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## Results of Business Segments

The following information provide Profit and Loss data as well as business volumes for the Group's two main business segments: Retail and Corporate allowing for comparison of 2014 versus 2013 results. Retail segment includes services to mass market individual Clients, affluent Clients, individual entrepreneurs and small businesses (of annual turnover below PLN 5 million). Corporate segment includes services to medium and large companies as well as public sector entities.

Retail segment earnings	2014	2013	Change
(PLN million)			2014/2013
Net interest income	1.138,5	952,2	19,6%
Net commission income	475,9	457,8	4,0%
Other income *	87,5	95,7	-8,6%
<b>Total operating income</b>	<b>1.701,8</b>	<b>1.505,7</b>	<b>13,0%</b>
<b>Total operating expense **</b>	<b>-841,6</b>	<b>-827,2</b>	<b>1,7%</b>

Cost/Income	49,5%	54,9%	-5,5 p.p.
<b>Pre-provisions income</b>	<b>860,2</b>	<b>678,5</b>	<b>26,8%</b>
Net impairment provisions	-126,0	-121,8	3,4%
<b>Pre-tax income</b>	<b>734,2</b>	<b>556,7</b>	<b>31,9%</b>

(\*) including FX income  
(\*\*) without impairment provisions

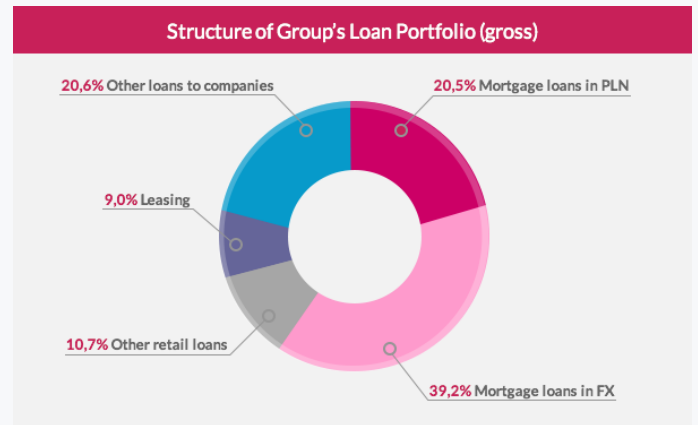
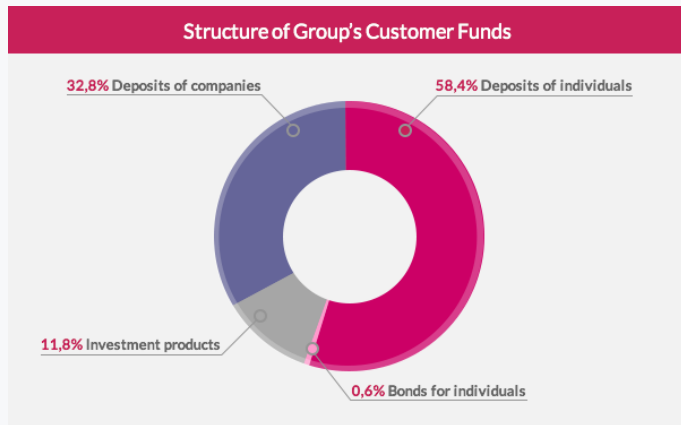
The total operating income of the Retail segment in 2014 amounted to PLN 1,701.8 million and increased strongly by 13% yearly, first of all as a result of high increase of Net interest income by 19.6%. Net commission income grew by 4.0% year-on-year. Operating expenses of retail segment grew slightly in 2014 by 1.7% yearly. As a result, cost-effectiveness of this business segment improved visibly compared to 2013 with Cost/Income Ratio moving down to 49.5% from 54.9% in the previous year, which signifies remarkable improvement by 5.5 p.p. Net impairment provisions increased by 3.4% yearly as a result of changing credit product mix (lower share of mortgage loans and higher share of consumer loans). As a result of above tendencies pre-tax income of Retail segment grew strongly in 2014 by 31.9% year-on-year to the level of PLN 734.2 million.

Corporate segment earnings	2014	2013	Change
(PLN million)			2014/2013
Net interest income	321,0	320,6	0,1%
Net commission income	132,3	126,5	4,6%
Other income *	50,7	31,5	60,7%
<b>Total operating income</b>	<b>503,9</b>	<b>478,6</b>	<b>5,3%</b>
<b>Total operating expense **</b>	<b>-207,9</b>	<b>-196,7</b>	<b>5,7%</b>
Cost/Income	41,2%	41,1%	0,1%
<b>Pre-provisions income</b>	<b>296,1</b>	<b>281,9</b>	<b>5,0%</b>
Net impairment provisions	-139,1	-110,7	25,6%
<b>Pretax income</b>	<b>157,0</b>	<b>171,2</b>	<b>-8,3%</b>

(\*) including FX income  
(\*\*) without impairment provisions

The total operating income of Corporate segment in 2014 amounted to PLN 503.9 million and increased by 5.3% yearly, due to increase in income from FX and financial instruments operations with Clients as well as higher level of net operating income and costs. Net commission income grew by 4.6% year-on-year and Net interest income stayed on practically the same level. At the same time, operating expenses increased by 5.7% year-on-year. All above trends resulted in relatively stable level of the cost / income ratio which was at 41.2% in 2014. The level of net impairment provisions on loans to companies increased significantly during 2014 year by 25.6% which was correlated with increased coverage of impaired loans in this segment (from 69% to 73%). The abovementioned factors, especially growing costs and provisions, resulted in a decrease of pre-tax profit of Corporate segment by 8.3% to

the level of PLN 157.0 million.



Total Customer funds collected by Bank Millennium Group as at 31 December 2014 amounted to PLN 54,353 million. Customer funds of retail segment amounted to PLN 36,541 million and accounted for 67% of total Group's Customer funds. The funds comprised deposits (PLN 29,780 million), bonds for individuals (PLN 333 million) and investment products, including own and third party mutual funds, insurance-saving products etc. (PLN 6,429 million). Deposits of companies as at 31 December 2014 amounted to PLN 17,811 million and accounted for 33% of total Group's Customer funds.

Total gross loans of the Group as at 31 December 2014 amounted to PLN 45,501 million. Loans to retail segment Clients amounted to PLN 32,018 million and accounted for 70% of total Group's loans. The loans comprised mortgage loans (PLN 27,138 million) and other retail loans, including cash loans, credit card loans, overdrafts etc. (PLN 4,880 million). Loans to companies as at 31 December 2014 amounted to PLN 13,483 million and accounted for 30% of total Group's loans. The loans, besides different groups of loans and overdrafts for companies, included also leasing receivables (PLN 4,107 million).