



**Report of the
Bank Millennium S.A.
Capital Group
for I quarter of 2011**

MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	I quarter / period from 1.01.2011 – 31.03.2011	I quarter / period from 1.01.2010 – 31.03.2010*	I quarter / period from 1.01.2011 – 31.03.2011	I quarter / period from 1.01.2010 – 31.03.2010*
I. Interest income	612 440	575 840	154 104	145 161
II. Fee and commission income	165 191	161 899	41 566	40 812
III. Operating income	452 671	437 775	113 902	110 357
IV. Operating profit	129 410	85 485	32 563	21 550
V. Profit (loss) before taxes	129 410	85 485	32 563	21 550
VI. Profit (loss) after taxes	101 172	68 100	25 457	17 167
VII. Total comprehensive income of the period	38 937	84 854	9 798	21 391
VIII. Net cash flows from operating activities	229 739	-192 184	57 808	-48 447
IX. Net cash flows from investing activities	967 609	-240 434	243 473	-60 610
X. Net cash flows from financing activities	-105 533	1 040 950	-26 555	262 409
XI. Net cash flows, total	1 091 815	608 332	274 726	153 352
XII. Total Assets	45 962 862	46 984 418	11 456 632	11 863 853
XIII. Deposits from banks	2 063 567	2 084 456	514 362	526 338
XIV. Deposits from customers	35 459 800	35 395 147	8 838 655	8 937 491
XV. Equity	4 008 597	4 090 972	999 177	1 032 995
XVI. Share capital	1 213 117	1 213 117	302 380	306 319
XVII. Number of shares	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
XVIII. Book value per share (in PLN / EUR)	3.30	3.37	0.82	0.85
XIX. Diluted book value per share (in PLN / EUR)	3.30	3.37	0.82	0.85
XX. Capital adequacy ratio	14.77%	14.39%	14.77%	14.39%
XXI. Earnings (losses) per ordinary share (in PLN / EUR)	0.08	0.07	0.02	0.02
XXII. Diluted earnings (losses) per ordinary share (in PLN / EUR)	0.08	0.07	0.02	0.02
XXIII. Pledged or paid dividend per share (in PLN/EUR)	0.10	-	0.02	-

* Comparative balance sheet data (items XII-XX and XXIII) were presented, in compliance with IFRS requirements, as at 31 December 2010. Other comparative data are presented for the period from 1 January 2010 to 31 March 2010.

EXCHANGE RATES ACCEPTED TO CONVERT SELECTED FINANCIAL DATA INTO EURO

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

- for balance sheet items: 4.0119 PLN/EURO – the exchange rate of 31 March 2011 (for comparative data as at 31 December 2010: 3.9603 PLN/EURO),
- for profit and loss account items for the period from 1 January – 31 March 2011: 3.9742 PLN/EURO, the exchange rate was calculated as the average of the rates at the end of the months covered by the financial statements (for comparative data; 1 January – 31 March 2010: 3.9669 PLN/EURO).

Information about the activity of Bank Millennium Capital Group during 1 quarter of 2010

Bank Millennium Group (the "Group") consolidated net profit amounted to PLN 101 million in the 1st quarter of 2011 PLN, which is a 49% increase from the 1st quarter of 2010. This high yearly growth was possible due to a steady increase of core income and lower provisioning on credit risk.

Despite a relatively low banking market growth during 1Q 2011, the Group managed to grow in its strategic segments: deposits from individuals (+3% q/q) and loans to companies (+1% q/q) thus maintaining double-digit annual growth rates of 11% in total deposits and 10% in total loans. The liquidity position measured by the loans-to-deposits ratio remained at a comfortable level of 99%.

The consolidated capital adequacy ratio remained at a very high level of 14.8% with a Core Tier 1 of 12.7%, after the decision of the General Shareholders Meeting of the Bank held on 31st March 2011 to pay dividend in the amount of PLN 121.3 million (PLN 0.1 per share, equivalent to 37% consolidated net profit pay-out ratio). This dividend payment means a resume of Bank's stable dividend policy of 35-50% pay-out ratio.

a) Macroeconomic situation in Poland after the first quarter of 2011

The first quarter of 2011 showed further economic growth in Poland. In 4Q GDP increased by 4.4% year-on-year, mainly due to private consumption and restocking. The investment dynamics was positive, but very low, equal to 0.9%. In year-on-year terms investment outlays have been decreasing or increasing marginally in every quarter of 2009 and 2010. The structure of outlays was also worrying as investment in metal products and machinery was decreasing for the last two years, which was connected with uncertainty over the economic outlook and relatively low level of capacity utilization. Overall investment probably increased substantially in the first quarter, as a result of low statistical base from the previous year in construction works. The beginning of 2010 was characterized by very difficult weather conditions that limited construction activity. In the first quarter of 2011 construction and assembly production grew by 18.8% year-on-year after growing by 11.9% year-on-year in 4Q 2010. Sold industrial output increased in 1Q by 9.2 percent year-on-year, after growing by 7.5 percent in 4Q 2010, confirming that industry remains the pillar of the value added growth. Leading indicators suggest that Polish economic recovery should continue, but the acceleration of growth is not likely. We estimate that the GDP growth in 1Q was similar to the one observed in the three last months of 2010.

In 4Q one could observe acceleration of individual consumption, which increased by 4.1% year-on-year after growing by 3.5% year-on-year in 3Q 2010. Consumption was supported by growing wages and declining unemployment. At the beginning of the year unemployment rate increased to estimated 13.1% from 12.3% at the end of December. The unemployment growth is typical for the beginning of the year, when there are no seasonal jobs in agriculture, construction and services, this year the unemployment was additionally pushed up by the reduced scale of active labour market policies. At the beginning of 2011 enterprises were increasing employment, while wage growth remained muted.

At the turn of 2010 and 2011 inflation accelerated significantly in the case of both consumer and producer prices. Inflation measured by Consumer Price Index increased to 4.3% year-on-year in March from 3.1% year-on-year in December 2010, and since the beginning of the year is higher than the upper bound of the inflation target (3.5%). The acceleration of inflation was caused by factors that are independent from domestic MPC such as growing prices of food and commodities at global markets and the increase of VAT rates. At the same time core inflation excluding food and energy increased to 2.0% year-on-year in March from 1.6% at the end of 2010. High prices of the commodities were also reflected in the acceleration of the prices of sold industrial production. PPI inflation in March was equal to 9.3% year-on-year as compared with 6.2% in December 2010. As the response to the growth of current and expected inflation Monetary Policy Council stated the monetary tightening cycle. Reference rate was increased by 25 bps twice, in January and April and is now equal to 4.00%.

In the first quarter of 2011 households' deposits increased slightly on the back of the stable wage growth. Corporate deposits increased as well supported by good financial standing of the companies. It should be positively assessed that corporate loans increased and, according to our estimates, at the end of March were by 7.6% higher than last year. It may herald the long-awaited recovery in corporate investment. Loans to households increased only slightly in 1Q, but the portfolio was negatively affected by the PLN appreciation (especially against the Swiss Franc) that reduced the PLN value of FX loans.

b) Group profit and loss account

Operating Income (PLN million)	1Q 2011	4Q 2010	1Q 2010	Change q/q	Change y/y
Net Interest Income *	273.1	275.0	233.4	-0.7%	17.0%
Net Commissions Income	149.9	145.5	147.8	3.0%	1.4%
Core income**	423.0	420.5	381.2	0.6%	11.0%
Other Non-Interest Income ***	16.1	49.1	42.5	-67.2%	-62.0%
Operating Income	439.1	469.6	423.7	-6.5%	3.7%

* Pro-forma data: Net Interest Income includes margin from all derivatives. From 1st January 2006, the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps (and from 1st of April 2009 also FX swaps). The margin from these operations is reflected under Net Interest Income since the afore-mentioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides pro-forma data, which presents all margin from derivatives under Net Interest Income, whereas in accounting terms part of this margin (PLN 17 m in 1Q 2011 and PLN 16 m in 1Q 2010) is presented under Other Non-Interest Income. In the Bank's opinion, such approach allows a better understanding of the real evolution of this item from an economic point of view.

** Sum of Net Interest Income and Net Commission Income

*** Includes FX results, Results on Financial Operations, net other operating income and costs and impairment of non-financial assets

Net Interest Income reached PLN 273.1 million in 1Q 2011, increasing 17% versus corresponding quarter of 2010 and stabilizing versus the previous quarter (+1.1% on accounting terms and -0.7% down on a pro-forma basis) as a consequence of stable net interest margin at 2.4% (on interest earnings assets). The stabilization of the NIM resulted from the improvement of the average spread on deposits on the one hand and tightening of the average spread on loans on the other.

Net Commissions Income reached in 1Q 2011 a total of PLN 149.9 million and grew by 3% compared to the previous quarter primarily in effect of a settlement of income from *bancassurance* contracts which is typical in every first quarter of the financial year.

Core income defined as a combination of net interest and commission income, reached historical quarterly record of PLN 423.0 million. This means a solid 11% growth versus the first quarter of 2010.

Other non-interest income was lower compared to previous quarter and the first quarter of 2010. This was caused by a negative valuation of FX currency swaps valued through P&L as a result of tighter market swaps spreads. FX result, the most important component of other non-interest income, grew visibly both year-on-year (by 25%) and quarter-on-quarter (by 15%) to PLN 40 million in 1Q 2011.

Total operating income of the Group reached PLN 439.1 million in 1Q 2011 meaning a 4% growth year-on-year and a 6% decrease versus the previous quarter.

Operating Costs (PLN million)	1Q 2011	4Q 2010	1Q 2010	Change q/q	Change y/y
Personnel Costs	133.5	135.1	122.3	-1.2%	9.1%
Administrative Costs	121.9	130.6	113.2	-6.7%	7.7%
Depreciation	17.3	17.9	19.4	-3.6%	-10.9%
Total Operating Costs	272.7	283.6	254.9	-3.9%	7.0%

Total costs amounted to PLN 272.7 million in 1Q 2011, which means a 3.9% drop versus the previous quarter and a 7% growth versus 1Q 2010. These variations were influenced by the specific costs levels in the comparable periods: low staff costs in 1Q 2010 and seasonally higher administrative costs in 4Q 2010.

Personnel costs were stable during the last 4 quarters at PLN 133-135 million quarterly level. Total headcount in the Group was also stable: 6,154 employees (in Full Time Equivalents) i.e. 58 FTE less than a year ago and 19 FTE more than at the end of 2010.

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

Employment (in FTEs)	31.03.2011	31.12.2010	31.03.2010	Change q/q	Change y/y
Bank Millennium S.A.	5 773	5 754	5 823	0.3%	-0.9%
Subsidiaries	381	381	389	0.0%	-2.1%
Total Bank Millennium Group	6 154	6 135	6 212	0.3%	-0.9%

Administrative costs grew by 7.7% year-on-year and dropped by 6.7% versus 4Q 2010, when they were seasonally higher. **Depreciation** continued to decrease gradually (by 3.6% quarter-to-quarter and 10.9% year-on-year).

Cost to income ratio reached 62.1% during 1Q 2011, an improvement versus 63.1% achieved in the entire 2010 year.

Impairment provisions in 1Q 2011 totalled PLN 37.1 million. They were lower by 17% versus the previous quarter and by 56% versus 1Q 2010. The majority of provisions (68%) were created on retail loan portfolio. Impairment charges in 1Q 2011 were equivalent to 41 bps of average net loans on an annualised basis.

Bank Millennium Group reached a **net profit** of PLN 101.2 million in 1Q 2011. On a non-consolidated level the net profit of Bank Millennium amounted to PLN 79.4 million.

c) Business results

The Group's **total assets** reached PLN 45,963 million as at 31 March 2011 and were 1.5% higher compared to 31 March 2010 and 2.2% lower compared to year-end 2010. The FX effect had an important impact on the evolution of the Group's total assets.

The Group's total **customers' funds**, including deposits, bonds sold to retail customers and other investment products, reached PLN 39,980 million at the end of March 2011, which means a 10.9% year-on-year increase and stable level during the quarter (+0.1%).

Total **deposits** (including retail bonds) of Bank Millennium Group recorded a strong growth of 11.1% year-on-year to PLN 35,842 million. On a quarterly base, deposits were flat (+0.2% q/q) but retail deposits grew visibly by 2.9% whereas corporate deposits decreased by 3.9% compared to usually high year-end level. The Bank launched a new campaign of a current account ("Dobre konto") in mid February, which was very well received by the market. Until the end of March, the Bank increased by 41 thousands the number of retail current accounts.

Other **savings products** (not reflected in the Balance Sheet, such as mutual funds and products linked to life insurances) remained flat during the quarter and grew by 9.3% year-on-year to the total amount of PLN 4,138 million (including PLN 2,382 million of own mutual funds) as at 31 March 2011.

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

Customer Funds (PLN million)	31.03.2011	31.12.2010	31.03.2010	Change q/q	Change y/y
<i>Deposits of individuals*</i>	21 936.5	21 312.6	20 475.0	2.9%	7.1%
<i>Deposits of corporate Clients and public sector</i>	13 905.4	14 467.1	11 790.4	-3.9%	17.9%
Total deposits	35 841.9	35 779.7	32 265.5	0.2%	11.1%
Investment products	4 138.0	4 141.1	3 784.8	-0.1%	9.3%
TOTAL Customer Funds	39 980.0	39 920.8	36 050.2	0.1%	10.9%

* including bonds and Bank's securities sold to retail customers and deposits in the form of insurance policies

The **net loan portfolio** totalled PLN 36,275 million as at the end of March 2011, a 10.0% increase year-on-year and a 1.3% drop quarter-on-quarter. In quarterly terms the retail portfolio decreased by 2.0%, which was mainly the effect of a stronger PLN versus the CHF (by 2.6%). At the same time, loans to companies grew by 1.1%.

Sales of new **mortgage loans** reached PLN 417 million during 1Q 2011, increasing by 41% year-on-year, although it was seasonally lower than in the previous quarters. The total mortgage loans portfolio amounted to PLN 24,423 million as at the end of March 2011 and recorded a 13.9% increase year-on-year and 1.8% drop quarter-on-quarter. Sales of other retail loans were weak in 1Q 2011 and amounted to PLN 143 million (mainly as a result of the full implementation of the new 'T' recommendation).

Loans to companies (including leasing) amounted to PLN 8,955 million as at the end of March 2011 recording a 4.1% increase y/y and 1.1% q/q. On a quarterly basis, there was a 2.7% growth of non-leasing loans and 1.5% decrease in leasing. The latter was an effect of both FX changes and lower disbursements than one year ago (PLN 294 million in 1Q). However, leasing contracts signed during 1Q 2011 reached PLN 386 million allowing Millennium Leasing to advance to the 4th position on the Polish leasing market. The high level of new contracts may also mean a long-expected rebound in private sector investments in Poland.

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

Loans and advances to Clients (PLN million)	31.03.2011	31.12.2010	31.03.2010	Change q/q	Change y/y
Loans to households	27 320.5	27 884.3	24 375.4	-2.0%	12.1%
- <i>mortgage loans</i>	24 422.9	24 882.9	21 445.5	-1.8%	13.9%
- <i>other loans to households</i>	2 897.6	3 001.5	2 929.9	-3.5%	-1.1%
Loans to businesses	8 954.7	8 854.2	8 603.8	1.1%	4.1%
- <i>leasing</i>	3 199.9	3 249.6	3 188.4	-1.5%	0.4%
- <i>other loans to businesses</i>	5 754.8	5 604.5	5 415.4	2.7%	6.3%
Total loans & advances to Clients	36 275.1	36 738.5	32 979,1	-1.3%	10.0%
Loans to Deposits ratio *	98.7%	99.5%	97.8%	-0.8 p.p.	0.9 p.p.

* includes bonds from leasing securitisation, bonds and bank's securities for retail clients and repo transactions with customers

Liquidity position measured by the loan-to-deposits ratio (under the definition provided in the table above) improved slightly during the quarter to 98.7%.

d) Asset quality

The evolution of main indicators of the Group's loan portfolio quality during the year and last quarter is presented in tables below:

Loan quality indicators (PLN million)	31.03.2011	31.12.2010	31.03.2010	Change q/q	Change y/y
Total impaired loans *	2 085	2 195	2 059	-5,0%	1,3%
Loans past-due over 90 days	1 136	1 100	943	3,3%	20,5%
Total provisions *	1 198	1 187	1 130	0,9%	6,0%

* the Group made in 2010 a write-off of PLN 160 million loans in charge of provisions and PLN 23 million in 1Q'11

Ratio by loan type (in %)	Loans past-due > 90 days ratio			Impaired loans ratio		
	31.03.2011	31.12.2010	31.03.2010	31.03.2011	31.12.2010	31.03.2010
Mortgage	0.3%	0.3%	0.3%	0.9%	0.9%	0.9%
Other individuals	12.8%	12.2%	10.2%	16.0%	14.8%	11.9%
Companies	6.6%	6.4%	5.8%	13.8%	15.4%	16.0%
Total loan portfolio	3.0%	2.9%	2.8%	5.6%	5.8%	6.0%

Total **impaired loans** dropped by PLN 110 million during 1Q 2011 and the share of impaired loans in the total loan portfolio decreased to 5.6% as at the end of March 2011. This was a result of the improving quality of loans to companies (corporate impaired loans ratio decreased from 16% to 13.8% during the last 12 months) and of the strong, stable quality of the mortgage portfolio (only 0.9% impaired). Consumer loans deteriorated: the share of impaired loans grew from 11.9% a year ago to 16% now.

The similar trends were evident in the **portfolio of loans past-due** over 90 days. The only difference can be observed in companies portfolio, in which there was an increase of actually past-due exposures, which previously were already classified as impaired.

Despite lower impaired loans, the Group increased the volume of loan loss provisions. Thus, **the coverage ratio** of the total impaired portfolio by provisions improved during the quarter from 54% to 57%. The coverage of loans past-due over 90 days with total provisions remains at a high level of 105% as at the end of March 2011.

e) Capital and market indicators

The main capital ratios of Bank Millennium were the following:

Capital ratios	31.03.2011	31.12.2010	31.03.2010	Change q/q	Change y/y
Number of shares (in thous.)	1 213 117	1 213 117	1 213 117	0.0%	0.0%
Consolidated equity (in PLN m)	4 008	4 091	3 913	-2.0%	2.4%
BVPS (in PLN)	3.30	3.37	3.23	-2.1%	2.2%
Consolidated CAR	14.8%	14.4%	14.9%	+0.4p.p.	-0.1p.p.
Core Tier 1 ratio (consolidated)	12.7%	12.3%	12.6%	+0.4p.p.	+0.1p.p.

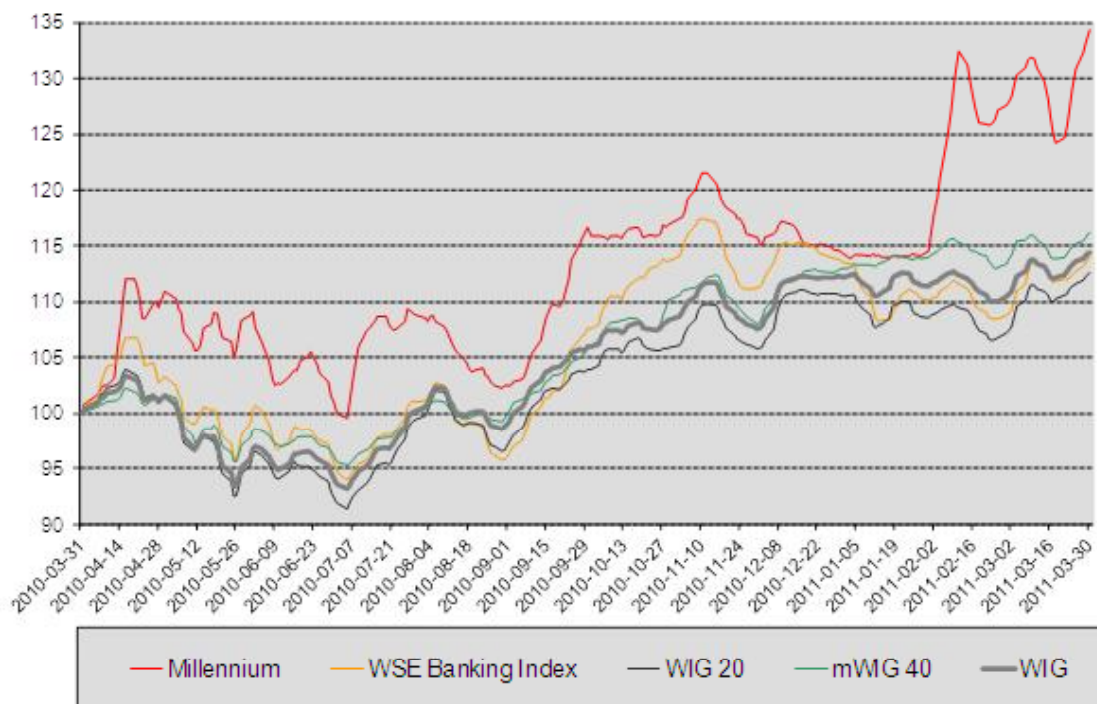
Bank Millennium Group continued to show very high levels of solvency: total Capital Adequacy Ratio stood at 14.8% and Core Tier 1 Ratio reached 12.7% as at 31 March 2011.

All main indices on WSE gradually increased during the 1Q 2011. The main WIG index gained 1.5% or 14.8% compared to March 2010. The WIG40 (mid cap companies), which includes the shares of Bank Millennium, gained more: 3.2% during the quarter and 16.7% during the year, while the WIG Banking index grew 4.1% quarter-on-quarter and 15.2% year-on-year.

Bank Millennium shares significantly outperformed the market, gaining 21% during 1Q 2011 and 33.4% since March 2010.

Market indicators	31.03.2011	03.01.2011	31.03.2010	Change y-t-d (%)	Change Yearly (%)
Price per share (PLN)	5.83	4.82	4.37	21.0%	33.4%
Daily turnover (PLN ths, average)	11 651	-	9 200	-	26.6%
Market capitalisation (PLN million)	7 072	5 847	5 301	21.0%	33.4%
WIG - main index	48 730	48 005	42 447	1.5%	14.8%
WIG Banks	7 092	6 810	6 158	4.1%	15.2%
mWIG 40	2 913	2 821	2 496	3.2%	16.7%

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



On 31 March 2011 Fitch Rating's placed the Bank's deposit ratings on Rating Watch Negative (RWN). On 11 April 2011 Fitch downgraded Bank's Long-term Issuer Default Rating (IDR) to 'BBB-' from 'BBB'. At the same time Fitch assigned a Stable Rating Outlook, removing the rating from Rating Watch Negative. The support rating was downgraded to '3' from '2' and the national Long-term rating was downgraded to 'A-(pol)' from 'A(pol)'. The outlook on the national Long-term rating is stable. The Bank's Individual Rating remained unchanged at 'C/D'.

On 12 April 2011 Moody's Investors Service downgraded the long-term domestic and foreign deposit ratings of Bank Millennium to 'Baa3' from 'Baa2' with a negative outlook, however the rating had been withdrawn from review for possible downgrade. The Bank's Financial Strength Rating remained unchanged and was affirmed at 'D' with a stable outlook. The short-term rating remained unchanged at 'P-3' as well.

Both rating actions were caused by downgrades of ratings of the Republic of Portugal and of the Bank's parent – Banco Comercial Portugues. It is worth to stress, that both agencies affirmed the individual rating of Bank Millennium with a stable outlook.

The table below presents the current ratings of Bank Millennium:

Type of rating	FITCH	MOODY'S
Long-term deposit rating/IDR	BBB- (stable outlook)	Baa3 (negative outlook)
National Long-term IDR	A-(pol) (stable outlook)	-
Short-term deposit rating	F-3	Prime-3
Individual rating / financial strength	C/D (no outlook)	D (stable outlook)
Support	3	

f) Main factors that could affect the situation of the Bank in Q2 2011

The most important external factors that could affect the financial standing of the Bank in the current quarter are:

- Unemployment rate should keep decreasing on the back of seasonal factors and overall improvement of labour market conditions. The decline may however be limited by the reduced scale of active labour market policies as compared with last year. It may help to reduce credit risk associated with loans to households. Steadily growing wages and employment may support demand for deposits and mutual funds.
- Good financial standing of the companies should limit credit risk associated with corporate loans. Expected recovery of investment is likely to support demand for credit to enterprises.
- Steadily growing production and international trade translate into strong demand for corporate banking (factoring, export loans etc)
- The interest rate hike by 25-50 bps expected in 2Q may lead to higher market rates
- It is possible that the current increased volatility of the financial markets will prevail, which may affect Bank's liquidity needs and need of fx financing.

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**I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
MILLENNIUM S.A. CAPITAL GROUP FOR THE 3 MONTHS ENDED 31 MARCH 2011**

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I. GENERAL INFORMATION ON THE ISSUER

Name (business name) and seat: Bank Millennium S.A., ul. Stanisława Żaryna 2 a, Warsaw, Poland
Registration court and register entry no.: 13th Business Division of the National Court Register, District Court for the Capital City of Warsaw, no. 0000010186

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

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

Composition of the Supervisory Board of the Bank Millennium S.A. (parent company of the Group) as at 31 March 2011 was as follows:

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

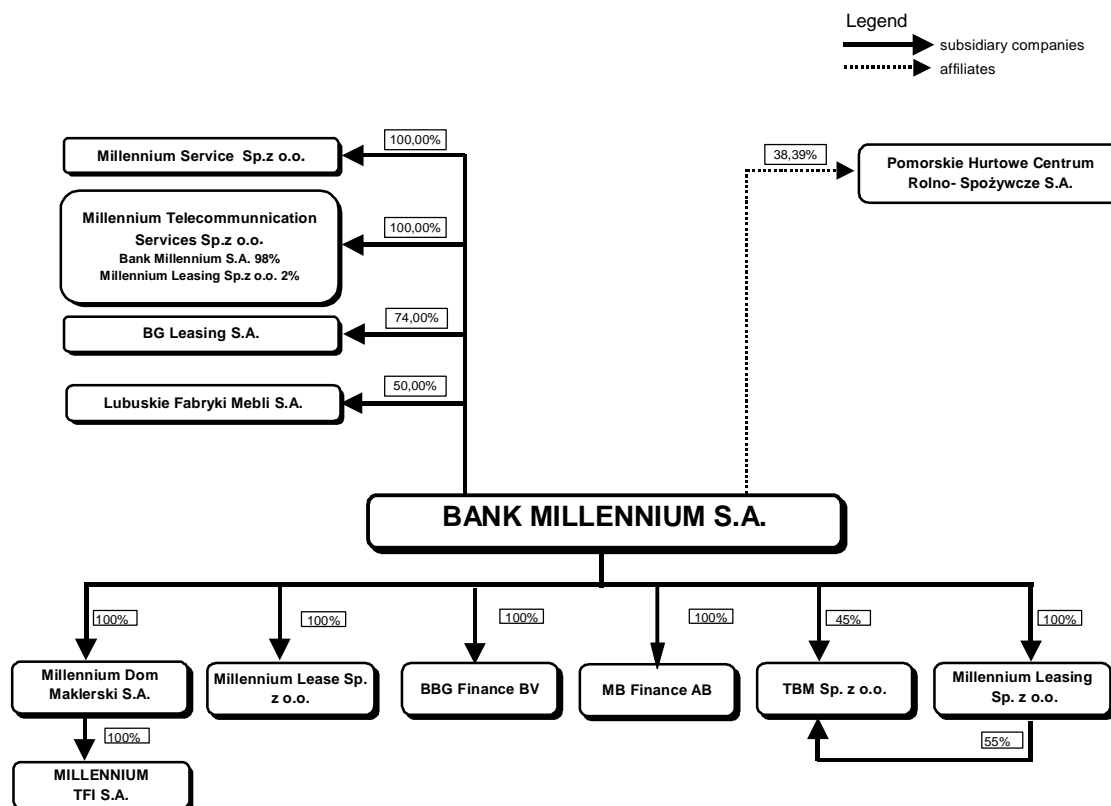
On 30 March 2011 Bank received information on the filing by Mr. Paulo Jose de Ribeiro Moita de Macedo of the resignation from the membership of Supervisory Board of Bank Millennium effective as of 31 March 2011.

Ordinary General Meeting of Shareholders of the Bank on 31 March 2011 elected Mr. António Manuel Palma Ramalho to the membership of the Bank Supervisory Board of the current term of office.

Composition of the Management Board of the Bank Millennium S.A. as at 31 March 2011 was as follows:

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

Bank Millennium S.A. ("Bank") is the parent company of the Group Millennium S.A. ("Group"). The companies comprising the Group as at 31 March 2011 are presented below:



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

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

There were no changes in Group's structure during I quarter of 2011.

II. INTRODUCTION AND ACCOUNTING PRINCIPLES

This condensed consolidated interim financial statement has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Bank is required to publish the financial results for the three months ended 31 March 2011 which is deemed to be the current interim financial reporting period.

The Board of Directors approved this condensed consolidated interim financial statement on 27 April 2011.

RECLASSIFICATION OF DEBT SECURITIES

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

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

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

Data in PLN ths.	Valuation recognized in P&L (with tax effect)	Valuation recognized in revaluation reserve (with tax effect)	Total effect recognized in equity
Year 2007			
Before reclassification in "trading" portfolio	-3	-	-3
Year 2008			
Before reclassification in "trading" portfolio	-1 016	-	-1 016
After reclassification in "available for sale" portfolio		-2 509	-2 509
TOTAL 2008	-1 016	-2 509	- 3 525
Year 2009			
After reclassification in "available for sale" portfolio	-	- 461	- 1 477
Year 2010			
After reclassification in "available for sale" portfolio	-	274	-742
Year 2011			
After reclassification in "available for sale" portfolio	-	-317	-1 333
Year 2011 (proforma)			
If the reclassification did not occur	-591	-	-1 333

III. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

<i>Amount '000 PLN</i>	Note	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Interest income	1	612 440	575 840
II. Interest expense	2	-356 476	-358 421
III. Net interest income		255 964	217 419
IV. Fee and commission income	3	165 191	161 899
V. Fee and commission expense	4	-15 281	-14 121
VI. Net fee and commission income		149 910	147 778
VII. Dividend income		17	219
VIII. Result on investment financial assets		1 062	484
IX. Result on financial instruments valued at fair value through profit and loss and Foreign exchange result	5	34 260	55 843
X. Other operating income		11 458	16 032
XI. Operating income		452 671	437 775
XII. General and administrative expenses	6	-255 373	-235 500
XIII. Impairment losses on financial assets	7	-37 056	-83 258
XIV. Impairment losses on non financial assets		-252	203
XV. Depreciation and amortization		-17 305	-19 428
XVI. Other operating expenses		-13 275	-14 307
XVII. Operating expenses		-323 261	-352 290
XVIII. Operating profit		129 410	85 485
XIX. Share of profit of associates		0	0
XX. Profit / (loss) before taxes		129 410	85 485
XXI. Corporate income tax	8	-28 238	-17 385
XXII. Profit / (loss) after taxes		101 172	68 100
Attributable to:			
Owners of the parent		101 172	68 100
Non-controlling interests		0	0
Weighted average number of ordinary shares		1 213 116 777	982 624 589
Earnings (losses) per ordinary share (in PLN)		0.08	0.07

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
Profit / (loss) after taxes	101 172	68 100
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:		
Effect of valuation of available for sale debt securities	-9 375	17 188
Effect of valuation of available for sale shares	310	595
Hedge accounting	-67 768	2 901
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	-76 833	20 684
Corporate income tax on other elements of total comprehensive income	14 598	-3 930
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	-62 235	16 754
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	38 937	84 854
Attributable to:		
Owners of the parent	38 937	84 854
Non-controlling interests		

CONSOLIDATED BALANCE SHEET

ASSETS

<i>Amount '000 PLN</i>	Note	31.03.2011	31.12.2010
I. Cash, balances with the Central Bank		1 179 092	2 050 736
II. Loans and advances to banks	9	1 985 595	1 485 810
III. Financial assets valued at fair value through profit and loss (held for trading)	10	1 267 732	1 429 820
IV. Hedging derivatives	11	147 599	80 231
V. Loans and advances to customers	12	36 275 145	36 738 493
VI. Investment financial assets	13	4 337 727	4 508 430
- available for sale		4 337 727	4 508 430
- held to maturity		0	0
VII. Investments in associates		12 000	12 000
VIII. Receivables from securities bought with sell-back clause (loans and advances)		83 122	55 085
IX. Property, plant and equipment		225 611	242 052
X. Intangible assets		28 299	30 407
XI. Non-current assets held for sale		5 628	599
XII. Receivables from Tax Office resulting from current tax		1 876	6 176
XIII. Deferred tax assets		163 998	146 014
XIV. Other assets		249 438	198 565
Total Assets		45 962 862	46 984 418

LIABILITIES

<i>Amount '000 PLN</i>		31.03.2011	31.12.2010
I. Deposits from banks	14	2 063 567	2 084 456
II. Financial liabilities valued at fair value through profit and loss (held for trading)	15	531 565	804 331
III. Hedging derivatives	16	820 391	1 315 321
IV. Deposits from customers	17	35 459 800	35 395 147
V. Liabilities from securities sold with buy-back clause		264 839	670 691
VI. Debt securities	18	1 041 506	1 141 007
VII. Provisions		17 034	21 445
VIII. Deferred income tax liabilities		0	0
IX. Current tax liabilities		2 331	0
X. Other liabilities		822 443	549 060
XI. Subordinated debt		930 789	911 988
Total Liabilities		41 954 265	42 893 446

EQUITY

<i>Amount '000 PLN</i>			
I. Share capital		1 213 117	1 213 117
II. Share premium		1 147 502	1 147 502
III. Revaluation reserve		-112 491	-50 256
IV. Retained earnings		1 760 469	1 780 609
Total equity attributable to owners of the parent		4 008 597	4 090 972
Non-controlling interests		0	0
Total Equity		4 008 597	4 090 972
<hr/>			
Total Liabilities and Equity		45 962 862	46 984 418
<hr/>			
Book value		4 008 597	4 090 972
Number of shares		1 213 116 777	1 213 116 777
Book value per share (in PLN)		3.30	3.37

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2011	4 090 972	1 213 117	1 147 502	-50 256	1 780 609
- dividend for 2010	-121 312	0	0	0	-121 312
- total comprehensive income of the I quarter of 2011	38 937	0	0	-62 235	101 172
Equity at the end of the period 31.03.2011	4 008 597	1 213 117	1 147 502	-112 491	1 760 469

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2010	2 787 336	849 182	472 343	11 199	1 454 612
- L-shares issue	1 039 094	363 935	675 159	0	0
- total comprehensive income of 2010	264 542	0	0	-61 455	325 997
Equity at the end of the period 31.12.2010	4 090 972	1 213 117	1 147 502	-50 256	1 780 609

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

CONSOLIDATED CASH FLOW

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Profit (loss) after taxes	101 172	68 100
II. Adjustments for:	128 567	-260 284
1. Minority profit (loss)	0	0
2. Interests in net income (loss) of associated companies	0	0
3. Depreciation and amortization	17 305	19 428
4. Foreign exchange (gains)/ losses	31 654	-181 608
5. Dividends	-17	-219
6. Changes in provisions	-4 411	-2 079
7. Result on sale and liquidation of investing activity assets	-929	2 447
8. Change in financial assets valued at fair value through profit and loss (held for trading)	260 355	-220 247
9. Change in loans and advances to banks	432 368	-29 140
10. Change in loans and advances to customers	452 212	556 469
11. Change in receivables from securities bought with sell-back clause (loans and advances)	-28 037	182 168
12. Change in financial liabilities valued at fair value through profit and loss (held for trading)	-767 696	40 152
13. Change in deposits from banks	-32 473	53 673
14. Change in deposits from customers	64 653	378 695
15. Change in liabilities from securities sold with buy-back clause	-405 852	-1 143 749
16. Change in debt securities	-2 154	65 634
17. Change in income tax settlements	24 575	16 261
18. Income tax paid	-24 494	-12 839
19. Change in other assets and liabilities	104 409	9 559
20. Other	7 099	5 111
III. Net cash flows from operating activities	229 739	-192 184

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Inflows:	968 154	903
1. Proceeds from sale of property, plant and equipment and intangible assets	195	684
2. Proceeds from sale of shares in associates	0	0
3. Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds from sale of investment financial assets	967 942	0
5. Other	17	219
II. Outflows:	-545	-241 337
1. Acquisition of property, plant and equipment and intangible assets	-545	-3 298
2. Acquisition of shares in associates	0	0
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	0	-238 039
5. Other	0	0
III. Net cash flows from investing activities	967 609	-240 434

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Inflows:	0	1 040 950
1. Long-term bank loans	0	0
2. Issue of debt securities	0	441
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	1 040 509
5. Other	0	0
II. Outflows:	-105 533	0
1. Repayment of long-term bank loans	0	0
2. Redemption of debt securities	-97 347	0
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	0	0
7. Other	-8 186	0
III. Net cash flows from financing activities	-105 533	1 040 950
D. NET CASH FLOWS, TOTAL (AIII + BIII + CIII)	1 091 815	608 332
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	3 259 049	4 128 608
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	4 350 864	4 736 940

IV. NOTES TO CONSOLIDATED FINANCIAL DATA

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

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Balances with the Central Bank	10 874	8 246
Deposits, loans and advances to banks	5 033	1 406
Loans and advances to customers	413 356	389 042
Transactions with repurchase agreement	768	2 109
Hedging derivatives	110 017	88 247
Financial assets held for trading (debt securities)	11 064	30 779
Investment securities	61 328	56 011
Total	612 440	575 840

Interest income for first quarter of 2011 includes interest accrued on loans with recognized impairment of PLN 23,428 thousand (for the comparative data for I quarter of 2010, such interest was PLN 23,802 thousand). This interest income is calculated based on net exposure amounts, which take into account the impairment charges made.

Note (2) Interest expense and other of similar nature, including:

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Banking deposits	-2 700	-7 798
Loans and advances	-20 826	-19 428
Transactions with repurchase agreement	-11 572	-14 494
Deposits from customers	-304 797	-298 663
Subordinated debt	-6 809	-5 891
Debt securities	-9 540	-11 161
Other	-233	-986
Total	-356 476	-358 421

Note (3) Fee and commission income

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Resulting from accounts service	26 597	25 605
Resulting from money transfers, cash payments and withdrawals and other payment transactions	11 312	9 222
Resulting from loans granted	15 820	11 128
Resulting from guarantees and sureties granted	5 011	4 211
Resulting from payment and credit cards	42 395	43 565
Resulting from sale of insurance products	19 346	30 833
Resulting from distribution of investment funds units and other savings products	13 547	8 759
Resulting from brokerage and custody service	9 400	7 290
Resulting from investment funds managed by the Group	19 045	18 840
Other	2 718	2 446
Total	165 191	161 899

Note (4) Fee and commission expense

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Resulting from accounts service	-288	-215
Resulting from money transfers, cash payments and withdrawals and other payment transactions	-1 140	-194
Resulting from loans granted	-3 755	-1 439
Resulting from payment and credit cards	-6 695	-9 349
Resulting from brokerage and custody service	-1 610	-1 555
Resulting from investment funds managed by the Group	-581	-898
Other	-1 212	-471
Total	-15 281	-14 121

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

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Operations on securities	-3 789	6 671
Operations on derivatives	5 092	20 949
Hedge accounting operations	-7 020	-3 617
Foreign exchange result	40 144	32 003
Other financial operations	-167	-163
Total	34 260	55 843

Note (6) General and administrative expenses

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Staff costs:	-133 489	-122 338
Salaries	-129 912	-119 310
Employee benefits, including:	-3 577	-3 028
- provisions for retirement benefits	0	0
- provisions for unused employee holiday	-9	0
- other	-3 568	-3 028
General administrative costs	-121 884	-113 162
Costs of advertising, promotion and representation	-10 698	-7 654
Costs of software maintenance and IT services	-5 239	-5 241
Costs of renting	-44 944	-41 763
Costs of buildings maintenance, equipment and materials	-6 706	-6 613
ATM and cash costs	-4 735	-4 390
Costs of communications and IT	-17 133	-16 287
Costs of consultancy, audit and legal advisory and translation	-3 441	-3 471
Taxes and fees	-4 474	-4 058
KIR clearing charges	-705	-680
PFRON costs	-1 400	-1 412
Banking Guarantee Fund costs	-7 692	-3 405
Financial Supervision costs	-2 418	-2 308
Other	-12 302	-15 880
Total	-255 373	-235 500

Note (7) Impairment losses on financial assets

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Impairment losses on loans and advances to customers	-41 369	-85 207
- Impairment write-offs created in the period	-177 275	-243 193
- Impairment write-offs released in the period	135 720	157 594
- Amounts recovered from loans written off	186	392
Impairment losses on securities	0	0
- Impairment write-offs created in the period	0	0
- Impairment write-offs released in the period	0	0
Impairment losses on off-balance sheet liabilities	4 313	1 949
- Impairment write-offs for off-balance sheet liabilities	-3 213	-4 819
- Reversal of impairment write-offs for off-balance sheet liabilities	7 526	6 768
Total	-37 056	-83 258

Note (8a) Income tax reported in income statement

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Current tax	-35 264	-25 781
Current year	-35 264	-25 781
Deferred tax:	7 026	8 396
Recognizing and reversal of temporary differences	9 998	16 014
Appearance / (Utilisation) of tax loss	-2 972	-7 618
Total income tax reported in income statement	-28 238	-17 385

Note (8b) Effective tax rate

	1.01.2011 – 31.03.2011	1.01.2010 – 31.03.2010
Gross profit / (loss)	129 410	85 485
Statutory tax rate	0,19	0,19
Income tax according to obligatory income tax rate of 19%	-24 588	-16 242
Impact of permanent differences on tax charges:	-3 650	-1 143
- Non taxable income	198	201
Dividend income	0	39
Reversal of other provisions	0	0
Other	198	162
- Cost which is not a tax cost	-3 848	-1 344
Loss on sale of receivables	0	0
PFRON fee	-266	-268
Other	-3 582	-1 076
Total income tax reported in income statement	-28 238	-17 385

Note (8c) Deferred tax reported directly in equity

	31.03.2011	31.12.2010
Valuation of available for sale securities	-624	-2 347
Valuation of cash flow hedging instruments	27 011	14 135
Deferred tax reported directly in equity	26 387	11 788

From 1 January 2011 the Bank created in conjunction with a subsidiary - a company Millennium Services Sp. Ltd., Tax Capital Group (TCG). TCG is a tax law institution, described in and subject to the provisions of the Polish Corporate Income Tax law. The essence of TGC is to concentrate two or more related entities under a shape of one taxpayer of the corporate income tax. The creation of TCG does not lead to the creation of a new entity, and consolidation is done only at the level of corporate income tax settlements.

TCG formation will increase the efficiency of tax management within the Group and will contribute to reducing risks resulting from the corporate income tax settlements due to centralization of competencies arising from the transfer of tax calculations and payments obligations to one chosen entity of the Group (the Bank).

Note (9) Loans and advances to banks

	31.03.2011	31.12.2010
Current accounts	237 702	110 127
Deposits in other banks	1 363 185	1 003 003
Loans	378 563	371 439
Interest	6 145	1 241
Total (gross) loans and advances to banks	1 985 595	1 485 810
Impairment write-offs	0	0
Net loans and advances to banks	1 985 595	1 485 810

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

	31.03.2011	31.12.2010
Debt securities	843 735	980 360
Issued by State Treasury	843 735	980 360
a) bills	4 433	67 486
b) bonds	839 302	912 874
Equity instruments	604	931
Quoted on the active market	604	931
a) financial institutions	0	60
b) non-financial institutions	604	870
Positive valuation of derivatives	423 393	448 529
Other financial instruments	0	0
Total	1 267 732	1 429 820

Note (10)/Note (15) Valuation of derivatives and Liabilities from short sale of securities 31.03.2011

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	1 065	215 498	214 432
Forward Rate Agreements (FRA)	527	2 334	1 807
Interest rate swaps (IRS)	4 630	209 867	205 236
Other interest rate contracts: volatility swap, swap with FX option	-4 092	3 297	7 389
2. FX derivatives	-871	110 404	111 275
FX contracts	42 032	46 172	4 140
FX swaps	-4 502	23 235	27 737
Other FX contracts (CIRS)	-38 513	40 687	79 200
FX options	112	310	198
3. Commodity derivatives	0	0	0
Commodity forwards	0	0	0
Commodity options	0	0	0
4. Embedded instruments	-53 096	24 977	78 073
Options embedded in deposits	-22 891	24 977	47 868
Options embedded in securities issued	-30 205	0	30 205
5. Fair value measurement of items subject to hedging	-1 276	0	1 276
Valuation of future FX payments subject to hedging	0	0	0
Valuation of hedged consumer loans portfolio	-1 276	0	1 276
6. Indexes options	66 655	72 514	5 859
Valuation of derivatives	12 477	423 393	410 915
Liabilities from short sale of securities			120 650
Financial assets and liabilities valued at fair value through profit and loss (held for trading) - TOTAL		423 393	531 565

Note (10)/Note (15) Valuation of derivatives and Liabilities from short sale of securities 31.12.2010

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	5 060	279 214	274 153
Forward Rate Agreements (FRA)	-304	1 346	1 650
Interest rate swaps (IRS)	8 695	274 770	266 074
Other interest rate contracts: volatility swap, swap with FX option	-3 331	3 098	6 429
2. FX derivatives	-281 498	86 833	368 331
FX contracts	38 974	41 873	2 899
FX swaps	-186 357	17 034	203 391
Other FX contracts (CIRS)	-134 622	27 381	162 003
FX options	507	545	38
3. Commodity derivatives	6	268	262
Commodity forwards	6	268	262
Commodity options	0	0	0
4. Embedded instruments	-47 880	19 003	66 883
Options embedded in deposits	-13 578	19 003	32 581
Options embedded in securities issued	-34 302	0	34 302
5. Fair value measurement of items subject to hedging	8 301	8 301	0
Valuation of future FX payments subject to hedging	0	0	0
Valuation of hedged consumer loans portfolio	8 301	8 301	0
6. Indexes options	51 498	54 910	3 412
Valuation of derivatives	-264 512	448 529	713 041
Liabilities from short sale of securities			91 290
Financial assets and liabilities valued at fair value through profit and loss (held for trading) - TOTAL		448 529	804 331

The Group applies the following types of hedge accounting:

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

Note (11)/Note (16) Hedge accounting 31.03.2011

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
1. Fair value hedging derivatives connected with interest rate risk				
- IRS contracts	-17 243	4 310	21 553	-1 276
2. Cash flows hedging derivatives connected with interest rate and/or FX rate				
- CIRS contracts	-621 734	127 551	749 285	x
- FX SWAP contracts	-1 246	15 738	16 984	x
- FX Forward contracts	-32 569	0	32 569	x
3. Total hedging derivatives	-672 792	147 599	820 391	x

Note (11)/Note (16) Hedge accounting 31.12.2010

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
1. Fair value hedging derivatives connected with interest rate risk				
- IRS contracts	-17 700	2 193	19 893	8 301
2. Cash flows hedging derivatives connected with interest rate and/or FX rate				
- CIRS contracts	-1 069 082	78 038	1 147 120	x
- FX SWAP contracts	-99 509	0	99 509	x
- FX Forward contracts	-48 799	0	48 799	x
3. Total hedging derivatives	-1 235 090	80 231	1 315 321	x

Note (12) Loans and advances to customers

	31.03.2011	31.12.2010
Loans and advances	32 931 296	33 365 376
- to companies	5 332 861	5 229 190
- to private individuals	26 923 778	27 459 922
- to public sector	674 657	676 264
Receivables on account of payment cards	881 252	895 822
- due from companies	16 218	12 950
- due from private individuals	865 034	882 872
Purchased receivables	116 455	61 037
- from companies	4 623	10 031
- from private individuals	0	0
- from public sector	111 832	51 006
Guarantees and sureties realised	251	255
Debt securities eligible for rediscount at Central Bank	24 865	32 204
Financial leasing receivables	3 354 224	3 410 340
Other	5 477	7 474
Interest	159 376	153 270
Total gross	37 473 197	37 925 779
Impairment write-offs	-1 198 052	-1 187 286
Total net	36 275 145	36 738 493

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

	31.03.2011	31.12.2010
Loans and advances to customers (gross)	37 473 197	37 925 779
- impaired	2 085 480	2 195 119
- not impaired	35 387 717	35 730 660
Impairment write-offs	1 198 052	1 187 286
- for impaired exposures	998 995	989 997
- for incurred but not reported losses (IBNR)	199 057	197 289
Loans and advances to customers (net)	36 275 145	36 738 493

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

	31.03.2011	31.12.2010
Loans and advances to customers (gross)	37 473 197	37 925 779
- case by case analysis	1 172 382	1 311 967
- collective analysis	36 300 815	36 613 812
Impairment write-offs	1 198 052	1 187 286
- on the basis of case by case analysis	450 441	469 231
- on the basis of collective analysis	747 611	718 055
Loans and advances to customers (net)	36 275 145	36 738 493

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

	31.03.2011	31.12.2010
Loans and advances to customers (gross)	37 473 197	37 925 779
- corporate customers	9 596 367	9 497 968
- individuals	27 876 830	28 427 811
Impairment write-offs	1 198 052	1 187 286
- for receivables from corporate customers	641 690	643 811
- for receivables from private individuals	556 362	543 475
Loans and advances to customers (net)	36 275 145	36 738 493

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

	01.01.2011 – 31.03.2011	01.01.2010 – 31.12.2010
Balance at the beginning of the period	1 187 286	1 106 491
Change in value of provisions:	10 766	80 795
Impairment write-offs created in the period	177 275	773 831
Amounts written off	-23 017	-158 826
Impairment write-offs released in the period	-135 720	-557 586
Changes resulting from FX rates differences	-6 953	24 055
Other	-819	-680
Balance at the end of the period	1 198 052	1 187 286

Note (13) Investment financial assets available for sale

	31.03.2011	31.12.2010
Debt securities	4 326 298	4 496 965
Issued by State Treasury	2 414 498	3 355 513
a) bills	101 234	245 308
b) bonds	2 313 264	3 110 206
Issued by Central Bank	1 800 000	999 708
a) bills	1 800 000	999 708
b) bonds	0	0
Other securities	111 800	141 743
a) listed	8 412	8 342
b) not listed	103 388	133 401
Shares and interests in other entities	11 429	11 465
Other financial instruments	0	0
Total financial assets available for sale	4 337 727	4 508 430

Note (14) Deposits from banks

	31.03.2011	31.12.2010
In current account	69 356	54 328
Term deposits	72 450	139 573
Loans and advances received	1 915 551	1 888 384
Interest	6 210	2 171
Total	2 063 567	2 084 456

Note (17) Deposits from customers by type structure

	31.03.2011	31.12.2010
Amounts due to private individuals	21 554 399	20 928 083
Balances on current accounts	7 347 224	7 241 195
Term deposits	13 934 226	13 368 776
Other	142 019	158 733
Accrued interest	130 930	159 379
Amounts due to companies	11 361 358	12 424 689
Balances on current accounts	2 807 595	2 956 393
Term deposits	8 360 199	9 257 875
Other	147 764	172 334
Accrued interest	45 801	38 087
Amounts due to public sector	2 544 043	2 042 376
Balances on current accounts	817 901	855 928
Term deposits	1 688 927	1 149 996
Other	30 121	31 990
Accrued interest	7 094	4 462
Total	35 459 800	35 395 147

Note (18) Change of debt securities

	01.01.2011 – 31.03.2011	01.01.2010 – 31.12.2010
Balance at the beginning of the period	1 141 007	1 024 335
- change of bonds issued in leasing portfolio securitization transaction	-97 347	-25 431
- change of bonds issued by subsidiary company	259	20 032
- change of bonds issued by the Bank	-36 859	33 957
- change of bank's securities issued	34 446	88 114
Balance at the end of the period	1 041 506	1 141 007

V. CHANGES IN RISK MANAGEMENT PROCESS

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

In order to ensure effective risk management and coherent policy the Bank Millennium Group has implemented risk management model under which credit, market, liquidity and operational risks are managed in an integrated manner.

Credit risk

In the first quarter of 2011, activity of the Group's risk management was focused primarily on the work related with the modification of credit policies in the corporate segment.

The result of this work is in particular:

- changes of the competences for credit transactions,
- changes in the policy concerning exceptions,
- changes in the monitoring of customer default,
- applying uniform client rating scale in case of corporate uniform client rating scale,
- implementation of new rules for real estate collateral (adjusting the Bank's policy to the changed external regulation).

An important element of qualitative change in the credit process in the IQ 2011 was the establishment of the Rating Department. The main condition for establishment of this department was separation of the process of granting rating to corporate customers from credit decisions process as well as concentration in one organizational unit specialists with adequate knowledge of the methods of qualitative assessment of customers and a good knowledge of statistical models use to underwriting the risk ratings.

Changes in the loan portfolio of the Group in IQ 2011 is summarized below:

In '000 PLN	31.03.2011		31.12.2010	
	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	33 533 378	1 985 595	33 682 351	1 485 810
Overdue, but without impairment	1 854 339	0	2 048 309	0
With impairment	2 085 480	0	2 195 119	0
Gross	37 473 197	1 985 595	37 925 779	1 485 810
Impairment write-offs together with IBNR	-1 198 052	0	-1 187 286	0
Net	36 275 145	1 985 595	36 738 493	1 485 810

Market risk

In the first quarter of 2011, the Bank maintained its conservative approach to market risk management adopted already in 2009 and 2010. In effect, VaR indicators for the joint Trading Book and Banking Book recorded average exposure to market risk at the level of ca. PLN 15,6 m (14% of the limit) and ca. PLN 10,3 m (9% of the limit) in the end of March. Exposures by risk types are presented in the table below.

VaR measures for market risk ('000 PLN)

	31.03.2011		VaR (from 31 December 2010 till 31 March 2011)			31.12.2010	
	Exposure	Average use of limit in period	Average	Maximum	Minimum	Exposure	Average use of limit in period
Total risk	10 338	9%	15 589	19 145	10 219	11 979	11%
Generic risk	7 605	9%	12 851	0	7 496	9 247	10%
Interest Rate VaR	7 587	n.a.	12 868	16 360	7 496	9 264	n.a.
FX Risk	79	1%	564	1 668	27	152	2%
Equity risk	0	n.a.	0	0	0	0	n.a.
Diversification Effect	1%					2%	
Non-linear risk	0	0%	26	57	0	22	0%
Commodities risk	0	0%	0	0	0	0	0%
Specific risk	2 733	6%	2 711	2 740	2 680	2 710	6%

Open positions contain, mainly, interest rate and FX risk instruments. FX risk covers all the Bank's FX exposures since the open positions are permitted only in the areas of Trading and Market Risk Strategy belonging to the Trading Book.

In Q1 2011 Value at Risk limits were not exceeded.

In case of the Banking Book, in order to manage interest rate risk, the non-trading portfolio sensitivity analysis has been performed and hedging strategies have been applied to mitigate this risk. Interest rate risk is transferred from the Commercial area to Financing and ALM areas in monthly cycles.

In connection with the interest rate risk transfer from Commercial area, the process of hedged portfolio value calculation was implemented (cash loans and leasing) within a series of additional stress tests performed for hedging structures. The objective of these tests, assuming changes of the shape and positioning of the yield curves, is to verify effectiveness of hedging against interest rate risk.

Liquidity risk

In Q1 2011, current and quarterly liquidity measures continued to be positive and remained in neutral trend. At the end of March 2011, these measures reached the levels, respectively, of PLN 3,4 bn and PLN 1,8 bn. In the area of structural liquidity also a the neutral trend was recorded at positive values, far away from the defined limits.

During the said period, limits established for all internal and supervisory measures were complied with.

In the scope of all liquidity measures, including supervisory, the bank noted stabilization connected mainly with PLN depreciation compensated by the increasing deposit base.

Large, strongly diversified and stable deposit base provides the bank with its main financing source. Deposit base concentration, measured by share of 5 and 20 highest depositors has been maintained, for years, at levels of 5% and 10% respectively. This level of concentration does not have any negative impact on the stability of the deposit base. Despite of that, in order to prevent deposit base fluctuations, the bank maintains the reserves of liquid assets in the form of securities portfolio. Additionally, in February 2011 the Bank prolonged the stand-by facility with BCP (amounted to EUR 200 million) for the next year.

During the period under consideration, the Bank continued its work on supplementing the structural liquidity risk testing model by introducing additional stress tests to ensure early identification of potential threats.

Operational risk

In order to identify and measure operational risk relative to its operations, the group has been performing 3 mutually complementing activities:

- collecting information on losses, both internal and external;
- monitoring key risk indicators; and
- performing periodical self-evaluation of risk level in processes.

In Q1 2011, the Group continued performance of activities focusing on continuous improvement and increase of threat awareness among its work force including, in particular, employees having impact upon implementation of processes within organisation. In this area, in the last quarter, the group focused, primarily, upon risk identification as well as ways to limit and monitor risk.

VI. OPERATIONAL SEGMENTS

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

a) Retail Customer Segment

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

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

b) Corporate Customer Segment

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

c) Treasury and investment activity

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

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

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

Accounting principles

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

- Net interest income calculated on the basis of interest on external working assets and liabilities of the segment as well as allocated assets and liabilities generating internal interest income or cost. Internal income and costs are calculated based on market interest rates;
- Net commission income;
- Other income from financial transactions and FX gains, such as: dividend income, result on investment and trading activity, FX gains/losses and result on other financial instruments;
- Other operating income and expenses;
- Costs on account of impairment of financial and non-financial assets;
- Segment share in operating costs, including personnel and administration costs;
- Segment share in depreciation costs.

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

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

Income statement 01.01.2011 – 31.03.2011

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
Net interest income	227 712	60 075	-31 823	0	255 964
external income	308 748	122 673	181 019	0	612 440
external cost	-200 018	-103 591	-52 867	0	-356 476
External income less cost	108 730	19 082	128 152	0	255 964
internal income	217 794	98 526	-316 320	0	0
internal cost	-98 812	-57 533	156 345	0	0
Internal income less cost	118 982	40 993	-159 975	0	0
Net fee and commission income	112 103	32 043	5 764	0	149 910
Dividends, other income from financial operations and foreign exchange profit	22 857	11 403	1 079	0	35 339
Other operating income and cost	969	-3 576	790	0	-1 817
Operating income	363 641	99 945	-24 190	0	439 396
Staff costs	-93 288	-31 875	-8 326	0	-133 489
Administrative costs	-98 105	-16 345	-7 434	0	-121 884
Impairment losses on assets	-22 024	-15 069	-215	0	-37 308
Depreciation and amortization	-14 538	-2 115	-652	0	-17 305
Operating expenses	-227 955	-65 404	-16 627	0	-309 986
Share in net profit of associated companies	0	0	0	0	0
Profit / (loss) before taxes	135 686	34 541	-40 817	0	129 410
Income taxes	0	0	0	0	-28 238
Profit / (loss) after taxes	0	0	0	0	101 172

Balance sheet 31.03.2011 In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
ASSETS					
Segment assets	28 700 928	8 299 383	8 962 551	0	45 962 862
Assets allocated to segment	1 582 629	1 427 536	-3 010 165	0	0
Total	30 283 557	9 726 919	5 952 386	0	45 962 862
LIABILITIES					
Segment liabilities	28 131 292	8 592 866	5 230 107	0	41 954 265
Liabilities allocated to segment	-668 870	160 785	508 085	0	0
Equity allocated to segment	2 821 135	973 268	214 194	0	4 008 597
Total	30 283 557	9 726 919	5 952 386	0	45 962 862

Income statement 01.01.2010 – 31.03.2010

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

Balance sheet 31.12.2010 In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
ASSETS					
Segment assets	29 479 718	10 231 055	7 273 645	0	46 984 418
Assets allocated to segment	865 947	2 585 560	-3 451 507	0	0
Total	30 345 665	12 816 616	3 822 138	0	46 984 418
LIABILITIES					
Segment liabilities	26 086 390	10 691 351	6 115 705	0	42 893 446
Liabilities allocated to segment	1 431 752	1 161 213	-2 592 966	0	0
Equity allocated to segment	2 827 523	964 051	299 398	0	4 090 972
Total	30 345 665	12 816 616	3 822 138	0	46 984 418

VII. DATA ON ASSETS SECURING LIABILITIES

As at 31 March 2011, the Bank's following assets secured its liabilities:

					In '000 PLN	
No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets	
1.	Treasury bonds DZ0811	available for sale	Lombard credit granted to the Bank by the NBP	130 000	133 138	
2.	Treasury bonds OK0811	available for sale	Initial security deposit for bond futures	500	512	
3.	Treasury bonds DZ0811	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	30 000	30 724	
4.	Treasury bonds OK0811	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	75 000	76 811	
5.	Treasury bonds OK0112	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	85 000	82 000	
6.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70	
7.	Deposits	Deposits on other banks	Settlement on transactions entered	560 805	560 805	
8.	Loans and advances to customers	Loans and advances	Loan agreement	167 815	112 672	
TOTAL				1 049 190	996 731	

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

					In '000 PLN	
No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets	
1.	Treasury bonds DZ0811	available for sale	Lombard credit granted to the Bank by the NBP	65 000	65 900	
2.	Treasury bonds OK0711	available for sale	Lombard credit granted to the Bank by the NBP	75 000	73 350	
3.	Treasury bonds DZ0811	available for sale	Initial security deposit for bond futures	500	507	
4.	Treasury bonds OK0711	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	75 000	73 350	
5.	Treasury bonds DZ0811	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	30 000	30 415	
6.	Treasury bonds OK0112	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	85 000	81 209	
7.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70	
8.	Deposits	Deposits on other banks	Settlement on transactions entered	1 000 302	1 000 302	
9.	Loans and advances to customers	Loans and advances	Loan agreement	164 708	141 385	
TOTAL				1 495 580	1 466 488	

VIII. DIVIDEND FOR 2010

According to the decision of the Ordinary General Meeting held on 31 March 2011, the Bank will pay the dividend from the profit for the year ended 31 December 2010. The dividend will amount to PLN 0.1 gross per share, the Dividend Day (the day of determining the right to dividend) is at 16 May 2011, while the dividend is to be paid on 30 May 2011.

The Bank has not paid dividends in 2010.

IX. EARNINGS PER SHARE

Profit per share calculated for I quarters of 2011 (and diluted profit per share) on the basis of the consolidated data amounted to PLN 0.08.

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

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

Data as at the delivery date of the report for I Q 2011

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	794 751 136	65,51	794 751 136	65,51
ING Otwarty Fundusz Emerytalny	60 762 472	5,01	60 762 472	5,01

Data as presented in published Group's financial statement for 2010

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	794 751 136	65,51	794 751 136	65,51
AVIVA Otwarty Fundusz Emerytalny Aviva BZ WBK*	61 341 239	5,06	61 341 239	5,06

* On 18 January 2011, the shareholder has informed the Bank on reduction the number of shares held below 5% of the share capital of the Bank.

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

In IQ 2011, the Group did not grant any sureties or guarantees for a loan or bank loan to a single entity, which would cause the Group's exposure on this account to the Client as at 31 March 2011 to exceed 10% of the Group's equity as at the balance sheet date.

XII. DESCRIPTION OF RELATED PARTY TRANSACTIONS

(1) DESCRIPTION OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2011 to 31 March 2011 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities, which were eliminated in the data consolidation process:

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

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

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2011

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits	255 597	810 268
Loans and advances to customers	2 335 556	
Receivables from securities bought with sell-back clause	3 533	
Investments in associates	311 309	
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	4 686	12 650
Hedging derivatives		46 900
Other assets	7 131	132

LIABILITIES		
Deposits from banks	2 181 733	804 002
Deposits from customers	919 391	
Liabilities from securities sold with buy-back clause	3 533	
Debt securities	-639 091	
Hedging derivatives		59 814
Financial liabilities valued at fair value through profit and loss (held for trading)	2 292	5
Other liabilities	161 364	79 649
- including liabilities from financial leasing	137 803	

**ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)
AS AT 31.12.2010**

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits	268 347	4 728
Loans and advances to customers	2 336 578	
Receivables from securities bought with sell-back clause	3 503	
Investments in associates	311 242	
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	4 120	19 216
Hedging derivatives		69 616
Other assets	5 710	528

LIABILITIES		
Deposits from banks	2 195 823	793 828
Deposits from customers	1 029 747	
Liabilities from securities sold with buy-back clause	3 503	
Debt securities	-736 438	
Financial liabilities valued at fair value through profit and loss (held for trading)	1 300	
Hedging derivatives		69 748
Other liabilities	144 969	
- including liabilities from financial leasing	138 786	

**PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)
FOR THE PERIOD OF 1.01-31.03.2011**

	With subsidiaries	With controlling entity
Income from:		
Interest	23 373	10 208
Commissions	12 639	
Derivatives net		693
Dividends		
Other net operating income	20 266	
Expense from:		
Interest	25 009	10 135
Commissions	12 916	897
Derivatives net	426	
General and administrative expenses	19 140	15

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

	With subsidiaries	With controlling entity
Income from:		
Interest	37 695	14 520
Commissions	12 978	
Derivatives net	761	5 747
Dividends	17 679	
Other net operating income	4 055	

Expense from:

Interest	22 763	15 915
Commissions	12 846	
General and administrative expenses	20 152	36

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2011

	With subsidiaries	With controlling entity
Conditional commitments	133 640	905 140
Derivatives (par value)	281 138	5 053 266

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2010

	With subsidiaries	With controlling entity
Conditional commitments	150 124	805 797
Derivatives (par value)	303 809	4 536 378

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

Name and surname	Function	Number of shares as of reporting date for quarterly report prepared as at 31.03.2011	Number of shares as presented in Group's financial statement for 2010
Bogusław Kott	Chairman of the Management Board	4 465 791	4 465 791
Joao Bras Jorge	Deputy Chairman of the Management Board	0	0
Fernando Bicho	Member of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	492 248	492 248
Andrzej Gliński	Member of the Management Board	0	0
Wojciech Haase	Member of the Management Board	7 494	7 494
Artur Klimczak	Member of the Management Board	0	0
Antonio Pinto Junior	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	134	134
Ryszard Pospieszyński	Deputy Chairman of the Supervisory Board	86 300	86 300
Carlos Jorge Ramalho dos Santos Ferreira	Deputy Chairman of the Supervisory Board	0	0
Marek Furtek	Secretary of the Supervisory Board	1	1
Luis Pereira Coutinho	Member of the Supervisory Board	0	0
Vitor Manuel Lopes Fernandes	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
António Manuel Palma Ramalho	Member of the Supervisory Board	-	-
Nelson Ricardo Bessa Machado	Member of the Supervisory Board	0	0
Marek Rocki	Member of the Supervisory Board	0	0
Dariusz Rosati	Member of the Supervisory Board	0	0

XIII. CONTINGENT ASSETS AND LIABILITIES

The total value of the largest lawsuits as at 31 March 2011, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 579.5 million. The total value of the largest lawsuits, in which Group companies acted as defendants was PLN 410.1 million and the total value of the largest lawsuits, in which Group companies acted as claimants was PLN 169.4 million.

Descriptions of the important, accordingly opinion of the issuer, ongoing lawsuits involving the Group's entities, broken down into three categories are following:

Proceedings connected with derivatives

As of 31 March 2011 the Bank was party to 39 lawsuits connected with derivatives, where in 31 cases the Bank was the defendant, while in 8 as the plaintiff. To the Bank's best knowledge the total disputed value in these lawsuits was PLN 303 million. The highest unit value of the dispute was PLN 71 million.

The largest lawsuits connected with derivatives in which Group companies are defendants:

1. **Plaintiff:** legal person

Value of the object of the dispute: PLN 71,065,495

Object: Claim for return of amounts due on account of settlement of FX options.

Case status: On 10 January 2011 the lawsuit was formally received by an attorney of the Bank, who in cooperation with the Bank prepared and delivered on 24 January 2011 to the court a reply to the lawsuit. Currently procedural letters are being exchanged.

Expectations: the Bank's attorney has a positive view of the chances of the Bank getting a positive ruling.

2. **Plaintiff:** legal person

Value of the object of the dispute: PLN 31,049,160

Object: The plaintiff claims that the disputed transaction was not concluded effectively owing to failure to agree on essentials components. Additionally the plaintiff claims that he has evaded the legal effects of his statements of will, which were made in error.

Case status: The first hearing was held on 26 October 2010. During this hearing witnesses were questioned. The next hearing took place on 12 April 2011. Due to the absence of part of the witnesses the Court adjourned the hearing until 8 November 2011.

In the Bank's opinion the claim is groundless and the points raised are not confirmed by the evidence of the case.

The other largest lawsuits in which Group companies are defendants except Proceedings with participation of the Chairman of UOKiK:

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

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

Re: Ruling ineffectiveness of:

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

Description of the case: Currently the case is pending before the District Court in Gdańsk in the stage of hearing of evidence. The Court accepted as evidence the opinion of an expert in the matter of appraisal of the value of real estate as on 25 October 2002. The opinion was delivered to the parties. The plaintiff in the letter of 15 October 2010 questioned the calculations resulting from the opinion, petitioned for preparing an additional opinion and for expanding the team of court experts to include an expert on the fuels trading market. In a letter dated 2 November 2010 the Group petitioned for dismissal of the plaintiff's petitions to admit evidence of the additional opinion and to expand the team of experts as well as for summoning the expert for the next hearing for him to provide explanations to the opinion. On 21 February 2011 a hearing was held with participation of the expert. In the letter of 1 March 2011 the plaintiff's attorney-at-law petitioned for disclosure of the books of the premises for purposes of preparing a new opinion and for expanding the team of court experts to include an expert on the fuels trading market. In the letter of 29 March 2011 the attorney-at-law of the defendant petitioned for new questioning of the expert about his opinion and for dismissal of the petitions, contained in the plaintiff's letter of 1 March 2011.

On 4 April 2011 another hearing was held, where the court dismissed the plaintiff's petitions as well as the defendant's petition for a supplementary questioning of the expert. The Court adjourned announcement of its ruling until 15 April and then until 29 April 2011 this year.

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

2. **Plaintiff:** legal person

Value of the subject matter of the dispute: PLN 5,108,036

Re: The plaintiff's claim is based on the statement that the Bank forced the plaintiff to make a sales order for 33 300 items of shares by threatening to the plaintiff's company that the Bank would take over all the funds which would come from the sale of all the 30 000 shares constituting the ownership of such company.

Case status: There were several hearings in this case and as a result on 21.02.2008 due to the non-implementation of the court order relating to the precisioning of the factual and legal grounds of the suit – the Court suspended the proceedings indefinitely.

Prospects: probability of winning the case is estimated as high.

Proceedings with participation of the Chairman of UOKiK:

Proceedings before the Chairman of UOKiK concerning provisions of mortgage loans

As of 31 March 2011 the Bank is party of the case before the Chairman of UOKiK concerning provisions of mortgage loan agreements as regards the method of calculation of insurance contribution, used by the Bank.

In such proceedings, the Chairmen calls for recognition of the illegal provisions of a standard agreement concerning the rules for setting the exchange rate at which the loan is repaid, criteria allowing changes in the price list of fees and rules for amendments to the regulations; the conditions under which the Bank may demand additional collateral, rules for the reimbursement of insurance premium for the period during which there has been no mortgage registration (the so-called bridge insurance).

On 14 December 2010, there was the sentence of the Court of First Instance recognizing all the clauses used by the Bank to be illegal therefore on 9 February 2011 the Bank's attorney appealed against the verdict.

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

The Bank is a party in proceedings instituted by the Chairman of UOKiK against operators of the Visa and Europay systems as well as banks – issuers of Visa and Europay/Eurocard/Mastercard cards. The proceedings concern practices restricting competition on the card payments market in Poland, whereby interchange fees were said to be agreed jointly for transactions done with Visa and Europay/Eurocard/Mastercard cards and also access was restricted for entrepreneurs who did not belong to the association of card issuers against whom the proceedings were instituted. On 29 December 2006 the Chairman of UOKiK deemed the practices consisting in jointly agreeing on interchange fees as restricting competition and ordered desisting from their use, at the same time imposing i.a. on the Bank a cash penalty of PLN 12.148.370. On 19 January 2007 the Bank appealed against the decision of the Chairman of UOKiK to SOKiK. On 25 August 2008 SOKiK gave a ruling, in which it decided to suspend enforcement of the appealed decision in the item concerning the order to desist from jointly agreeing on the interchange fees.

In the ruling of 12 November 2008 SOKiK changed the appealed decision so that it did not find use of practice restricting competition, consisting in participation by banks participants in the proceedings (including the Bank) in an agreement restricting competition on the market of outsourcing of services connected with payment of consumers' liabilities to merchants on account of payments for goods and services purchased by the consumers with use of cards in Poland, by jointly agreeing on interchange fees charged on transactions done with Visa and MasterCard cards in Poland. On 12 January 2009 the Chairman of UOKiK appealed against this ruling. Response to the appeal has been lodged by the Bank on 13 February 2009. On 22/04/2010, the appeals hearing was held, after which the Court of Appeal overturned the verdict entirely, sending the case back to the court of first instance. A copy of the Judgement of the Court of Appeals reasoned served with the Bank on 1 June 2010. As at 31.03.2011 trial date has not yet been appointed.

OFF-BALANCE ITEMS

<i>Amount '000 PLN</i>	31.03.2011	31.12.2010
Off-balance conditional commitments granted and received	9 065 404	9 249 386
1. Commitments granted:	7 807 656	7 977 715
a) financial	6 033 324	6 166 837
b) guarantee	1 774 332	1 810 878
2. Commitments received:	1 257 748	1 271 671
a) financial	823 503	794 880
b) guarantee	434 245	476 791

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

There were no such events.

**II. CONDENSED INTERIM FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE
3 MONTHS ENDED 31 MARCH 2011**

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I. INTRODUCTION AND ACCOUNTING PRINCIPLES

This condensed interim financial statement has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. The condensed interim financial statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2010.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Bank is required to publish the financial results for the three months ended 31 March 2011 which is deemed to be the current interim financial reporting period.

The Board of Directors approved this condensed unconsolidated interim financial statement on 27 April 2011.

II. BANK'S UNCONSOLIDATED FINANCIAL DATA

INCOME STATEMENT		
<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.10.2010 - 31.03.2010
I. Interest income	574 367	536 958
II. Interest expense	-349 916	-351 371
III. Net interest income	224 451	185 587
IV. Fee and commission income	146 616	148 907
V. Fee and commission expense	-10 568	-11 196
VI. Net fee and commission income	136 048	137 711
VII. Dividend income	17	17 898
VIII. Result on investment financial assets	1 062	484
IX. Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	33 404	54 995
X. Other operating income	7 025	9 421
XI. Operating income	402 007	406 096
XII. General and administrative expenses	-241 186	-222 721
XIII. Impairment losses on financial assets	-34 378	-70 041
XIV. Impairment losses on non financial assets	-182	-61
XV. Depreciation and amortization	-16 623	-18 739
XVI. Other operating expenses	-7 489	-5 737
XVII. Operating expenses	-299 858	-317 299
XVIII. Operating profit	102 149	88 797
XIX. Profit / (loss) before taxes	102 149	88 797
XX. Corporate income tax	-22 717	-14 303
XXI. Profit / (loss) after taxes	79 432	74 494
Weighted average number of ordinary shares	1 213 116 777	982 624 589
Earnings (losses) per ordinary share (in PLN)	0.07	0.08

TOTAL COMPREHENSIVE INCOME STATEMENT	1.01.2011 - 31.03.2011	1.10.2010 - 31.03.2010
Profit / (loss) after taxes	79 432	74 494
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:		
Effect of valuation of available for sale debt securities	-9 375	17 188
Effect of valuation of available for sale shares	310	521
Hedge accounting	-67 768	2 901
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	-76 833	20 610
Corporate income tax on other elements of total comprehensive income	14 598	-3 918
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	-62 235	16 692
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	17 197	91 186

BALANCE SHEET

ASSETS

<i>Amount '000 PLN</i>	31.03.2011	31.12.2010
I. Cash, balances with the Central Bank	1 178 866	2 050 515
II. Loans and advances to banks	1 985 593	1 485 797
III. Financial assets valued at fair value through profit and loss (held for trading)	1 267 671	1 429 543
IV. Hedging derivatives	147 599	80 231
V. Loans and advances to customers	35 250 372	35 677 997
VI. Investment financial assets	4 337 145	4 507 847
- available for sale	4 337 145	4 507 847
- held to maturity	0	0
VII. Investments in associates	312 171	312 105
VIII. Receivables from securities bought with sell-back clause (loans and advances)	83 122	55 085
IX. Property, plant and equipment	218 477	233 167
X. Intangible assets	27 760	29 798
XI. Non-current assets held for sale	0	0
XII. Receivables from Tax Office resulting from current tax	0	2 952
XIII. Deferred tax assets	127 355	102 807
XIV. Other assets	142 754	82 221
Total Assets	45 078 885	46 050 065

LIABILITIES

<i>Amount '000 PLN</i>	31.03.2011	31.12.2010
I. Deposits from banks	2 063 567	2 084 456
II. Financial liabilities valued at fair value through profit and loss (held for trading)	532 057	804 965
III. Hedging derivatives	820 391	1 315 321
IV. Deposits from customers	35 568 034	35 525 839
V. Liabilities from securities sold with buy-back clause	268 372	674 194
VI. Debt securities	382 124	384 537
VII. Provisions	16 092	20 503
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	2 092	0
X. Other liabilities	783 437	512 217
XI. Subordinated debt	930 789	911 988
Total Liabilities	41 366 955	42 234 020

EQUITY

<i>Amount '000 PLN</i>	31.03.2011	31.12.2010
I. Share capital	1 213 117	1 213 117
II. Share premium	1 147 241	1 147 241
III. Revaluation reserve	-112 491	-50 256
IV. Retained earnings	1 464 063	1 505 943
Total Equity	3 711 930	3 816 045

Total Liabilities and Equity	45 078 885	46 050 065
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Book value	3 711 930	3 816 045
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	3.06	3.15

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2011	3 816 045	1 213 117	1 147 241	-50 256	1 505 943
- dividend for 2010	-121 312	0	0	0	-121 312
- total comprehensive income of the I quarter of 2011	17 197	0	0	-62 235	79 432
Equity at the end of the period 31.03.2011	3 711 930	1 213 117	1 147 241	-112 491	1 464 063

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2010	2 517 625	849 182	472 343	11 199	1 184 901
- L-shares issue	1 038 833	363 935	674 898	0	0
- total comprehensive income of 2010	259 587	0	0	-61 455	321 042
Equity at the end of the period 31.12.2010	3 816 045	1 213 117	1 147 241	-50 256	1 505 943

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

CASH FLOWS

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Profit (loss) after taxes	79 432	74 494
II. Adjustments for:	52 919	-284 009
1. Interests in net income (loss) of associated companies	0	0
2. Depreciation and amortization	16 623	18 739
3. Foreign exchange (gains) losses	31 588	-181 307
4. Dividends	-17	-17 898
5. Changes in provisions	-4 411	-2 079
6. Result on sale and liquidation of investing activity assets	-822	-325
7. Change in financial assets valued at fair value through profit and loss (held for trading)	260 139	-222 504
8. Change in loans and advances to banks	432 357	-29 134
9. Change in loans and advances to customers	420 286	536 481
10. Change in receivables from securities bought with sell-back clause (loans and advances)	-28 037	182 168
11. Change in financial liabilities valued at fair value through profit and loss (held for trading)	-767 838	39 971
12. Change in deposits from banks	-32 473	53 687
13. Change in deposits from customers	42 195	383 590
14. Change in liabilities from securities sold with buy-back clause	-405 822	-1 143 715
15. Change in debt securities	-2 413	65 634
16. Change in income tax settlements	15 829	14 305
17. Income tax paid	-23 897	-11 976
18. Change in other assets and liabilities	92 538	24 364
19. Other	7 094	5 990
III. Net cash flows from operating activities	132 351	-209 515

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Inflows:	968 025	17 974
1. Proceeds form sale of property, plant and equipment and intangible assets	67	76
2. Proceeds form sale of shares in associates	0	0
3. Proceeds form sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds form sale of investment financial assets	967 941	0
5. Other	17	17 898
II. Outflows:	-380	-240 374
1. Acquisition of property, plant and equipment and intangible assets	-380	-2 962
2. Acquisition of shares in associates	0	0
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	0	-237 412
5. Other	0	0
III. Net cash flows from investing activities	967 645	-222 400

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2011 - 31.03.2011	1.01.2010 - 31.03.2010
I. Inflows:	0	1 040 248
1. Long-term bank loans	0	0
2. Issue of debt securities	0	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	1 040 248
5. Other	0	0
II. Outflows:	-8 186	0
1. Repayment of long-term bank loans	0	0
2. Redemption of debt securities	0	0
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	0	0
7. Other	-8 186	0
III. Net cash flows from financing activities	-8 186	1 040 248
D. NET CASH FLOWS, TOTAL (A III+B III+C III)	1 091 810	608 333
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	3 258 828	4 128 408
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	4 350 638	4 736 741

ADDITIONAL EXPLANTATIONS TO FINANCIAL DATA

WRITING OFF UNCOLLECTABLE RECEIVABLES TO IMPAIRMENT PROVISIONS

In the period from 1 January to 31 March 2011, the Bank wrote off uncollectable receivables of PLN 15,506 thousand and charged them to impairment provisions established.

RECLASSIFICATION OF DEBT SECURITIES

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

III. SEASONALITY AND BUSINESS CYCLES

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

IV. DESCRIPTION OF NON-STANDARD FACTORS AND EVENTS

The Bank's unconsolidated profit and loss account includes dividends received from subsidiaries, which, for the purposes of the Group's consolidated statements are eliminated as intra-group transactions. The value of such dividends for I quarter of 2011 and I quarter of 2010 (comparative data) was PLN 0 thousand and PLN 17,679 thousand, respectively.

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

During the 3 months ended 31 March 2011, the Bank's liabilities on account of a debt securities issues decreased by PLN 2.4 million. The bonds were issued under the Banks' Bond Issue Scheme, under which the Bank may issue multiple bond series (private placement issues) in the total nominal value not exceeding PLN 2,000,000,000 or its equivalent in EUR, USD, CHF. Additionally Bank offers new structured products in the form of Bank Securities, which are issued under Banking Law and are restricted to banks only.

VI. DIVIDEND FOR 2010

According to the decision of the Ordinary General Meeting held on 31 March 2011, the Bank will pay the dividend from the profit for the year ended 31 December 2010. The dividend will amount to PLN 0.1 gross per share, the Dividend Day (the day of determining the right to dividend) is at 16 May 2011, while the dividend is to be paid on 30 May 2011.

The Bank has not paid dividends in 2010.

VII. OFF-BALANCE SHEET LIABILITIES

As at 31 March 2011 and 31 December 2010, the structure of off-balance sheet liabilities was as follows:

OFF-BALANCE ITEMS

<i>Amount '000 PLN</i>	31.03.2011	31.12.2010
Off-balance conditional commitments granted and received	9 199 044	9 399 510
1. Commitments granted:	7 940 136	8 126 650
a) financial	6 072 993	6 242 641
b) guarantee	1 867 143	1 884 009
2. Commitments received:	1 258 908	1 272 860
a) financial	823 503	794 880
b) guarantee	435 405	477 980

VIII. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2011 to 31 March 2011 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities:

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

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

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2011

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits		810 268
Loans and advances to customers	2 176 188	
Investments in associates	300 171	
Financial assets valued at fair value through profit and loss (held for trading)	3 801	12 650
Hedging derivatives		46 900
Other assets	5 262	132
LIABILITIES		
Deposits from banks		804 002
Deposits from customers	261 633	
Liabilities from securities sold with buy-back clause	3 533	
Hedging derivatives		59 814
Financial liabilities valued at fair value through profit and loss (held for trading)	492	5
Other liabilities	156 314	79 628
- including liabilities from financial leasing	136 696	

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2010

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits		4 728
Loans and advances to customers	2 191 276	
Investments in associates	300 105	
Financial assets valued at fair value through profit and loss (held for trading)	3 852	19 216
Hedging derivatives		69 616
Other assets	1 897	528
LIABILITIES		
Deposits from banks		793 828
Deposits from customers	273 971	
Liabilities from securities sold with buy-back clause	3 503	
Hedging derivatives		69 748
Financial liabilities valued at fair value through profit and loss (held for trading)	634	
Other liabilities	139 548	
- including liabilities from financial leasing	137 673	

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-31.03.2011

	With subsidiaries	With controlling entity
Income from:		
Interest	16 373	10 208
Commissions	12 984	
Derivatives net	677	693
Dividends		
Other net operating income	718	
Expense from:		
Interest	1 957	10 135
Commissions	9	897
Derivatives net		
General and administrative expenses	16 870	

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.09.2009

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

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.03.2011

	With subsidiaries	With controlling entity
Conditional commitments	133 640	905 140
Derivatives (par value)	281 138	5 053 266

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2010

	With subsidiaries	With controlling entity
Conditional commitments	150 124	805 797
Derivatives (par value)	303 809	4 536 378