imposed a fine on the Bank in the amount of PLN 12.2 million. The Bank, along with other banks, appealed the decision.

In connection with the judgment of the Supreme Court and the judgment of the Court of Appeal in Warsaw of November 23, 2020, the case is currently pending before the court of first instance - the Court of Competition and Consumer Protection. The Bank has created a provision in the amount equal to the imposed penalty.

Proceedings in the matter of recognition of provisions of the agreement format as abusive

On 22 September 2020 The Bank received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman) recognising clauses stipulating principles of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof.

Penalty was imposed upon the Bank in the amount of 10.5 million PLN. Penalty amount takes account of two mitigating circumstances: cooperation with the Office for Protection of Competition and Consumers and discontinuation of the use of provisions in question.

The Bank was also requested, after the decision becomes final and binding, to inform consumers, by registered mail, to the effect that the said clauses were deemed to be abusive and therefore not binding upon them (without need to obtain court's decision confirming this circumstance) and publish the decision in the case on the Bank's web site.

In the decision justification delivered in writing the OPCC Chairman stated that FX rates determined by the Bank were determined at Bank's discretion (on the basis of a concept, not specified in any regulations, of average inter-bank market rate). Moreover, client had no precise knowledge on where to look for said rates since provision referred to Reuters, without precisely defining the relevant site.

Provisions relating to FX rates in Bank's tables were challenged since the Bank failed to define when and how many times a day these tables were prepared and published.

In justification of the decision, the OPCC Chairman also indicated that in the course of the proceeding, Bank Millennium presented various proposed solutions, which the OPCC Chairman deemed to be insufficient.

The decision is not final and binding. The Bank appealed against the said decision within statutory term.

On March 31, 2022, the first instance court revoked the entire decision of the Chairman of the OPCC. The Chairman of the OPCC may appeal against the judgement.

The Bank believes that chances for it to win the case are positive.

Court cases against the Group

As at 31.03.2022, the most important proceedings, in the group of the court cases where the Group's companies were defendant, were following:

- The Bank is a defendant in three court proceedings in which the subject of the dispute is the amount of the interchange fee. In two of the abovementioned cases, the Bank was sued jointly and severally with another bank, and in one with another bank and card organizations. The total value of claims submitted in these cases is PLN 729.6 million. The proceedings with the highest value of the submitted claim are brought by PKN Orlen SA, in which the plaintiff demands payment of PLN 635.7 million. The plaintiff in this proceeding alleges that the banks acted under an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2006-2014. In the other two cases, the charges are similar to those raised in the case brought by PKN Orlen SA, while the period of the alleged agreement is indicated for the years 2008-2014. According to current estimates of the risk of losing a dispute in these matters, the Bank did not create a provision. In addition, we point out that the Bank participates as a side intervener in four other proceedings regarding the interchange fee. Other banks are the defendant. Plaintiffs in these cases also accuse banks of acting as part of an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2008-2014.

- A lawsuit brought up by Europejska Fundacja Współpracy Polsko-Belgijskiej/European Foundation for Polish-Belgian Cooperation (EFWP-B) against Bank Millennium S.A., worth of the dispute 521.9 million PLN with statutory interest from 05.04.2016 until the day of payment. The plaintiff filed the suit dated 23.10.2015 to the Regional Court in Warsaw; the suit was served to the Bank on 04.04.2016. According to the plaintiff, the basis for the claim is damage to their assets, due to the actions taken by the Bank and consisting in the wrong interpretation of the Agreement for working capital loan concluded between the Bank and PCZ S.A., which resulted in placing the loan on demand. In the case brought by EFWP-B, the plaintiff moved for securing the claim in the amount of 250.0 million PLN. The petition was dismissed on 5.09.2016 with legal validity by the Appellate Court. The Bank is requesting complete dismissal of the suit, stating disagreement with the charges raised in the claim. Supporting the position of the Bank, the Bank's attorney submitted a binding copy of final verdict of Appeal Court in Wrocław favourable to the Bank, issued in the same legal state in the action brought by PCZ SA against the Bank. At present, the Court of first instance is conducting evidence proceedings.

As at 31.03.2022, the total value of the subjects of the other litigations in which the Group appeared as defendant, stood at PLN 2,651.0 million (excluding the class actions described below and in the **Chapter 10**). In this group the most important category are cases related with FX loans mortgage portfolio and cases related to forward transactions (option cases).

The class action related to the LTV insurance:

On the 3rd of December 2015 a class action was served on the Bank. A group of the Bank's debtors (454 borrowers party to 275 loan agreements) is represented by the Municipal Consumer Ombudsman in Olsztyn. The plaintiffs demanded payment of the amount of PLN 3.5 million, claiming that the clauses of the agreements, pertaining to the low down payment insurance, are unfair and thus not binding. Plaintiff extended the group in the court letter filed on the 4th of April 2018, therefore the claims increased from PLN 3.5 million to over PLN 5 million.

Actual status:

On the 1st of October 2018, the group's representative corrected the total amount of claims pursued in the proceedings and submitted a revised list of all group members, covering the total of 697 borrowers - 432 loan agreements. The value of the subject of the dispute, as updated by the claimant, is PLN 7,371,107.94.

By the resolution of 1 April 2020 the court established the composition of the group as per request of the plaintiff and decided to take witness evidence in writing and called on the parties to submit questions to the witnesses. The Bank submitted a pleading with questions to witnesses in July 2020. By the court's decision of September 9, 2021, the court called the witnesses to testify in writing. Witnesses will have two months for this operation from the service of the summons. In this case, the date of the hearing can also be expected - approximately - in the first half of 2022. However it should be noted, that the above forecast is conditioned by the result of the assessment of the impact of the latest amendments to the Code of Civil Procedure on group proceedings. In the event of difficulties with resolving doubts that have arisen as to which composition of the courts should currently conduct these proceedings (one-person composition or, as before, three-person composition), it may be necessary to clarify this issue by the Supreme Court in the form of a resolution, which will mean that the date of the hearing should be expected even at the end of 2022.

As at 31 March 2022, there were also 297 individual court cases regarding LTV insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

Lawsuits filed by Financial Ombudsman for discontinuation of unfair market practices

On 13 August 2020 the Bank received lawsuit from the Financial Ombudsman. The Financial Ombudsman, in the lawsuit, demands that the Bank and the Insurer (TU Europa) be ordered to discontinue performing unfair market practices involving, as follows:

- presenting the offered loan repayment insurance as protecting interests of the insured in case when insurance structure indicates that it protects the Bank's interests;
- use of clauses linking the value of insurance benefit with the amount of borrower's debt;
- use of clauses determining the amount of insurance premium without prior risk assessment (underwriting);
- use of clauses excluding insurer's liability for insurance accidents resulting from earlier causes.

Furthermore, the Ombudsman requires the Bank to be ordered to publish, on its web site, information on use of unfair market practices.

The lawsuit does not include any demand for payment, by the Bank, of any specified amounts. Nonetheless, if the practice is deemed to be abusive it may constitute grounds for future claims to be filed by individual clients.

The case is being examined by the court of first instance.

FX mortgage loans legal risk

FX mortgage loans legal risk is described in the **Chapter 10**. "Legal risk related to foreign currency mortgage loans".

9.2. OFF - BALANCE ITEMS

<i>Amount '000 PLN</i>	31.03.2022	31.12.2021	31.03.2021
Off-balance conditional commitments granted and received	15 923 016	16 007 921	16 214 002
Commitments granted:	13 588 180	13 882 138	14 386 839
loan commitments	11 375 887	12 034 696	12 659 877
guarantee	2 212 293	1 847 442	1 726 961
Commitments received:	2 334 836	2 125 784	1 827 163
financial	315 515	40 000	16 520
guarantee	2 019 321	2 085 784	1 810 643

10. LEGAL RISK RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

10.1. COURT CLAIMS AND CURRENT PROVISIONS ON LEGAL RISK

On March 31, 2022, the Bank had 12,528 loan agreements and additionally 1,010 loan agreements from former Euro Bank (91% loans agreements before the Court of first instance and 9% loans agreements before the court of second instance) under individual ongoing litigations (excluding claims submitted by the bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 1,849.7 million and CHF 142.7 million (Bank Millennium portfolio: PLN 1,696.3 million and CHF 140.1 million and former Euro Bank portfolio: PLN 153.4 million and CHF 2.6 million).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of allegedly undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,281. At the current stage, the composition of the group has been established and confirmed by the court. On 2 February 2022 the court dismissed the Bank's evidentiary motions regarding witnesses, court-appointed experts, private expert reports, as well as part of the documents submitted by the Bank, and ordered the parties to submit in writing their final positions in the case prior to issuing the judgment in a closed hearing. The judgment has not been issued yet.

The pushy advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,981 individual claims were filed against the Bank (in addition, 236 against former Euro Bank), in 2020 the number increased by 3,004 (265), in 2021 the number increased by 6,151 (420), while in Q1 2022 the number increased by 1,568 (101).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved in favour of banks until 2019 year. However, after the Court of Justice of the European Union (CJEU) judgment issued on 3 October 2019 (Case C-260/18) the proportion have adversely changed and vast majority of court cases have been lost by banks, particularly in first instance proceedings. As far as the Bank itself is concerned, until 31 of March 2022 only 373 cases were finally resolved (333 in claims submitted by clients against the Bank and 40 in claims submitted by the Bank against clients i.e. debt collection cases). 53% of finalised individual lawsuits against the Bank were favourable for the Bank including remissions and settlements with plaintiffs. Unfavourable rulings (47%) included both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank submits cassation appeals to the Supreme Court against unfavourable for the Bank legally binding verdicts. On the other hand, the statistics of first instance court decisions have been much more unfavourable in recent periods and its number has also increased. In general, the Bank submits appeals against 1st instance negative court rulings.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank on 31.03.2022 was PLN 4,731 million (of which the outstanding amount of the loan agreements under the class action proceeding was 950 million PLN).

If all Bank Millennium's loan agreements currently under individual and class action court proceedings would be declared invalid without proper compensation for the use of capital, the pre-tax cost could reach PLN 4,426 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard.

In I quarter 2022 the Bank created PLN 451.2 million provisions and PLN 48.0 million for former Euro Bank originated portfolio. The final level of provisions for the Bank Millennium portfolio at the end of March 2022 was at the level of PLN 3,572.4 million, and PLN 299.7 million for former Euro Bank originated portfolio.

The methodology developed by the Bank is based on the following main parameters:

(1) the number of current (including class action) and potential future court cases that will appear within a specified (three-year) time horizon,

(2) the amount of the Bank's potential loss in the event of a specific court judgment three negative judgment scenarios were taken into account:

- invalidity of the agreement
- average NBP
- PLN + LIBOR

(3) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases.

(4) in the case of a loan agreement invalidity scenario, a new component recognized in the methodology, taking legal assessments into consideration, is the calculation of the Bank's loss taking into account the assignment of a minimum probability of receiving the settlement of a remuneration for the cost of use of capital.

(5) new component recognized in the methodology is the amicable settlement with clients in or out of court. Notwithstanding the Bank's determination to continue taking all possible actions to protect its interests in courts, the Bank has been open to its customers in order to reach amicable solutions on negotiated terms, case by case, providing favourable conditions for conversion of loans to PLN and / or early repayment (partial or total). As a result of these negotiations the number of active FX mortgage loans was materially reduced in 2021. As the Bank is still conducting efforts to further signing of agreements which involved some costs, a scenario of further materialization of negotiations was added. However, it should be noted that:

- a. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank
- b. as the effort was material in 2021, the probability of success may be lower in the future and at the same time, gradually most of the client base has had contact with the Bank regarding potential negotiation of the conversion of the loans to PLN, so the Bank is taking a conservative approach when calculating the potential future impact for the time being.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Societe Generale.

The Bank analyzed the sensitivity of the methodology for calculating provisions, for which a change in the parameters would affect the value of the estimated loss to the legal risk of litigation:

Parameter	Scenario	Impact on loss due to legal risk related to the portfolio of mortgage loans in convertible currencies
Change in the number of lawsuits	Additionally, 1 p.p. of active clients file a lawsuit against the Bank	PLN 57 million
Change in the probability of winning a case	The probability of the Bank winning a case is lower by 1 p.p	PLN 43 million
Change in estimated losses for each variant of the judgment	Increase in losses for each variant of the judgment by 1 p.p	PLN 37 million

The Bank is open to negotiate case by case favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations the number of active FX mortgage loans decreased by 8,449 in 2021 and 2,281 in Q1 2022 compared to over 47,500 active loans at the end of 2021. Cost incurred in conjunctions with these negotiations totalled PLN 364.3 million in 2021 and PLN 123.6 million in Q1 2022 is presented mainly in 'Result on exchange differences' in the profit and loss statement.

Finally it should also be mentioned, that the Bank, as at 31.03.2022, had to maintain additional own funds for the coverage of additional capital requirements related to FX mortgage portfolio risks (Pillar II FX buffer) in the amount of 2.82 p.p. (2.79 p.p. at the Group level), part of which is allocated to operational/legal risk.

On 3 October 2019, the Court of Justice of the European Union ('the CJEU') issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that (i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract; (ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract; (iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs; (iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29th April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it.

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance.

(iii) the consequences of a judicial finding that a term in a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions.

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 7th May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

1. An abusive contractual clause (art. 3851 § 1 of the Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively.

2. If without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

In this context, taking into consideration the recent negative evolution in the court verdicts regarding FX mortgage loans, and if such trend continues, the Bank will have to regularly review and may need to continue to increase the balance of provisions allocated to court litigations.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the national courts within the framework of disputes considered which would possibly result in the emergence of further interpretations, which are relevant for the assessment of the risks associated with subject matter proceedings. This circumstance indicates the need for constant analysis of these matters. Further request for clarification and ruling addressed to the European Court of Justice and Polish Supreme Court have already been filed and may still be filed with potential impact on the outcome of the court cases.

10.2. EVENTS THAT MAY IMPACT FX MORTGAGE LEGAL RISK AND RELATED PROVISION

On 29 January 2021 a set of questions addressed by the First President of the Supreme Court to the full Civil Chamber of the Supreme Court was published. This may have important consequences in terms of clarifications of relevant aspects of the court rulings and their consequences. The Civil Chamber of the Supreme Court has been requested for answering the questions concerning key matters related to FX mortgage agreements: (i) is it permissible to replace - with the law provisions or with a custom - the abusive provisions of an agreement which refer to FX exchange rate determination; moreover, (ii) in case of impossibility of determining the exchange rate of a foreign currency in the indexed/denominated credit agreement - is it permissible to keep the agreement still valid in its remaining scope; as well as (iii) if in case of invalidity of the CHF credit there would be applicable the theory of balance (i.e. does arise a single claim which is equal to the difference between value of claims of bank and the customer) or the theory of two conditions (separate claims for the bank and for the client that should be dealt with separately). The Supreme Court has also been requested for answering the question on (iv) from which point in time there shall be starting the limitation period in case of bank's claim for repayment of amounts paid as a loan and (v) whether banks and consumers may receive remuneration for using their pecuniary means by another party.

On 11 May the Civil Chamber of the Supreme Court requested opinions on Swiss franc mortgage loans from five institutions including the National Bank of Poland (NBP), the Polish Financial Supervision Authority (UKNF), the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman.

The positions of: the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman are in general favorable to consumers, while the National Bank of Poland and the Polish Financial Supervision Authority present a more balanced position, including fair principles of treatment of FX mortgage borrowers vis-à-vis PLN mortgage borrowers, as well as balanced economic aspects regarding solutions for the problem that could be considered by the Supreme Court.

In the next meeting of the Supreme Court that took place on 2 September 2021, the Court did not address the answers to the submitted questions and no new meeting date is known. The Bank will assess in due time the implications of the decisions of the Supreme Court on the level of provisions for the legal risk.

In August 2021, the CJEU was asked for a preliminary ruling (C-520/21) whether, in the event that a loan agreement concluded by a bank and a consumer is deemed invalid from the beginning due to unfair contract terms, the parties, in addition to the reimbursement of the money paid in contracts (bank - loan capital, consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the moment of calling for payment, may also claim any other benefits, including receivables in particular, remuneration, compensation, reimbursement of costs or valorization of the performance.

Notwithstanding the above there are a number of questions addressed by Polish courts to the European Court of Justice which may be relevant for the outcome of the court disputes in Poland.

The subject matter questions relate, in particular, to:

- the possibility of replacing of an abusive contractual clause with a dispositive law provision;
- the limitation period of a consumer claims concerning reimbursement of benefits made as performance of an agreement which has been declared to be invalid
- the possibility of declaration by the Court of abusiveness of only part of a contractual provision.

With the scope of settlements between the Bank and borrower following the fall of the loan agreement is also connected the legal issue directed to the seven-person composition of the Supreme Court (case sign: III CZP 54/21). The date of case review has not been specified yet.

The Supreme Court was also presented with the issue of whether the loan agreement is a mutual agreement in the light of the regulations concerning retention right.

On December 8, 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ('PFSA') proposed a 'sector' solution to address the sector risks related to FX mortgages. The solution would consist in offering by banks to their clients a voluntary possibility of concluding arrangements based on which a client would conclude with the bank a settlement as if his/her loan from the very beginning had been a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loan.

Following that public announcement, the idea has been subject of consultations between banks under the auspices of the PFSA and Polish Banking Association. Banks in general have been assessing the conditions under which such solution could be implemented and consequent impacts.

As expressed in our previous financial reports, in the view of the Management Board of the Bank, important aspects to take into consideration when deciding on potential implementation of such program are: a) favorable opinion or at least non-objection from important public institutions; b) support from National Bank of Poland to the implementation; c) level of legal certainty of the settlement agreements to be signed with the borrowers; d) level of the financial impact on a pre- and after tax basis; e) capital consequences including regulatory adjustments in the level of capital requirements associated with FX mortgage loans.

Based on current information some of the above mentioned aspects are not likely to be fully clarified and / or achieved.

At the time of publishing this report, neither the Management Board nor any other corporate body of the Bank took any decision regarding implementation of such program. If / when a recommendation regarding the program would be ready, the Management Board would submit it to the Supervisory Board and General Shareholders meeting taking into consideration the relevance of such decision and its implications.

In 1st half 2021 Bank Millennium conducted a survey among its customers in cooperation with an external reputed company regarding the willingness to accept settlement in the terms of the sector solution put forward by the Chairman of KNF. 49% of clients enquired were preliminarily interested in benefitting from the proposal, while 25% were not able to clearly express their opinion and 26% would not take such offer.

According to the current calculations, implementation of a solution whereby loans would be voluntarily converted to Polish zloty as if from the very beginning they had been a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans, could imply provisions for the losses resulting from conversion of such loans (if all the existing portfolio would be converted) with a pre-tax impact between PLN 4,354 million to PLN 4,823 million (not audited data). The impacts can significantly change in case of variation of the exchange rate and several assumptions. Impacts on capital could be partially absorbed and mitigated by the combination of the existing surplus of capital over the current minimum requirements, the reduction of risk weighted assets and the decrease or elimination of Pillar 2 buffer.

Due to the complexity and uncertainty regarding the outcome of court cases, as well as from potential implementation of KNF Chairman solution or from potential Supreme Court decisions or European Court of Justice decisions, it is difficult to reliably estimate potential impacts of such different outcomes and their interaction as at the date of publication of the financial statements.

11. ADDITIONAL INFORMATION

11.1. DATA ABOUT ASSETS, WHICH SECURE LIABILITIES

As at 31.03.2022 r. (PLN'000):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds OK0423	Held to Collect and for Sale	Lombard credit granted to the Bank by the NBP	130 000	123 461
2.	Treasury bonds OK0423	Held to Collect and for Sale	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	304 000	288 709
3.	Treasury bonds OK0423	Held to Collect and for Sale	Security of payment obligation to BFG contribution - guarantee fund	134 100	127 355
4.	Treasury bonds OK0423	Held to Collect and for Sale	Security of payment obligation to BFG contribution - compulsory resolution fund	95 500	90 696
5.	Cash	receivables	initial settlement deposit in KDPW CCP (MAGB)	5 000	5 000
6.	Cash	receivables	ASO guarantee fund (PAGB)	892	892
7.	Cash	receivables	right settlement deposit in KDPW CCP (MATS)	559	559
8.	Cash	receivables	Settlement on transactions concluded	134 065	134 065
9.	Deposits	Deposits in banks	Settlement on transactions concluded	580 246	580 246
10.	Leasing receivables	Loans and advances	Loans granted to Millennium Leasing	217 310	217 310
TOTAL				1 601 672	1 568 293

Additionally, as at March 31, 2022, the Group had concluded short-term transactions (usually settled within 7 days) of Treasury securities sale with a repurchase agreement, subject of securities worth PLN 27 thousand.

As at 31.12.2021 r. (PLN'000):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds OK0423	Held to Collect and for Sale	Lombard credit granted to the Bank by the NBP	130 000	124 254
2.	Treasury bonds OK0423	Held to Collect and for Sale	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	328 000	313 502
3.	Treasury bonds PS0425	Held to Collect and for Sale	Securing the Fund for Protection of Funds Guaranteed as part of the Bank Guarantee Fund	7 000	6 399
4.	Treasury bonds OK0423	Held to Collect and for Sale	Security of payment obligation to BFG contribution - guarantee fund	130 100	124 350
5.	Treasury bonds OK0423	Held to Collect and for Sale	Security of payment obligation to BFG contribution - compulsory resolution fund	106 500	101 793
6.	Cash	receivables	initial deposit in KDPW CCP (MAGB)	5 000	5 000
7.	Cash	receivables	ASO guarantee fund (PAGB)	398	398
8.	Cash	receivables	payment to the OTC Guarantee Fund - KDPW_CCP	8 989	8 989
9.	Cash	receivables	Settlement on transactions concluded	111 907	111 907
10.	Deposits	Deposits in banks	Settlement on transactions concluded	572 681	572 681
11.	Leasing receivables	Loans and advances	Loans granted to Millennium Leasing	215 120	215 120
TOTAL				1 615 696	1 584 394

Additionally, as at December 31, 2021, the Group had concluded short-term transactions (usually settled within 7 days) of Treasury securities sale with a repurchase agreement, subject of securities worth PLN 17,933 thousand.

11.2. SECURITIES COVERED BY TRANSACTIONS WITH A BUY-BACK CLAUSE

Following securities (presented in the Group's balance-sheet) were underlying Sell-buy-back transactions (PLN'000):

As at 31.03.2022

Type of security	Par value	Balance sheet value
Treasury bonds	28	27
TOTAL	28	27

As at 31.12.2021

Type of security	Par value	Balance sheet value
Treasury bonds	21 347	17 933
TOTAL	21 347	17 933

In result of conclusion of Sell-Buy-Back transactions with the underlying securities presented in the table above, the Group is exposed to risks, which are the same as in case of holding securities with the same characteristics in its treasury portfolio.

11.3. 2021 DIVIDEND

Bank Millennium has a dividend policy of distribution between 35% and 50% of net profit, taking into account supervisory recommendations. The Bank recorded a net loss in 2021, resulting from the creation of provisions for legal risk related to FX mortgage loans, hence there was no basis for the payment of dividends. The Management Board of the Bank presented a proposal and the Ordinary General Meeting of the Bank, held on March 30, 2022, decided to allocate the amount of PLN 1,357,451,533.94 from the reserve capital to cover the loss incurred in 2021.

11.4. EARNINGS PER SHARE

Loss per share calculated for I quarter of 2022 (and diluted loss per share) on the basis of the consolidated data amounts to -PLN 0.10.

11.5. 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.

Because the Bank is a public company whose shares are traded on the WSE primary market, the Bank has no detailed information about the shareholding structure as of March 31, 2022. Information on shareholders, contained in the table below, is provided on the basis of data collected in connection with the registration of shareholders entitled to participate in the Ordinary General Meeting of the Bank convened for March 30, 2022.

The largest shareholders of the Group's parent entity - the Bank - (above 5% share in the vote at the General Shareholders Meetings) were as follows:

Shareholder as at 31.03.2022	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
Nationale-Nederlanden Otwarty Fundusz Emerytalny	99 291 000	8.18	99 291 000	8.18
Aviva Otwarty Fundusz Emerytalny Aviva Santander	72 760 000	6.00	72 760 000	6.00
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	67 000 000	5.52	67 000 000	5.52
Shareholder as at 31.12.2021	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
Nationale-Nederlanden Otwarty Fundusz Emerytalny	99 291 825	8.18	99 291 825	8.18
Aviva Otwarty Fundusz Emerytalny Aviva Santander	72 760 035	6.00	72 760 035	6.00
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	69 451 428	5.73	69 451 428	5.73

11.6. INFORMATION ABOUT LOAN SURETIES OR GUARANTEES EXTENDED BY THE GROUP

In the I quarter 2022, the Group did not grant any sureties or guarantees for a loan or bank loan which would cause the Group's exposure on this account as at 31 March 2022 to be significant.

11.7. SEASONALITY AND BUSINESS CYCLES

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

11.8. OTHER ADDITIONAL INFORMATION AND EVENTS AFTER THE BALANCE SHEET DATE

As at 31 March 2022, the Group has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed consolidated statements, 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.

On April 19, 2022 the Bank received information from the Banking Guarantee Fund on setting for the Bank the amount of annual contribution to the Banks' Resolution Fund due for 2022, including the corrections of contributions paid for years 2020 and 2021, in the amount of PLN 83 429 718.40. The majority of the above amount has been booked in the Bank's costs relating to the first quarter of 2022.

Date	Name and surname	Position/Function	Signature
27.04.2022	Joao Bras Jorge	Chairman of the Management Board	Signed by a qualified electronic signature
27.04.2022	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature
27.04.2022	Wojciech Haase	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Andrzej Gliński	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Wojciech Rybak	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Antonio Pinto Junior	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Jarostaw Hermann	Member of the Management Board	Signed by a qualified electronic signature

**CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS
OF THE BANK MILLENNIUM S.A. FOR THE 3 MONTHS ENDED
31 MARCH 2022**

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1. INTRODUCTION AND ACCOUNTING POLICY

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union. 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 financial statements of the Bank as at and for the year ended 31 December 2021.

Pursuant to the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757) the Bank is required to publish financial data for the three months ending March 31, 2022.

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 2022. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for three months period ended 31 March 2022 contain all important information, which also serves as explanatory data to these standalone statements of the Bank.

The Management Board approved these condensed interim financial statements on 25th April 2022.

Changes of applied accounting principles introduced in 2021

In 2021, the Bank changed the accounting policy regarding the recognition of provisions for future claims related to active CHF mortgage loans in the balance sheet. As a result of changes in market conditions, such as the growing number of unfavourable court judgments declaring the entire agreement or certain provisions of these credits to be invalid, the Bank does not expect that all contractual cash flows related to these loans will be recovered. As a result, commencing from 2021, the Bank allocates provisions for future claims and recognizes them as a reduction of the gross carrying amount of loans for which a decrease in future cash flows is expected, in accordance with paragraph B5.4.6 of IFRS 9 "Financial Instruments" (previously provisions for future claims used to be recognized in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"). As a result of the above change, the approach applied in accordance with IAS 37 will be continued only with regard to claims relating to already repaid (or almost fully repaid) receivables not recognised in the Bank's balance sheet.

In the opinion of the Bank, this way of presentation better reflects the risk related to FX mortgage loans and enables the users of the financial statements a better assessment of the Bank's balance sheet. Additionally, it is a change adjusting the Bank's accounting standards to the majority market practice applied by the banking sector in this area.

In order to ensure comparability, the Bank has made appropriate adjustments to comparable data in the balance sheet as at March 31, 2021

Balance sheet item	Data presented previously in financial statements as at March 31, 2021	Value of adjustment	Data presented in these financial statements as at March 31, 2022
31.03.2021			
Loans and advances to customers valued at amortised cost	74 833 173	(675 075)	74 158 098
Provisions	1 147 254	(675 075)	472 179

Changes of presentation introduced in 2021

The Bank changed the presentation of interest on derivatives not covered by formal hedge accounting. According to the Bank's verified assessment, these revenues, even though they are related with instruments included in the trading portfolio, but according to the economic sense of cash flows from these transactions, constitute interest income and should be an element of the interest margin, not one of the components of the financial instrument valuation, as it was previously the case. In view of the above, the Bank, starting from 2021, presents the interest in the Income statement as part of the "Net interest income", while previously this interest was included in the item "Results on financial assets and liabilities held for trading". In order to ensure comparability, the Bank has made appropriate adjustments to the comparable data in the Income statement as presented below.

Income statement line	Data presented previously in financial statements as at March 31, 2021	Value of adjustment	Data presented in these financial statements as at March 31, 2022
1.01.2021 - 31.03. 2021			
Interest income and other of similar nature	628 087	2 794	630 881
Results on financial assets and liabilities held for trading	(891)	(2 794)	(3 685)

2. STANDALONE FINANCIAL DATA (BANK)

INCOME STATEMENT

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Net interest income	930 861	599 493
Interest income and other of similar nature	1 028 471	630 881
Income calculated using the effective interest method	1 034 811	611 252
Interest income from Financial assets at amortised cost	833 321	574 241
Interest income from Financial assets at fair value through other comprehensive income	201 490	37 011
Result of similar nature to interest from Financial assets at fair value through profit or loss	(6 340)	19 629
Interest expenses	(97 610)	(31 388)
Net fee and commission income	193 927	179 363
Fee and commission income	233 308	213 064
Fee and commission expenses	(39 381)	(33 701)
Dividend income	42 095	48 799
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(868)	750
Results on financial assets and liabilities held for trading	(2 799)	(3 685)
Result on non-trading financial assets mandatorily at fair value through profit or loss	10 826	8 116
Result on hedge accounting	(2 670)	890
Result on exchange differences	(63 081)	22 950
Other operating income	65 706	34 109
Other operating expenses	(21 974)	(17 160)
Administrative expenses	(416 855)	(363 201)
Impairment losses on financial assets	(70 057)	(58 425)
Impairment losses on non-financial assets	(2 622)	(2 377)
Provisions for legal risk connected with FX mortgage loans	(499 180)	(533 403)
Result on modification	(3 777)	(3 545)
Depreciation	(50 069)	(48 793)
Share of the profit of investments in subsidiaries	0	0
Banking tax	(81 984)	(75 041)
Profit before income taxes	27 479	(211 160)
Corporate income tax	(124 578)	(63 080)
Profit after taxes	(97 099)	(274 240)

STATEMENT OF TOTAL COMPREHENSIVE INCOME

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Profit after taxes	(97 099)	(274 240)
Other comprehensive income items that may be (or were) reclassified to profit or loss	(503 513)	(113 949)
Result on debt securities	(394 223)	(86 095)
Result on credit portfolio designated for pooling to Mortgage Bank	(37 964)	0
Hedge accounting	(71 326)	(27 854)
Other comprehensive income items that will not be reclassified to profit or loss	0	0
Actuarial gains (losses)	0	0
Result on equity instruments	0	0
Total comprehensive income items before taxes	(503 513)	(113 949)
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	95 667	21 650
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	0	0
Total comprehensive income items after taxes	(407 846)	(92 299)
Total comprehensive income for the period	(504 945)	(366 539)

BALANCE SHEET
ASSETS

<i>Amount '000 PLN</i>	31.03.2022	31.12.2021	31.03.2021
Cash, cash balances at central banks	8 285 941	3 179 736	2 360 647
Financial assets held for trading	288 928	173 089	390 358
Derivatives	188 449	86 651	226 477
Equity instruments	0	0	0
Debt securities	100 479	86 438	163 881
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	257 121	265 903	255 143
Equity instruments	122 786	138 404	203 707
Debt securities	134 335	127 499	51 436
Financial assets at fair value through other comprehensive income	17 654 718	17 952 492	22 754 802
Equity instruments	28 437	28 433	29 222
Debt securities	17 626 281	17 924 059	22 725 580
Loans and advances to customers	78 411 041	78 237 587	74 158 098
Mandatorily at fair value through profit or loss	296 693	362 992	1 632 385
Fair valued through other comprehensive income	12 097 723	11 485 351	0
Valued at amortised cost	66 016 625	66 389 244	72 525 713
Financial assets at amortised cost other than Loans and advances to customers	1 951 889	1 249 240	668 259
Debt securities	789 465	37 088	38 902
Deposits, loans and advances to banks and other monetary institutions	1 136 486	943 315	605 233
Reverse sale and repurchase agreements	25 938	268 837	24 124
Derivatives - Hedge accounting	52 245	14 385	33 301
Investments in subsidiaries, joint ventures and associates	259 984	208 889	208 874
Tangible fixed assets	531 498	528 565	531 759
Intangible fixed assets	376 976	385 199	366 436
Income tax assets	609 268	608 395	552 222
Current income tax assets	11 987	377	0
Deferred income tax assets	597 281	608 018	552 222
Other assets	653 399	584 589	392 060
Non-current assets and disposal groups classified as held for sale	0	0	0
Total assets	109 333 008	103 388 069	102 671 959

LIABILITIES AND EQUITY

<i>Amount '000 PLN</i>	31.03.2022	31.12.2021	31.03.2021
LIABILITIES			
Financial liabilities held for trading	219 046	143 409	83 964
Derivatives	198 223	126 795	74 513
Liabilities from short sale of securities	20 823	16 614	9 451
Financial liabilities measured at amortised cost	99 442 016	93 417 725	90 866 719
Liabilities to banks and other monetary institutions	369 889	186 247	380 799
Liabilities to customers	97 523 807	91 672 296	88 552 983
Sale and repurchase agreements	27	18 038	9 980
Debt securities issued	0	0	383 903
Subordinated debt	1 548 293	1 541 144	1 539 054
Derivatives - Hedge accounting	661 003	614 573	485 502
Provisions	720 978	594 405	472 179
Pending legal issues	680 056	549 450	418 187
Commitments and guarantees given	40 922	44 955	53 992
Income tax liabilities	0	0	32 849
Current income tax liabilities	0	0	32 849
Deferred income tax liabilities	0	0	0
Other liabilities	2 162 728	1 985 775	2 261 582
Total Liabilities	103 205 771	96 755 887	94 202 795
EQUITY			
Share capital	1 213 117	1 213 117	1 213 117
Own shares	(21)	(21)	(21)
Share premium	1 147 241	1 147 241	1 147 241
Accumulated other comprehensive income	(1 053 532)	(645 686)	104 710
Retained earnings	4 820 432	4 917 531	6 004 117
Total equity	6 127 237	6 632 182	8 469 164
Total equity and total liabilities	109 333 008	103 388 069	102 671 959
Book value of net assets	6 127 237	6 632 182	8 469 164
Number of shares (pcs.)	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN)	5.05	5.47	6.98

STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total equity	Share capital	Own Shares	Share premium	Accumulated other comprehensive income	Retained earnings	
						Unappropriated result	Other reserves
01.01.2022 - 31.03.2022							
Equity at the beginning of the period	6 632 182	1 213 117	(21)	1 147 241	(645 686)	(1 357 452)	6 274 983
Total comprehensive income for the period (net)	(504 945)	0	0	0	(407 846)	(97 099)	0
net profit/ (loss) of the period	(97 099)	0	0	0	0	(97 099)	0
valuation of debt securities	(319 322)	0	0	0	(319 322)	0	0
Valuation of credit portfolio designated for pooling to Mortgage Bank	(30 750)	0	0	0	(30 750)	0	0
hedge accounting	(57 774)	0	0	0	(57 774)	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	1 357 452	(1 357 452)
Equity at the end of the period	6 127 237	1 213 117	(21)	1 147 241	(1 053 532)	(97 099)	4 917 531
01.01.2021 - 31.12.2021							
Equity at the beginning of the period	8 835 703	1 213 117	(21)	1 147 241	197 009	18 579	6 259 778
Total comprehensive income for the period (net)	(2 200 147)	0	0	0	(842 695)	(1 357 452)	0
net profit/ (loss) of the period	(1 357 452)	0	0	0	0	(1 357 452)	0
valuation of debt securities	(791 682)	0	0	0	(791 682)	0	0
valuation of shares	(636)	0	0	0	(636)	0	0
valuation of loans portfolio dedicated for pooling to Mortgage Bank	216 334	0	0	0	216 334	0	0
hedge accounting	(270 938)	0	0	0	(270 938)	0	0
actuarial gains (losses)	4 227	0	0	0	4 227	0	0
Purchase and transfer of own shares to employees	(3 374)	0	0	0	0	0	(3 374)
Transfer between items of reserves	0	0	0	0	0	(18 579)	18 579
Equity at the end of the period	6 632 182	1 213 117	(21)	1 147 241	(645 686)	(1 357 452)	6 274 983
01.01.2021 - 31.03.2021							
Equity at the beginning of the period	8 835 703	1 213 117	(21)	1 147 241	197 009	18 579	6 259 778
Total comprehensive income for the period (net)	(366 539)	0	0	0	(92 299)	(274 240)	0
net profit/ (loss) of the period	(274 240)	0	0	0	0	(274 240)	0
valuation of debt securities	(69 737)	0	0	0	(69 737)	0	0
hedge accounting	(22 562)	0	0	0	(22 562)	0	0
Purchase and transfer of own shares to employees	0	0	0	0	0	0	0
Transfer between items of reserves	0	0	0	0	0	(18 579)	18 579
Equity at the end of the period	8 469 164	1 213 117	(21)	1 147 241	104 710	(274 240)	6 278 357

CASH FLOW STATEMENT
A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Profit (loss) after taxes	(97 099)	(274 240)
Total adjustments:	6 341 102	5 570 231
Interest received	969 921	614 997
Interest paid	(79 725)	(35 923)
Depreciation and amortization	50 069	48 793
Foreign exchange (gains)/ losses	0	0
Dividends	(42 095)	(48 799)
Changes in provisions	126 573	313 808
Result on sale and liquidation of investing activity assets	1 384	(106)
Change in financial assets held for trading	(227 565)	(39 717)
Change in loans and advances to banks	(7 940)	231 615
Change in loans and advances to customers	(1 094 876)	(1 691 922)
Change in receivables from securities bought with sell-back clause (loans and advances)	239 708	42 227
Change in financial liabilities valued at fair value through profit and loss (held for trading)	122 067	(337 943)
Change in deposits from banks	193 696	(177 057)
Change in deposits from customers	5 919 051	6 754 740
Change in liabilities from securities sold with buy-back clause	(10 815)	(238 581)
Change in debt securities	0	(100 021)
Change in income tax settlements	112 592	63 080
Income tax paid	(29 784)	(54 726)
Change in other assets and liabilities	81 027	216 126
Other	17 815	9 640
Net cash flows from operating activities	6 244 003	5 295 991

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Inflows:	46 449	53 782
Proceeds from sale of property, plant and equipment and intangible assets	4 354	4 983
Proceeds from sale of shares in related entities	0	0
Proceeds from sale of investment financial assets	0	0
Other	42 095	48 799
Outflows:	(414 810)	(1 843 865)
Acquisition of property, plant and equipment and intangible assets	(10 541)	(10 205)
Purchase of of shares in related entities	(51 095)	0
Acquisition of investment financial assets	(353 174)	(1 833 660)
Other	0	0
Net cash flows from investing activities	(368 361)	(1 790 083)

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Inflows from financing activities:	0	0
Long-term bank loans	0	0
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(15 734)	(15 862)
Repayment of long-term bank loans	(5 000)	(5 000)
Redemption of debt securities	0	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Other outflows from financing activities	(10 734)	(10 862)
Net cash flows from financing activities	(15 734)	(15 862)
D. Net cash flows. Total (A + B + C)	5 859 907	3 490 046
including change resulting from FX differences	2 375	3 986
E. Cash and cash equivalents at the beginning of the reporting period	3 372 244	1 586 434
F. Cash and cash equivalents at the end of the reporting period (D + E)	9 232 151	5 076 480

3. SUPPLEMENTARY INFORMATION FOR STANDALONE FINANCIAL DATA

As at 31 March 2022, the Bank has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed statements, 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,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

There are no significant phenomena, in Bank's activity which are cyclical or subject to seasonal variations.

On April 19, 2022 the Bank received information from the Banking Guarantee Fund on setting for the Bank the amount of annual contribution to the Banks' Resolution Fund due for 2022, including the corrections of contributions paid for years 2020 and 2021, in the amount of PLN 83 429 718.40. The majority of the above amount has been booked in the Bank's costs relating to the first quarter of 2022.

Impairment losses on financial assets

	1.01.2022 - 31.03.2022	1.01.2021 - 31.03.2021
Impairment losses on loans and advances to customers	(74 142)	(57 338)
Impairment charges on loans and advances to customers	(415 188)	(426 185)
Reversal of impairment charges on loans and advances to customers	333 140	342 583
Amounts recovered from loans written off	10 815	12 838
Sale of receivables	0	13 453
Other directly recognised in profit and loss	(2 909)	(27)
Impairment losses on securities	0	(5)
Impairment charges on securities	0	(5)
Reversal of impairment charges on securities	0	0
Impairment losses on off-balance sheet liabilities	4 085	(1 082)
Impairment charges on off-balance sheet liabilities	(18 763)	(30 137)
Reversal of impairment charges on off-balance sheet liabilities	22 848	29 055
Total	(70 057)	(58 425)

Movements in impairment allowances for loans and advances to customers carried at amortised cost

	1.01.2022 - 31.03.2022	1.01.2021 - 31.12.2021	1.01.2021 - 31.03.2021
Balance at the beginning of the period	2 210 000	2 204 743	2 204 743
Change in value of provisions:	35 578	5 257	(36 471)
Impairment allowances created in the period	398 829	1 377 980	426 185
Amounts written off	(66 441)	(270 015)	(90 733)
Impairment allowances released in the period	(318 396)	(992 801)	(342 583)
Sale of receivables	0	(145 828)	(34 691)
Exclusion of FVOCI portfolio	0	(12 884)	0
KOIM created in the period(*)	16 963	35 850	7 131
Changes resulting from FX rates differences	4 190	9 372	(2 422)
Other	433	3 583	642
Balance at the end of the period	2 245 578	2 210 000	2 168 272

* In accordance with IFRS 9, the Bank calculates interest on the loan portfolio with a recognized impairment based on the net exposure value. For this purpose, the so-called impaired interest adjustment ("KOIM") is calculated and recorded as a reduction of interest income. Aforementioned KOIM adjustment in the balance sheet is presented as an impairment allowances, and as a consequence the reconciliation of the change in impairment allowances requires consideration of the KOIM recognized in the interest income.

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in subsidiaries, joint ventures and associates	Property, plant and equipment	Intangibles	Other assets
As at 01.01.2022	4 997	6 700	8 856	0	27 842
- Write-offs created	0	0	0	0	5 424
- Write-offs released	0	0	0	0	(2 801)
- Utilisation	0	0	0	0	(4 438)
- Other	0	0	0	0	0
As at 31.03.2022	4 996	6 700	8 856	0	26 027
As at 01.01.2021	4 999	6 700	8 856	0	22 514
- Write-offs created	6	0	0	0	22 039
- Write-offs released	(7)	0	0	0	(14 397)
- Utilisation	0	0	0	0	(2 314)
- Other	0	0	0	0	0
As at 31.12.2021	4 997	6 700	8 856	0	27 842
As at 01.01.2021	4 999	6 700	8 856	0	22 514
- Write-offs created	5	0	0	0	6 210
- Write-offs released	0	0	0	0	(3 388)
- Utilisation	0	0	0	0	(958)
- Other	0	0	0	0	0
As at 31.03.2021	5 004	6 700	8 856	0	24 378

Change of Provision for commitments and guarantees given

	1.01.2022 - 31.03.2022	1.01.2021 - 31.12.2021	1.01.2021 - 31.03.2021
Balance at the beginning of the period	44 955	52 728	52 728
Charge of provision	18 763	54 970	30 137
Release of provision	(22 848)	(62 805)	(29 055)
FX rates differences	52	62	182
Balance at the end of the period	40 922	44 955	53 992

Change of Provision for pending legal issues

	1.01.2022 - 31.03.2022	1.01.2021 - 31.12.2021	1.01.2021 - 31.03.2021
Balance at the beginning of the period	549 450	105 643	105 643
Charge of provision	3 232	112 726	2 761
Release of provision	(1 815)	(9 463)	(1 876)
Utilisation of provision	(25 335)	(24 059)	0
Creation of provision for legal risk connected with FX mortgage loans	499 180	2 305 157	533 403
Allocation to the loans portfolio	(410 127)	(2 032 024)	(218 252)
FX differences	65 471	91 470	(3 492)
Reclassification	0	0	0
Balance at the end of the period	680 056	549 450	418 187

Provisions for legal risk connected with fx mortgage loans

01.01.2022 - 31.03.2022	TOTAL	Allocated for credit portfolio	Provisions for pending legal issues
Balance at the beginning of the period	3 332 614	2 916 779	415 835
Amounts written off	(25 160)	0	(25 160)
Costs of provisions for legal risk connected with FX mortgage loans	499 180	0	499 180
Change of accounting principles from IAS 37 to IFRS 9	0	410 127	(410 127)
Increase of provisions due to FX rates differences	65 471	0	65 471
Balance at the end of the period	3 872 105	3 326 906	545 199

01.01.2021 - 31.03.2021	TOTAL	Allocated for credit portfolio	Provisions for pending legal issues
Balance at the beginning of the period	960 046	884 755	75 291
Amounts written off	0	0	0
Costs of provisions for legal risk connected with FX mortgage loans	533 403	0	533 403
Change of accounting principles from IAS 37 to IFRS 9	0	218 252	(218 252)
Increase of provisions due to FX rates differences	(3 491)	0	(3 491)
Balance at the end of the period	1 489 958	1 103 007	386 951

Deferred income tax assets and liability

	31.03.2022		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	1 659	(3 044)	(1 385)
Balance sheet valuation of financial instruments	(21 481)	(3 546)	(25 028)
Unrealised receivables/ liabilities on account of derivatives	20 444	(17 608)	2 836
Interest on deposits and securities to be paid/ received	14 709	(167 300)	(152 590)
Interest and discount on loans and receivables	0	(85 515)	(85 515)
Income and cost settled at effective interest rate	141 957	0	141 957
Impairment of loans presented as temporary differences	408 103	0	408 103
Employee benefits	18 181	0	18 181
Rights to use	5 975	0	5 975
Provisions for future costs	73 748	0	73 748
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	296 086	(48 961)	247 125
Valuation of shares	1 273	(36 959)	(35 686)
Other	1 924	(2 363)	(439)
Total	962 578	(365 297)	597 281

	31.12.2021			31.03.2021		
	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	1 659	(3 421)	(1 762)	1 659	(4 168)	(2 509)
Balance sheet valuation of financial instruments	(21 915)	(2 128)	(24 043)	85 037	(107 390)	(22 353)
Unrealised receivables/ liabilities on account of derivatives	12 450	(13 284)	(834)	8 937	(7 676)	1 261
Interest on deposits and securities to be paid/ received	10 742	(77 286)	(66 544)	22 758	(33 022)	(10 264)
Interest and discount on loans and receivables	0	(75 737)	(75 737)	0	(73 991)	(73 991)
Income and cost settled at effective interest rate	147 394	0	147 394	179 385	0	179 385
Impairment of loans presented as temporary differences	398 267	0	398 267	399 267	0	399 267
Employee benefits	18 687	0	18 687	18 359	0	18 359
Rights to use	6 620	0	6 620	8 045	0	8 045
Provisions for future costs	88 584	0	88 584	101 475	0	101 475
Valuation of investment assets, loans, cash flows hedge and actuarial gains (losses) recognized in other comprehensive income	207 631	(56 174)	151 457	14 464	(39 026)	(24 562)
Valuation of shares	1 273	(36 440)	(35 167)	1 273	(24 477)	(23 204)
Other	2 332	(1 236)	1 096	3 084	(1 771)	1 313
Total	873 724	(265 706)	608 018	843 743	(291 521)	552 222

4. TRANSACTIONS WITH RELATED ENTITIES

All transactions among members of the Group made in I quarter of 2022 and 2021 were driven by current activity. The below table presents major amounts of intergroup transactions, these were transactions with the following entities:

- MILLENNIUM BANK HIPOTECZNY,
- MILLENNIUM LEASING,
- MILLENNIUM DOM MAKLERSKI,
- MILLENNIUM TFI
- MILLENNIUM SERVICE,
- MILLENNIUM TELECOMMUNICATION SERVICES,
- MILLENNIUM GOODIE,
- MILLENNIUM FINANCIAL SERVICES,
- PIAST EXPERT.

and with the Capital Group of Bank parent company - Banco Comercial Portugues (ultimate parent company), 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 31.03.2022

	With subsidiaries	With parent company	With other entities from parent group
ASSETS			
Loans and advances to banks - accounts and deposits	150 376	46 212	0
Loans and advances to customers	6 520 968	0	0
Investments in associates	259 984	0	0
Financial assets valued at fair value through profit and loss (held for trading)	16	0	0
Hedging derivatives	0	0	0
Other assets	35 627	0	0
LIABILITIES			
Deposits from banks	29 374	177	0
Deposits from customers	452 548	0	0
Liabilities from securities sold with buy-back clause	0	0	0
Liabilities arising from debt securities	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	1 083	85	0
Subordinated debt	0	0	0
Other liabilities, including:	57 755	0	68
financial leasing liabilities	55 894	0	0

Assets and liabilities from transactions with related parties (data in '000 pln) as at 31.12.2021

	With subsidiaries	With parent company	With other entities from parent group
ASSETS			
Loans and advances to banks - accounts and deposits	172 801	611	0
Loans and advances to customers	6 410 915	0	0
Investments in associates	208 874	0	0
Financial assets valued at fair value through profit and loss (held for trading)	751	0	0
Hedging derivatives	0	0	0
Other assets	34 361	0	0
LIABILITIES			
Deposits from banks	1 133	100	0
Deposits from customers	464 275	0	0
Liabilities from securities sold with buy-back clause	0	0	0
Liabilities arising from debt securities	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	394	159	0
Subordinated debt	0	0	0
Other liabilities, including:	64 085	0	65
financial leasing liabilities	60 956	0	0

Profit and loss on transactions with related parties (data in '000 pln) for the period 1.01-31.03.2022

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	42 339	(52)	0
Commissions	6 211	50	0
Financial instruments valued at fair value through profit and loss	0	0	0
Dividends	41 796	0	0
Other net operating	7 110	0	0
Expense from:			
Interest	1 847	40	0
Commissions	1	0	0
Financial instruments valued at fair value through profit and loss	696	84	0
Other net operating	0	0	0
General and administrative expenses	2 989	0	6

Profit and loss on transactions with related parties (data in '000 pln) for the period 1.01-31.03.2021

	With subsidiaries	With parent company	With other entities from parent group
Income from:			
Interest	16 413	(61)	0
Commissions	6 122	16	0
Financial instruments valued at fair value through profit and loss	0	0	0
Dividends	48 663	0	0
Other net operating	1 578	0	0
Expense from:			
Interest	439	0	(79)
Commissions	1	0	0
Financial instruments valued at fair value through profit and loss	667	333	0
Other net operating	0	3	0
General and administrative expenses	4 707	0	4

Off-balance transactions with related parties (data in '000 pln) as at 31.03.2022

	With subsidiaries	With parent company	With other entities from parent group
Conditional commitments	2 257 522	103 198	0
granted	1 807 092	101 500	0
obtained	450 430	1 698	0
Derivatives (par value)	3 414	14 535	0

Off-balance transactions with related parties (data in '000 pln) as at na 31.12.2021

	With subsidiaries	With parent company	With other entities from parent group
Conditional commitments	1 510 199	103 198	0
granted	1 506 920	101 500	0
obtained	3 278	1 698	0
Derivatives (par value)	72 276	14 675	0

5. FAIR VALUE

The methodology used by the Bank for valuation of assets and liabilities at fair value is described in detail in Chapter 8. Condensed interim consolidated financial statements of Bank Millennium S.A. for the 3 months ended 31 March 2022.

The following tables show the figures for Bank Millennium S.A.

5.1. FINANCIAL INSTRUMENTS NOT RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

31.03.2022	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST		
Debt securities	789 465	755 848
Deposits, loans and advances to banks and other monetary institutions	1 136 486	1 136 327
Loans and advances to customers (*)	66 016 625	63 845 369
LIABILITIES MEASURED AT AMORTISED COST		
Liabilities to banks and other monetary institutions	369 889	369 098
Liabilities to customers	97 523 807	97 458 757
Debt securities issued	0	0
Subordinated debt	1 548 293	1 542 269

* The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. 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 spreads of new loans increase, fair value of the "old" loans portfolio falls.

31.12.2021	Balance sheet value	Fair value
ASSETS MEASURED AT AMORTISED COST		
Debt securities	37 088	37 764
Deposits, loans and advances to banks and other monetary institutions	943 315	943 230
Loans and advances to customers (*)	66 389 244	64 295 912
LIABILITIES MEASURED AT AMORTISED COST		
Liabilities to banks and other monetary institutions	186 247	185 787
Liabilities to customers	91 672 296	91 609 959
Debt securities issued	0	0
Subordinated debt	1 541 144	1 538 598

5.2. 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 na 31.03.2022

	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
	Level 1	Level 2	Level 3
ASSETS			
Financial assets held for trading			
Valuation of derivatives		134 311	54 138
Debt securities	100 479		
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments		56 177	66 609
Debt securities			134 335
Loans and advances			296 693
Financial assets at fair value through other comprehensive income			
Equity instruments			28 437
Debt securities	17 626 281		
Loans and advances			12 097 723
Derivatives - Hedge accounting		52 245	
LIABILITIES			
Financial liabilities held for trading			
Valuation of derivatives		143 408	54 815
Short positions	20 823		
Derivatives - Hedge accounting		661 003	

Data in PLN'000, as at 31.12.2021

	Level 1	Level 2	Level 3
ASSETS			
Financial assets held for trading			
Valuation of derivatives		57 643	29 008
Debt securities	86 438		
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments		71 795	66 609
Debt securities			127 499
Loans and advances			362 992
Financial assets at fair value through other comprehensive income			
Equity instruments			28 433
Debt securities	17 924 059		
Loans and advances			11 485 351
Derivatives - Hedge accounting		14 385	
LIABILITIES			
Financial liabilities held for trading			
Valuation of derivatives		97 312	29 483
Short positions	16 614		
Derivatives - Hedge accounting		614 573	

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

As a result of the creation of a new business model at the Bank's individual level the Bank measures the fair value of mortgage loans classified to the Held to Collect and for Sale model using the discounted cash flow method and as that the valuation is based on input data that is not observable market data, the valuation method is classified under Level 3.

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances at fair value through profit or loss	Loans and advances at fair value through other comprehensive income
Balance as at 01.01.2022	28 397	(28 872)	95 042	127 499	362 992	11 485 351
Settlement/sell/purchase/transfer to the portfolio	16 000	(16 414)	0	0	(76 054)	530 485
Change of valuation recognized in equity	0	0	0	0	0	(37 964)
Interest income and other of similar nature	0	0	0	0	7 674	119 851
Results on financial assets and liabilities held for trading	8 494	(8 282)	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	6 836	2 081	0
Result on exchange differences	0	0	4	0	0	0
Balance as at 31.03.2022	52 891	(53 568)	95 046	134 335	296 693	12 097 723

	Indexes options	Options embedded in securities issued and deposits	Shares	Debt securities	Loans and advances at fair value through profit or loss	Loans and advances at fair value through other comprehensive income
Balance as at 01.01.2021	19 911	(19 559)	95 827	50 335	1 615 753	0
Settlement/sell/purchase/transfer to the portfolio	4 158	(5 055)	0	0	(1 348 014)	11 081 946
Change of valuation recognized in equity	0	0	(785)	0	0	267 079
Interest income and other of similar nature	0	0	0	0	55 372	136 326
Results on financial assets and liabilities held for trading	4 328	(4 258)	0	0	0	0
Result on non-trading financial assets mandatorily at fair value through profit or loss	0	0	0	77 164	39 881	0
Result on exchange differences	0	0	0	0	0	0
Balance as at 31.12.2021	28 397	(28 872)	95 042	127 499	362 992	11 485 351

6. LEGAL RISK RELATED TO FOREIGN CURRENCY MORTGAGE LOANS

6.1. COURT CLAIMS AND CURRENT PROVISIONS ON LEGAL RISK

On March 31, 2022, the Bank had 12,528 loan agreements and additionally 1 010 loan agreements from former Euro Bank (91% loans agreements before the Court of first instance and 9% loans agreements before the court of second instance) under individual ongoing litigations (excluding claims submitted by the bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 1,849.7 million and CHF 142.7 million (Bank Millennium portfolio: PLN 1,696.3 million and CHF 140.1 million and former Euro Bank portfolio: PLN 153.4 million and CHF 2.6 million).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of allegedly undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, the Bank is a party to the group proceedings (class action) subject matter of which is to determine the Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,281. At the current stage, the composition of the group has been established and confirmed by the court. On 2 February 2022 the court dismissed the Bank's evidentiary motions regarding witnesses, court-appointed experts, private expert reports, as well as part of the documents submitted by the Bank, and ordered the parties to submit in writing their final positions in the case prior to issuing the judgment in a closed hearing. The judgment has not been issued yet.

The pushy advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,981 individual claims were filed against the Bank (in addition, 236 against former Euro Bank), in 2020 the number increased by 3,004 (265), in 2021 the number increased by 6,151 (420), while in Q1 2022 the number increased by 1,568 (101).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved in favour of banks until 2019 year. However, after the Court of Justice of the European Union (CJEU) judgment issued on 3 October 2019 (Case C-260/18) the proportion have adversely changed and vast majority of court cases have been lost by banks, particularly in first instance proceedings. As far as the Bank itself is concerned, until 31 of March 2022 only 373 cases were finally resolved (333 in claims submitted by clients against the Bank and 40 in claims submitted by the Bank against clients i.e. debt collection cases). 53% of finalised individual lawsuits against the Bank were favourable for the Bank including remissions and settlements with plaintiffs. Unfavourable rulings (47%) included both invalidation of loan agreements as well as conversions into PLN+LIBOR. The Bank submits cassation appeals to the Supreme Court against unfavourable for the Bank legally binding verdicts. On the other hand, the statistics of first instance court decisions have been much more unfavourable in recent periods and its number has also increased. In general, the Bank submits appeals against 1st instance negative court rulings.

The outstanding gross balance of the loan agreements under individual court cases and class action against the Bank on 31.03.2022 was PLN 4,731 million (of which the outstanding amount of the loan agreements under the class action proceeding was 950 million PLN).

If all Bank Millennium's loan agreements currently under individual and class action court proceedings would be declared invalid without proper compensation for the use of capital, the pre-tax cost could reach PLN 4,426 million. Overall losses would be higher or lower depending on the final court jurisprudence in this regard.

In I quarter 2022 the Bank created PLN 451.2 million provisions and PLN 48.0 million for former Euro Bank originated portfolio. The final level of provisions for the Bank Millennium portfolio at the end of March 2022 was at the level of PLN 3,572.4 million, and PLN 299.7 million for former Euro Bank originated portfolio.

The methodology developed by the Bank is based on the following main parameters:

(1) the number of current (including class action) and potential future court cases that will appear within a specified (three-year) time horizon,

(2) the amount of the Bank's potential loss in the event of a specific court judgment three negative judgment scenarios were taken into account:

- invalidity of the agreement
- average NBP
- PLN + LIBOR

(3) the probability of obtaining a specific court verdict calculated on the basis of statistics of judgments of the banking sector in Poland and legal opinions obtained. Variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases.

(4) in the case of a loan agreement invalidity scenario, a new component recognized in the methodology, taking legal assessments into consideration, is the calculation of the Bank's loss taking into account the assignment of a minimum probability of receiving the settlement of a remuneration for the cost of use of capital.

(5) new component recognized in the methodology is the amicable settlement with clients in or out of court. Notwithstanding the Bank's determination to continue taking all possible actions to protect its interests in courts, the Bank has been open to its customers in order to reach amicable solutions on negotiated terms, case by case, providing favourable conditions for conversion of loans to PLN and / or early repayment (partial or total). As a result of these negotiations the number of active FX mortgage loans was materially reduced in 2021. As the Bank is still conducting efforts to further signing of agreements which involved some costs, a scenario of further materialization of negotiations was added. However, it should be noted that:

- c. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank
- d. as the effort was material in 2021, the probability of success may be lower in the future and at the same time, gradually most of the client base has had contact with the Bank regarding potential negotiation of the conversion of the loans to PLN, so the Bank is taking a conservative approach when calculating the potential future impact for the time being.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Societe Generale.

The Bank analyzed the sensitivity of the methodology for calculating provisions, for which a change in the parameters would affect the value of the estimated loss to the legal risk of litigation:

Parameter	Scenario	Impact on loss due to legal risk related to the portfolio of mortgage loans in convertible currencies
Change in the number of lawsuits	Additionally, 1 p.p. of active clients file a lawsuit against the Bank	PLN 57 million
Change in the probability of winning a case	The probability of the Bank winning a case is lower by 1 p.p	PLN 43 million
Change in estimated losses for each variant of the judgment	Increase in losses for each variant of the judgment by 1 p.p	PLN 37 million

The Bank is open to negotiate case by case favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations the number of active FX mortgage loans decreased by 8,449 in 2021 and 2,281 in Q1 2022 compared to over 47,500 active loans at the end of 2021. Cost incurred in conjunctions with these negotiations totalled PLN 364.3 million in 2021 and PLN 123.6 million in Q1 2022 is presented mainly in 'Result on exchange differences' in the profit and loss statement.

Finally it should also be mentioned, that the Bank, as at 31.03.2022, had to maintain additional own funds for the coverage of additional capital requirements related to FX mortgage portfolio risks (Pillar II FX buffer) in the amount of 2.82 p.p. (2.79 p.p. at the Group level), part of which is allocated to operational/legal risk.

On 3 October 2019, the Court of Justice of the European Union ('the CJEU') issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that (i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract; (ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract; (iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs; (iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29th April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it.

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance.

(iii) the consequences of a judicial finding that a term in a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions.

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 7th May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

1. An abusive contractual clause (art. 3851 § 1 of the Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively.

2. If without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

In this context, taking into consideration the recent negative evolution in the court verdicts regarding FX mortgage loans, and if such trend continues, the Bank will have to regularly review and may need to continue to increase the balance of provisions allocated to court litigations.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the national courts within the framework of disputes considered which would possibly result in the emergence of further interpretations, which are relevant for the assessment of the risks associated with subject matter proceedings. This circumstance indicates the need for constant analysis of these matters. Further request for clarification and ruling addressed to the European Court of Justice and Polish Supreme Court have already been filed and may still be filed with potential impact on the outcome of the court cases.

6.2. EVENTS THAT MAY IMPACT FX MORTGAGE LEGAL RISK AND RELATED PROVISION

On 29 January 2021 a set of questions addressed by the First President of the Supreme Court to the full Civil Chamber of the Supreme Court was published. This may have important consequences in terms of clarifications of relevant aspects of the court rulings and their consequences. The Civil Chamber of the Supreme Court has been requested for answering the questions concerning key matters related to FX mortgage agreements: (i) is it permissible to replace - with the law provisions or with a custom - the abusive provisions of an agreement which refer to FX exchange rate determination; moreover, (ii) in case of impossibility of determining the exchange rate of a foreign currency in the indexed/denominated credit agreement - is it permissible to keep the agreement still valid in its remaining scope; as well as (iii) if in case of invalidity of the CHF credit there would be applicable the theory of balance (i.e. does arise a single claim which is equal to the difference between value of claims of bank and the customer) or the theory of two conditions (separate claims for the bank and for the client that should be dealt with separately). The Supreme Court has also been requested for answering the question on (iv) from which point in time there shall be starting the limitation period in case of bank's claim for repayment of amounts paid as a loan and (v) whether banks and consumers may receive remuneration for using their pecuniary means by another party.

On 11 May the Civil Chamber of the Supreme Court requested opinions on Swiss franc mortgage loans from five institutions including the National Bank of Poland (NBP), the Polish Financial Supervision Authority (UKNF), the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman.

The positions of: the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman are in general favorable to consumers, while the National Bank of Poland and the Polish Financial Supervision Authority present a more balanced position, including fair principles of treatment of FX mortgage borrowers vis-à-vis PLN mortgage borrowers, as well as balanced economic aspects regarding solutions for the problem that could be considered by the Supreme Court.

In the next meeting of the Supreme Court that took place on 2 September 2021, the Court did not address the answers to the submitted questions and no new meeting date is known. The Bank will assess in due time the implications of the decisions of the Supreme Court on the level of provisions for the legal risk.

In August 2021, the CJEU was asked for a preliminary ruling (C-520/21) whether, in the event that a loan agreement concluded by a bank and a consumer is deemed invalid from the beginning due to unfair contract terms, the parties, in addition to the reimbursement of the money paid in contracts (bank - loan capital, consumer - installments, fees, commissions and insurance premiums) and statutory interest for delay from the moment of calling for payment, may also claim any other benefits, including receivables in particular, remuneration, compensation, reimbursement of costs or valorization of the performance.

Notwithstanding the above there are a number of questions addressed by Polish courts to the European Court of Justice which may be relevant for the outcome of the court disputes in Poland.

The subject matter questions relate, in particular, to:

- the possibility of replacing of an abusive contractual clause with a dispositive law provision;
- the limitation period of a consumer claims concerning reimbursement of benefits made as performance of an agreement which has been declared to be invalid;
- the possibility of declaration by the Court of abusiveness of only part of a contractual provision.

With the scope of settlements between the Bank and borrower following the fall of the loan agreement is also connected the legal issue directed to the seven-person composition of the Supreme Court (case sign: III CZP 54/21). The date of case review has not been specified yet.

The Supreme Court was also presented with the issue of whether the loan agreement is a mutual agreement in the light of the regulations concerning retention right.

On December 8, 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ('PFSA') proposed a 'sector' solution to address the sector risks related to FX mortgages. The solution would consist in offering by banks to their clients a voluntary possibility of concluding arrangements based on which a client would conclude with the bank a settlement as if his/her loan from the very beginning had been a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loan.

Following that public announcement, the idea has been subject of consultations between banks under the auspices of the PFSA and Polish Banking Association. Banks in general have been assessing the conditions under which such solution could be implemented and consequent impacts.

As expressed in our previous financial reports, in the view of the Management Board of the Bank, important aspects to take into consideration when deciding on potential implementation of such program are: a) favorable opinion or at least non-objection from important public institutions; b) support from National Bank of Poland to the implementation; c) level of legal certainty of the settlement agreements to be signed with the borrowers; d) level of the financial impact on a pre- and after tax basis; e) capital consequences including regulatory adjustments in the level of capital requirements associated with FX mortgage loans.

Based on current information some of the above mentioned aspects are not likely to be fully clarified and / or achieved.

At the time of publishing this report, neither the Management Board nor any other corporate body of the Bank took any decision regarding implementation of such program. If / when a recommendation regarding the program would be ready, the Management Board would submit it to the Supervisory Board and General Shareholders meeting taking into consideration the relevance of such decision and its implications.

In 1st half 2021 Bank Millennium conducted a survey among its customers in cooperation with an external reputed company regarding the willingness to accept settlement in the terms of the sector solution put forward by the Chairman of KNF. 49% of clients enquired were preliminarily interested in benefitting from the proposal, while 25% were not able to clearly express their opinion and 26% would not take such offer.

According to the current calculations, implementation of a solution whereby loans would be voluntarily converted to Polish zloty as if from the very beginning they had been a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans, could imply provisions for the losses resulting from conversion of such loans (if all the existing portfolio would be converted) with a pre-tax impact between PLN 4,354 million to PLN 4,823 million (not audited data). The impacts can significantly change in case of variation of the exchange rate and several assumptions. Impacts on capital could be partially absorbed and mitigated by the combination of the existing surplus of capital over the current minimum requirements, the reduction of risk weighted assets and the decrease or elimination of Pillar 2 buffer.

Due to the complexity and uncertainty regarding the outcome of court cases, as well as from potential implementation of KNF Chairman solution or from potential Supreme Court decisions or European Court of Justice decisions, it is difficult to reliably estimate potential impacts of such different outcomes and their interaction as at the date of publication of the financial statements.

7. ADDITIONAL INFORMATION

7.1. ISSUE, REDEMPTION OR REPAYMENT OF DEBT OR EQUITY INSTRUMENTS

During the 3 months ended March 31, 2022, the Bank's liabilities due to the issue of debt securities did not change and their balance as at that date amounted to PLN 0.

7.2. OFF BALANCE SHEET ITEMS

Structure of off-balance sheet liabilities was as follows:

<i>Amount '000 PLN</i>	31.03.2022	31.12.2021	31.03.2021
Off-balance conditional commitments granted and received	18 183 952	17 365 756	17 058 200
Commitments granted:	15 845 702	15 236 694	15 228 121
- financial	13 182 979	12 658 407	12 717 115
- guarantee	2 662 723	2 578 287	2 511 006
Commitments received:	2 338 250	2 129 062	1 830 079
- financial	315 515	40 000	16 520
- guarantee	2 022 735	2 089 062	1 813 559

Date	Name and surname	Position/Function	Signature
27.04.2022	Joao Bras Jorge	Chairman of the Management Board	Signed by a qualified electronic signature
27.04.2022	Fernando Bicho	Deputy Chairman of the Management Board	Signed by a qualified electronic signature
27.04.2022	Wojciech Haase	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Andrzej Gliński	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Wojciech Rybak	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Antonio Pinto Junior	Member of the Management Board	Signed by a qualified electronic signature
27.04.2022	Jarostaw Hermann	Member of the Management Board	Signed by a qualified electronic signature