



**Interim Extended Financial Statement of
Capital Group of Bank Millennium S.A.
issued under International Financial Reporting Standards
for the second quarter 2008**

MAIN FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	2 quarters / period from 1.01.2008 - 30.06.2008	2 quarters / period from 1.01.2007 - 30.06.2007*	2 quarters / period from 1.01.2008 - 30.06.2008	2 quarters / period from 1.01.2007 - 30.06.2007*
I. Interest income	1 089 651	719 349	313 334	186 911
II. Fee and commission income	294 657	293 494	84 730	76 260
III. Operating income	937 393	815 495	269 552	211 893
IV. Operating profit	318 168	268 267	91 491	69 705
V. Profit / (loss) before taxes	318 168	268 267	91 491	69 705
VI. Profit (loss) after taxes	252 268	212 146	72 541	55 123
VII. Net cash flows from operating activities	786 074	-944 589	226 039	-245 436
VIII. Net cash flows from investing activities	-98 336	889 059	-28 277	231 007
IX. Net cash flows from financing activities	-95 909	-24 346	-27 579	-6 326
X. Net cash flows, total	591 829	-79 876	170 183	-20 754
XI. Total Assets	34 252 982	30 530 106	10 211 968	8 523 201
XII. Deposits from banks	2 227 823	2 568 688	664 189	717 110
XIII. Deposits from customers	25 641 231	21 800 662	7 644 515	6 086 170
XIV. Equity	2 608 787	2 519 932	777 767	703 499
XV. Share capital	849 182	849 182	253 170	237 069
XVI. Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
XVII. Book value per share (in PLN / EUR)	3.07	2.97	0.92	0.83
XVIII. Diluted book value per share (in PLN / EUR)	3.07	2.97	0.92	0.83
XIX. Capital adequacy ratio	12,09%	13.75%	12,09%	13.75%
XX. Earnings (losses) per ordinary share (in PLN / EUR)	0.30	0.25	0.09	0.06
XXI. Diluted earnings (losses) per ordinary share (in PLN / EUR)	0.30	0.25	0.09	0.06
XXII. Pledged or paid dividend per share (in PLN/EUR)	0.19	0.17	0.06	0.05

* - Comparable balance sheet data (items XI-XIX and XXII) are presented, as required by IFRS, at 31 December 2007. Other comparable data are presented for the period from 1 January – 30 June 2007.

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I. INTRODUCTION AND ACCOUNTING PRINCIPLES

The below extended financial report, containing data of the Capital Group of Bank Millennium S.A. (the Group) and of Bank Millennium S.A. (the Bank) for the second quarter 2008, composed of the balance sheet, income statement, reports on changes to equities and cash flows, and additional explanatory notes, has been issued based on the International Financial Reporting Standards/ International Accounting Standards (the IFRS). The Group has implemented the IFRS as the financial reporting basis, pursuant to the Regulation of the European Parliament and Council no. 1606/2002/WE, and the guidelines of the amended Accounting Act, as of January 1, 2005, whilst the non-consolidated report of the Bank has been based on IFRS, as of January 1, 2006. This financial report is consistent with IFRS adopted by the European Community, the description of which was presented in the Group's Consolidated Annual Report for 2007, published on 29th February 2008 and constitutes a condensed interim report pursuant to IAS 34.

II. INFORMATION ABOUT THE ACTIVITY OF BANK MILLENNIUM GROUP IN 1H 2008

The consolidated net profit of Bank Millennium Capital Group in 1H 2008 reached PLN 252 million i.e. 19% higher than in 1H 2007. It means that the Bank kept quarterly net profit (PLN 125 m) on similar level than previous quarter (PLN 127 m) and in 2Q 2007 (PLN 128 m). This also means that the Bank is showing strong resilience in more difficult market conditions, which affected commission income from capital market related products (mutual funds, brokerage).

The main highlights of the results for the 1st half of 2008 are the following:

- **Total deposits:** +49% y/y (+6.3% q/q)
- **Total loans:** +34% y/y (+5.1% q/q)
- **Cost to Income ratio:** 61.8%
- **ROE:** 19.9%
- **Solvency ratio:** 12.7% (assuming retention of 65% of net profit)
- **Loans to Deposits ratio:** 98%

Excellent growth of business volumes, especially in retail segment, allowed the Bank to approach the medium-term targets set for the year 2009. Bank's market share evolution in the main product categories is presented below:

Product category	December 2006	May 2008
Loans to individuals	5.4%	6.6%
of which mortgage	9.8%	11.0%
of which cards loans	4.9%	5.6%
Loans to companies	3.4%	3.1%
Total Loans	4.3%	4.8%
Deposits from individuals	4.0%	6.1%
Deposits from companies	3.7%	3.5%
Total Deposits	3.9%	4.9%
Total Retail Customers' funds	4.2%	5.6%

Bank Millennium continued to expand the retail branch network reaching 445 outlets as at the end of June 2008. Total investments spent on branch expansion program so far reached PLN 172 million and the new branches maintained during the second quarter a positive contribution to pre-tax income: PLN 22 million in 1H 2008.

a) **Financial results after 2Q 2008**

Operating Income (PLN million)	1H 2008	1H 2007	Change
Net Interest Income *	529,3	369,3	43,3%
Net Commissions Income	249,1	254,5	-2,1%
Other Non-Interest Income **	151,9	173,7	-12,6%
Operating Income	930,2	797,5	16,6%

(*) 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. The margin from these operations is reflected in Net Interest Income since afore-mentioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides pro-forma data, which presents all margin from derivatives in Net Interest Income caption, whereas in accounting terms part of this margin (PLN 68,5 m in 1H 08 and PLN 21,4 m in 1H 07) is presented in Other Non-Interest Income. In the Bank's opinion, such approach allows better understanding of the real evolution of this item from economic point of view.

(**) includes net "other operating income and costs"

Net interest income (on a pro-forma basis) of the Group in 1H 2008 reached PLN 529,3 million and was 43% higher than in 1H 2007. Quarterly interest income reaffirmed its up-ward trend growing strongly by 12% versus previous quarter. This was achieved thanks to the constantly strong growth of business volumes and the higher Net Interest Margin. NIM jumped in 2Q 2008 to 3.5% thanks to the growing interest rates, which contributed to improve the margin on deposits. Strongly growing net interest income more than compensated drop in net commission, also in quarterly terms.

Net commissions income in 1H 2008 reached PLN 249,1 million, which means 2% drop versus 1H 2007. Bank has managed to offset partially the decrease of commissions from own and 3rd parties' mutual funds (PLN - 32 million) with growth in fees from insurance, cards, loans and other transactions with Customers. As a consequence, mutual funds share in total commissions income dropped from 39% in 2007 to 27% now.

Other non-interest income reached PLN 151.9 million, which means a 13% drop versus 1H 2007, where there were exceptionally good results from trading on securities. Foreign exchange results remained the main contributor to this item, growing by 10% to PLN 130.8 million. The considerable growth of FX gains during the quarter (33%) was supported by accelerated distribution of FX denominated mortgages and other transactions with customers.

Total operating income of Bank Millennium Group reached PLN 930,2 million after the first two quarters of 2008, which means 17% growth versus the homologous period of the previous year.

Operating Costs (PLN million)	1H 2008	1H 2007	Change
Personnel Costs	300,1	249,7	20,2%
Other Administrative Costs	242,7	197,0	23,2%
Depreciation & impairment of fixed assets	32,4	31,8	1,9%
Total Operating Costs	575,2	478,4	20,2%
<i>Of which expansion</i>	<i>108,0</i>	<i>62,5</i>	
Operating costs without expansion	467,2	416,0	12,3%

Total costs in 1H 2008 grew 20% y/y as a result of business development and, especially, branch expansion project. Without the expansion, total costs would grow 12%.

Personnel costs grew 20% during the year and only 1.5% versus previous quarter, despite the headcount growth by 470 persons in the quarter. This was possible due to lower bonuses and social insurance charges (maximum limit for ZUS charges). At the end of June 2008, Bank Millennium Group was employing in total 6 761 persons.

Administrative costs grew by 23% y/y mainly due to branch expansion and higher marketing spending. In a quarterly comparison, administrative costs grew 15% q/q – due to the usual seasonality.

Depreciation (which includes provisions for non-financial assets) grew less than 2% versus last year.

Cost to income ratio stayed on the same level as a quarter ago (61.8%) as a consequence of a similar growth of operating income and costs during the quarter (9% each).

Net impairment provisions created by the Group during 1H 2008 amounted to PLN 36.8 million and were lower than the provisions created in 1H 2007 (PLN 50.8 million). Provisions created in 1H 2008 represent 31 b.p over average total loans (on annualized basis).

Profit before tax of Bank Millennium Group stood at PLN 318.2 million in 1H 2008 (+19% y/y) and net profit stood at PLN 252.3 million (also +19% y/y). Thus ROE improved slightly during the last 12 months from 19.2% to 19.9% and remains very close to the 2009 target level of 20%.

b) Business results in 1H 2008

Total assets of Bank Millennium Group reached on 30 June 2008 the amount of PLN 34,253 million, growing 25% versus the end of June 2007.

Key Business Volumes (PLN million)	30.06.2008	30.06.2007	Change
Total Assets	34 253	27 381	25,1%
Total Customer Funds	29 451	24 571	19,9%
- where Deposits & retail bonds	25 699	17 217	49,3%
- where Investment products *	3 752	7 354	-49,0%
Total Loans to Customers	25 209	18 770	34,3%
- where Mortgage loans	15 189	10 571	43,7%
- where Leasing	2 959	2 250	31,5%

(*) include mutual funds, assets under management and third party saving products sold to Millennium customers

Total deposits grew by 49% y/y, of which deposits from individuals grew in Bank Millennium by 83%. This was possible mainly thanks to the promotion campaign of various term deposits and savings products, such as SuperProcent, MilleInwestycja and MegaZysk. In corporate segment, the Bank's liquidity surplus implied a not very aggressive pricing of deposits, thus justifying the underperformance of the Bank versus the market in this segment. Total Customers' funds of Bank Millennium Group, which include also bonds sold to retail customers, reached PLN 29,451 million, growing 20% during the last 12 months thanks to an excellent growth of deposits, which more than compensated the drop in the mutual funds portfolio.

Long lasting correction on capital market triggered another wave of outflow from mutual funds. As a consequence, the volume of other **investment products** held by Millennium's customers (mainly own and third parties' mutual funds) dropped by 49% versus end of June 2007.

Total loans of the Group reached 25,209 million, growing 34% yearly. Slowdown of the loans growth rate (only 5% q/q) was caused by the impact of FX rate – strong Zloty partially offset the growth of the FX denominated part of the portfolio. Assuming constant FX rates, Millennium's loan portfolio would have grown by 8.3% during 2Q 2008. Loans to individuals, even after FX impact, grew by 42% y/y.

Mortgage loans, the main item of the Banks' loan portfolio, grew by 44% to the level of PLN 15,189 million. Quarterly mortgage production showed a strong rebound after two relatively weak quarters: PLN 1,804 million new disbursements in 2Q 2008 allowed Bank Millennium to keep the third position on the mortgage market in Poland with 11.2% share (until May 2008). Continuation of the trend

towards FX denominated loans can be observed: FX loans represented 83% of the total disbursements in 2008.

Number of **credit cards** hit a record half million level and the Bank advanced to 6th position in the ranking with 5,7% market share. The usage of credit cards (measured by the value of transactions) is growing as strong as the number (45% y/y) and the volume of loans in cards grew even stronger (52%).

Cash loans portfolio grew also 52% during the last 12 months, reaching PLN 1,306 million. Second quarter sales (PLN 286 million) were 38% higher than 2Q 2007 and 12% higher than in the previous quarter.

Corporate loans grew by 20% during last 12 months, of which SME segment registered much higher growth rate (+40% y/y) thanks to the positive effect of the new credit model implemented last year. Like the whole market, **leasing** business slowed the growth during 2Q (-6% versus 2Q 2007) mainly in the transportation segment (affected by high oil prices). Millennium Leasing doubled during the year its commercial real-estate portfolio, although it still represents a small part of the leasing production (PLN 80 million).

c) Loans quality, solvency and liquidity

Loan quality and solvency indicators	30.06.2008	30.06.2007
Total impaired loans (PLN million)	793	901
Impaired Loans over Total Loans	3.1%	4.6%
Total Provisions over Impaired Loans	75%	75%
Equity (for CAR)	3 208 *	2 320
Capital Adequacy Ratio	12.7% *	12.2%

(*) assumes the retention of 65% of current year net profit, i.e. the same percentage that was actually retained from 2007 net profit. Without current year net profit retention, the Capital Adequacy Ratio would stay at 12.1%

Bank maintains strong **quality** of the loan portfolio having improved again the “Impaired over total loans” ratio to 3.1%. Total impaired loans dropped during the last 12 months by 12% and stay on the same level as previous quarter. The coverage of impaired loans by provisions (including IBNR) remains on a strong level of 75%.

Capital position of Bank Millennium remains very strong: 12.7% total Capital adequacy ratio, of which Core Tier 1 of 9.9%. The calculation of CAR has been done based on Basel II standard approach as the Bank is still waiting for the decision regarding its IRB advanced approach from Supervisory

authorities. However, due to more restrictive approach in Poland from domestic regulations, the Bank is allocating more capital to FX denominated mortgage loans and loans collateralised with commercial real estate than would do under standard Basel II approach or IRB advanced one. The retention of 65% of the 1st half net profit was assumed for CAR calculation.

Liquidity improved again, as deposits kept faster growth than loans. Consequently, loans to deposits ratio continued below 100% during the 2Q and stood at 98% as of 30th June. Bank Millennium remained a net lender in the money market thanks to a sound liquidity position.

d) Rating and share price main indicators

As of 30 June 2008, Bank Millennium has the following ratings:

Type of rating	FITCH agency	MOODY'S agency
Long-term deposit rating/IDR	A	A3
Short-term deposit rating	F-1	Prime-2
Financial strength rating	C/D	D (positive outlook)
Support	1	n.a.

The main share price and market indicators for Bank Millennium are the following:

Market indicators	30.06.2008	30.06.2007
Shares outstanding	849 181 744	849 181 744
Share price (PLN)	6.80	12.97
Market capitalization (PLN million)	5 774	11 014
Book value per share (PLN)	3,07	2.68
Earnings per share (PLN) – annualized	0.60	0.50
Return on equity (ROE) - annualized	19.9%	19.2%

III. CONSOLIDATED FINANCIAL DATA (GROUP)

ASSETS

<i>Amount '000 PLN</i>	30.06.2008	31.12.2007
I. Cash, balances with the Central Bank	1 131 902	1 257 128
II. Loans and advances to banks	1 595 545	1 053 052
III. Financial assets valued at fair value through profit and loss (held for trading)	2 977 975	3 134 582
IV. Hedging derivatives	234 358	218 321
V. Loans and advances to customers	25 208 760	22 027 152
VI. Investment financial assets	2 151 002	1 894 569
- available for sale	2 151 002	1 894 569
- held to maturity	0	0
VII. Investments in associates	5 100	5 100
VIII. Receivables from securities bought with sell-back clause (loans and advances)	173 130	28 807
IX. Property, plant and equipment	358 924	337 306
X. Intangible assets	16 800	18 162
XI. Non-current assets held for sale	1 140	1 571
XII. Deferred income tax assets	108 816	159 987
XIII. Other assets	289 530	394 369
Total Assets	34 252 982	30 530 106

LIABILITIES

<i>Amount '000 PLN</i>	30.06.2008	31.12.2007
I. Deposits from banks	2 227 823	2 568 688
II. Financial liabilities valued at fair value through profit and loss (held for trading)	850 693	566 821
III. Hedging derivatives	29 420	20 220
IV. Deposits from customers	25 641 231	21 800 662
V. Liabilities from securities sold with buy-back clause	481 392	725 976
VI. Debt securities	911 915	851 474
VII. Provisions	28 786	34 660
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	10 751	6 397
X. Other liabilities	688 737	609 241
XI. Subordinated debt	773 447	826 035
Total Liabilities	31 644 195	28 010 174

EQUITY

I. Share capital	849 182	849 182
II. Share premium	471 709	471 709
III. Revaluation reserve	-4 714	-2 742
IV. Retained earnings	1 292 610	1 201 783
Total equity attributable to equity holders of the parent company	2 608 787	2 519 932
Minority interests	0	0
Total Equity	2 608 787	2 519 932
Total Liabilities and Equity	34 252 982	30 530 106
Capital adequacy ratio	12,09%	13.75%
Book value	2 608 787	2 519 932
Number of shares	849 181 744	849 181 744
Book value per share (in PLN)	3,07	2,97

OFF-BALANCE SHEET ITEMS

<i>Amount '000 PLN</i>	30.06.2008	31.12.2007
Contingent liabilities granted and received	8 947 446	8 032 120
1. Liabilities granted:	8 252 366	7 331 787
a) financial	6 379 260	5 547 751
b) guarantees	1 873 106	1 784 036
2. Liabilities received:	695 080	700 333
a) financial	10 000	15 936
b) guarantees	685 080	684 397

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN

1.01.2008 - 1.04.2008 - 1.01.2007 - 1.04.2007 -
30.06.2008 30.06.2008 30.06.2007 30.06.2007

I. Interest income	1 089 651	563 048	719 349	369 803
II. Interest expense	-628 853	-325 296	-371 433	-190 621
III. Net interest income	460 798	237 752	347 916	179 182
IV. Fee and commission income	294 657	139 247	293 494	161 589
V. Fee and commission expense	-45 591	-25 175	-38 995	-21 067
VI. Net fee and commission income	249 066	114 072	254 499	140 522
VII. Dividend income	1 094	1 094	1 013	1 013
VIII. Result on investment financial assets	-8	-482	4 301	-457
IX. Result on financial instruments valued at fair value through profit and loss (held for trading)	75 242	52 223	54 754	29 934
X. Foreign exchange profit	130 844	74 668	118 642	67 241
XI. Other operating income	20 357	9 102	34 370	14 990
XII. Operating income	937 393	488 429	815 495	432 425
XIII. General and administrative expenses	-542 803	-280 777	-446 624	-232 279
XIV. Impairment losses on financial assets	-36 820	-25 404	-50 770	-16 368
XV. Impairment losses on non financial assets	-1 641	-1 425	505	-19
XVI. Depreciation and amortization	-30 749	-18 137	-32 305	-15 726
XVII. Other operating expenses	-7 212	-3 278	-18 034	-5 465
XVIII. Operating expenses	-619 225	-329 021	-547 228	-269 857
XIX. Operating profit	318 168	159 408	268 267	162 568
XX. Share of profit of associates	0	0	0	0
XXI. Profit / (loss) before taxes	318 168	159 408	268 267	162 568
XXII. Corporate income tax	-65 900	-34 163	-56 121	-34 665
XXIII. Profit / (loss) after taxes	252 268	125 245	212 146	127 903
Attributable to:				
Equity holders of the parent	252 268	125 245	212 146	127 903
Minority interests	0	0	0	0
Weighted average number of ordinary shares	849 181 744	849 181 744	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	0.30	0.15	0.25	0.15

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2008	2 519 932	849 182	471 709	-1 949	-793	1 201 783
- purchase/sale and valuation of available for sale financial assets	-2 290	0	0	-2 290	0	0
- effect of valuation of derivatives designated for future cash flows hedge	318	0	0	0	318	0
- dividend	-161 345	0	0	0	0	-161 345
- appropriation of profit – increase in the company social benefits fund (ZFSS)	-96	0	0	0	0	-96
- profit / (loss) of the period after taxes	252 268	0	0	0	0	252 268
Equity at the end of the period (closing balance) 30.06.2008	2 608 787	849 182	471 709	-4 239	-475	1 292 610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2007	2 215 321	849 182	471 709	9 282	599	884 549
- purchase/sale and valuation of available for sale financial assets	-5 915	0	0	-5 915	0	0
- effect of valuation of derivatives designated for future cash flows hedge	-1 598	0	0	0	-1 598	0
- dividend	-144 361	0	0	0	0	-144 361
- profit / (loss) of the period after taxes	21 146	0	0	0	0	212 146
Equity at the end of the period (closing balance) 30.06.2007	2 275 593	849 182	471 709	3 367	-999	952 334

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
I. Profit (loss) after taxes	252 268	212 146
II. Adjustments for:	533 806	-1 156 735
1. Minority profit (loss)	0	0
2. Interests in net income (loss) of associated companies	0	0
3. Depreciation and amortization	30 749	32 305
4. Foreign exchange (gains)/ losses	-100 251	-66 948
5. Dividends	-1 094	-1 013
6. Changes in provisions	-5 874	2 701
7. Result on sale and liquidation of investing activity assets	-5 751	-12 228
8. Change in financial assets valued at fair value through profit and loss (held for trading)	132 225	-33 308
9. Change in loans and advances to banks	-14 348	259 758
10. Change in loans and advances to customers	-3 189 284	-3 835 790
11. Change in receivables from securities bought with sell-back clause (loans and advances)	-144 323	-129 182
12. Change in financial liabilities valued at fair value through profit and loss (held for trading)	293 072	51 313
13. Change in deposits from banks	-293 143	-165 191
14. Change in deposits from customers	3 840 569	1 148 117
15. Change in liabilities from securities sold with buy-back clause	-244 584	1 830 259
16. Change in debt securities	-30 287	79 761
17. Change in income tax settlements	142 017	19 790
18. Income tax paid	-86 029	-11 469
19. Change in other assets and liabilities	185 595	-336 049
20. Other	24 547	10 439
III. Net cash flows from operating activities	786 074	-944 589

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
I. Inflows:	17 955	921 049
1. Proceeds form sale of property, plant and equipment and intangible assets	16 861	21 504
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	0	898 532
5. Other	1 094	1 013
II. Outflows:	-116 291	-31 990
1. Acquisition of property, plant and equipment and intangible assets	-53 960	-31 990
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	-62 331	0
5. Other	0	0
III. Net cash flows from investing activities	-98 336	889 059

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
I. Inflows:	90 727	0
1. Long-term bank loans	0	0
2. Issue of debt securities	90 727	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	-186 636	-24 346
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	-161 345	0
7. Other	-25 291	-24 346
III. Net cash flows from financing activities	-95 909	-24 346
D. NET CASH FLOWS, TOTAL (A III+B III+C III)	591 829	-79 876
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	2 172 683	1 642 747
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	2 764 512	1 562 871

ADDITIONAL EXPLANATIONS ON FINANCIAL DATA***FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH THE PROFIT AND LOSS ACCOUNT***

At present both the Bank and the Group classify as financial instruments measured at fair value through the profit and loss account only instruments for trading, not using the possibility of designating for this category instruments at initial presentation.

RE-CLASSIFICATION OF PROVISIONS AGAINST DISPUTABLE CLAIMS

In 2008 the Group, taking account of market practices, changed the method of presentation of provisions against disputable claims in the Balance Sheet. These provisions presented to date as a component of "other liabilities" are currently registered under "provisions" line item. Adjustment of comparable data (as on 31 December 2007) amounted to 22,309 thousand PLN.

FX RATES ADOPTED FOR CONVERSION OF FINANCIAL DATA INTO EUR

For calculation of values in EUR the following FX rates were applied:

- with respect to Balance Sheet items 3.3542 PLN/EURO rate as of 30 June 2008 (for comparable data: 3.5820 PLN/EURO),

- with respect to P&L items for the period 1 January – 30 June 2008 – 3.4776 PLN/EURO, FX rate calculated as average of rates as at the end of months covered by the Statement (for comparable data: 3,8486 PLN/EURO).

IV. FINANCIAL DATA (BANK)

ASSETS

<i>Amount '000 PLN</i>	30.06.2008	31.12.2007
I. Cash, balances with the Central Bank	1 131 723	1 255 055
II. Loans and advances to banks	1 595 545	1 053 052
III. Financial assets valued at fair value through profit and loss (held for trading)	2 976 703	3 127 988
IV. Hedging derivatives	234 358	218 321
V. Loans and advances to customers	23 997 677	20 881 303
VI. Investment financial assets	2 238 120	1 893 949
- available for sale	2 238 120	1 893 949
- held to maturity	0	0
VII. Investments in associates	231 053	191 343
VIII. Receivables from securities bought with sell-back clause (loans and advances)	173 130	28 807
IX. Property, plant and equipment	235 019	247 382
X. Intangible assets	13 718	16 646
XI. Non-current assets held for sale	0	0
XII. Deferred income tax assets	67 081	112 322
XIII. Other assets	187 943	215 843
Total Assets	33 082 070	29 242 011

LIABILITIES

<i>Amount '000 PLN</i>	30.06.2008	31.12.2007
I. Deposits from banks	2 227 823	2 568 688
II. Financial liabilities valued at fair value through profit and loss (held for trading)	854 616	569 729
III. Hedging derivatives	29 420	20 220
IV. Deposits from customers	25 846 346	22 021 633
V. Liabilities from securities sold with buy-back clause	484 910	729 993
VI. Debt securities	57 673	0
VII. Provisions	27 503	33 232
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	10 328	5 347
X. Other liabilities	559 841	383 148
XI. Subordinated debt	773 447	826 035
Total Liabilities	30 871 907	27 158 025

EQUITY

I. Share capital	849 182	849 182
II. Share premium	472 343	472 343
III. Revaluation reserve	-4 703	-2 742
IV. Retained earnings	893 341	765 203
Total Equity	2 210 163	2 083 986
Total Liabilities and Equity	33 082 070	29 242 011

Capital adequacy ratio	10,41%	12.09%
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Book value	2 210 163	2 083 986
Number of shares	849 181 744	849 181 744
Book value per share (in PLN)	2.60	2.45

OFF-BALANCE SHEET ITEMS

<i>Amount '000 PLN</i>	30.06.2008	31.12.2007
Contingent liabilities granted and received	9 209 501	8 284 026
1. Liabilities granted:	8 513 554	7 582 956
a) financial	6 555 902	5 626 654
b) guarantees	1 957 652	1 956 302
2. Liabilities received:	695 947	701 070
a) financial	10 000	15 936
b) guarantees	685 947	685 134

INCOME STATEMENT

Amount '000 PLN

1.01.2008 - 1.04.2008 - 1.01.2007 - 1.04.2007 -
30.06.2008 30.06.2008 30.06.2007 30.06.2007

I. Interest income	1 001 143	515 403	669 152	346 288
II. Interest expense	-606 531	-312 950	-375 827	-193 038
III. Net interest income	394 612	202 453	293 325	153 250
IV. Fee and commission income	261 054	121 908	219 796	118 846
V. Fee and commission expense	-41 095	-23 027	-33 575	-18 297
VI. Net fee and commission income	219 959	98 881	186 221	100 549
VII. Dividend income	81 670	44 754	112 075	1 013
VIII. Result on investment financial assets	-8	-482	4 301	-457
IX. Result on financial instruments valued at fair value through profit and loss (held for trading)	75 304	52 279	53 478	28 680
X. Foreign exchange profit	128 456	72 143	119 021	65 518
XI. Other operating income	14 256	7 314	30 717	18 980
XII. Operating income	914 249	477 342	799 138	367 533
XIII. General and administrative expenses	-511 400	-265 468	-414 778	-217 344
XIV. Impairment losses on financial assets	-29 426	-17 872	-48 977	-16 637
XV. Impairment losses on non financial assets	-420	-266	-110	-20
XVI. Depreciation and amortization	-22 941	-13 925	-28 859	-13 800
XVII. Other operating expenses	-5 153	-2 755	-18 259	-9 240
XVIII. Operating expenses	-569 340	-300 286	-510 983	-257 041
XIX. Operating profit	344 909	177 056	288 155	110 492
XX. Profit / (loss) before taxes	344 909	177 056	288 155	110 492
XXI. Corporate income tax	-55 426	-29 443	-38 416	-24 505
XXII. Profit / (loss) after taxes	289 483	147 613	249 739	85 987
Weighted average number of ordinary shares	849 181 744	849 181 744	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	0.34	0.17	0.29	0.10

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2008	2 083 986	849 182	472 343	-1 949	-793	765 203
- purchase/sale and valuation of available for sale financial assets	-2 279	0	0	-2 279	0	0
- effect of valuation of derivatives designated for future cash flows hedge	318	0	0	0	318	0
- dividend	-161 345	0	0	0	0	-161 345
- profit / (loss) of the period after taxes	289 483	0	0	0	0	289 483
Equity at the end of the period (closing balance) 30.06.2008	2 210 163	849 182	472 343	-4 228	-475	893 341

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2007	1 829 048	849 182	472 343	9 282	599	497 642
- purchase/sale and valuation of available for sale financial assets	-5 885	0	0	-5 885	0	0
- effect of valuation of derivatives designated for future cash flows hedge	-1 598	0	0	0	-1 598	0
- dividend	-144 361	0	0	0	0	-144 361
- profit / (loss) of the period after taxes	249 739	0	0	0	0	249 739
Equity at the end of the period (closing balance) 30.06.2007	1 926 943	849 182	472 343	3 397	-999	603 020

A. CASH FLOWS FROM OPERATING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
I. Profit (loss) after taxes	289 483	249 739
II. Adjustments for:	598 091	-1 273 883
1. Interests in net income (loss) of associated companies	0	0
2. Depreciation and amortization	22 941	28 859
3. Foreign exchange (gains) losses	-99 961	-66 869
4. Dividends	-81 670	-112 075
5. Changes in provisions	-5 729	1 819
6. Result on sale and liquidation of investing activity assets	-6 913	-12 371
7. Change in financial assets valued at fair value through profit and loss (held for trading)	130 123	-27 661
8. Change in loans and advances to banks	-14 348	259 758
9. Change in loans and advances to customers	-3 121 713	-4 284 898
10. Change in receivables from securities bought with sell-back clause (loans and advances)	-144 323	-129 182
11. Change in financial liabilities valued at fair value through profit and loss (held for trading)	294 087	51 918
12. Change in deposits from banks	-293 143	-165 191
13. Change in deposits from customers	3 824 713	1 107 264
14. Change in liabilities from securities sold with buy-back clause	-245 083	1 840 810
15. Change in debt securities	57 673	0
16. Change in income tax settlements	109 782	5 921
17. Income tax paid	-59 100	0
18. Change in other assets and liabilities	205 288	218 127
19. Other	25 467	9 888
III. Net cash flows from operating activities	887 574	-1 024 144

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
I. Inflows:	95 789	977 082
1. Proceeds from sale of property, plant and equipment and intangible assets	14 119	21 550
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	0	843 457
5. Other	81 670	112 075
II. Outflows:	-203 004	-12 747
1. Acquisition of property, plant and equipment and intangible assets	-9 728	-8 747
2. Acquisition of shares in associates	-40 000	-4 000
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	-153 276	0
5. Other	0	0
III. Net cash flows from investing activities	-107 215	964 335

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2008 - 30.06.2008	1.01.2007 - 30.06.2007
I. Inflows:	0	0
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	0
5. Other	0	0
II. Outflows:	-186 636	-24 346
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	-161 345	0
7. Other	-25 291	-24 346
III. Net cash flows from financing activities	-186 636	-24 346
D. NET CASH FLOWS, TOTAL (A III+B III+C III)	593 723	-84 155
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	2 170 610	1 642 730
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	2 764 333	1 558 575

ADDITIONAL EXPLANATIONS ON FINANCIAL DATA***WRITE-OFF OF UNCOLLECTIBLE RECEIVABLES AGAINST PROVISIONS***

During the period from 1 January until 30 June 2008 the Bank charged uncollectible receivables into created provisions in the amount of 24,201 thousand PLN.

RECLASSIFICATION OF PROVISIONS AGAINST DISPUTABLE CLAIMS

In 2008 the Bank (and the Group), taking account of market practices, changed its way of presenting provisions against disputable claims in the Balance Sheet. These provisions recorded to date as components of „other liabilities” line item are now presented under „provisions” item. Adjustment of comparable data (as on 31 December 2007) amounted to 20,881 thousand PLN.

V. FINANCIAL INFORMATION BROKEN DOWN INTO ACTIVITY SEGMENTS

Business Segments

The activity of Bank Millennium Group is conducted through different business lines offering specific products and services targeted to approach the following market segments:

a) Retail Segment

This segment includes the following business areas: mass market individuals, affluent individuals, micro businesses and individual entrepreneurs.

The activity of the above mentioned areas is developed through the disposal of a complete panoply of banking products, complemented by specialized products developed by the Group's subsidiary companies. In the area of credit: mortgage loans, consumer loans, credit cards loans and leasing for micro business constitute the major drivers of volumes increase. On the customer funds side, the main products are: current accounts, term deposits, mutual funds and structured products. Insurance products are also commercialised in this segment, especially together with loans and credit cards. Offer for affluent segment was enriched with selective mutual funds of other financial entities and international investment funds.

b) Corporate Segment

The corporate segment includes the commercial activity made with SME, big and large corporate clients. Product offer of these segments is also addressed to local governments and other public entities.

The commercial activity in the corporate segment is driven by a high quality offer of typical banking products (working capital loans, investments loans, current accounts, term deposits) complemented by cash management and treasury product, including derivative products. Cross selling of leasing and trade finance products is very intensive for corporate clients.

c) Treasury and Investment activities

This segment consists of such Group activities as capital investments for the Bank's own account, brokerage activities, inter-bank and debt securities transactions that are not allocated to other segments.

d) Not allocated (Other) assets and liabilities, incomes and costs

Not allocated assets and liabilities include our funds other assets and liabilities, assets and liabilities from hedging transactions, deferred tax asset and cash not allocated to any segment.

Own funds are not allocated and are presented at the Group level only.

Tax charge is shown only at the Group level.

Geographical segments

Bank Millennium Group operates exclusively on territory of the Republic of Poland and no significant differences in risk were identified as regarding the geographical location of its outlets. Therefore, the Group does not present financial statements with a breakdown into geographical areas.

Accounting policies

Accounting policies applied in segment reporting are in accordance with the International Accounting Standard 14.

For each segment there is determined profit before taxes, including:

- § Interest result calculated on the basis of external interest from working assets and liabilities of the segment and internal interest income or cost from allocated assets / liabilities, measured using internal transfer interest rates based on market interest rates;
- § Net commissions income;
- § Other income from financial operations and FX transactions (mostly affecting Investment and Treasury operations) such as dividend income, result on investment and trading activity, income from FX transactions, result from other financial instruments;
- § Other operating income and cost;
- § Provisions for impairment of financial and non financial assets;
- § Share of the segment in operating costs including personnel and administrative costs;
- § Share of the segment in depreciation

The segments' assets and liabilities are operational assets and liabilities used by that segment in its operating activities or allocated to a particular business segment based on rational business assumptions. Gap between operational assets and liabilities in each business segment is covered by money market assets/liabilities and debt securities. Assets /liabilities of Treasury and Investment activity include money market assets /liabilities and debt securities. Not allocated assets/liabilities are shown in the column "Other".

Buildings and land, that as result of the optimisation process of operational activity will not be used in further banking activity, are shown as assets in Retail Banking. Fixed assets for resale from terminated leasing contracts are part of Corporate Banking assets.

Income Statement for the period 1 January – 30 June 2008

Amount '000 PLN

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	328 688	114 437	17 673	460 798
<i>external interest income</i>	536 004	193 046	360 601	1 089 651
<i>external interest cost</i>	-367 178	-145 298	-116 377	-628 853
External interest income less cost	168 827	47 748	244 224	460 798
<i>internal interest income</i>	476 165	199 308	-675 473	0
<i>internal interest cost</i>	-316 303	-132 619	448 922	0
Internal interest income less cost	159 862	66 689	-226 551	0
Net commission income	189 881	47 219	11 966	249 066
Result from financial operations and FX transactions	100 355	48 483	58 334	207 172
Other operating income and cost	66	365	12 714	13 145
Operating Income	618 990	210 504	100 687	930 181
Staff costs	-214 081	-60 742	-25 279	-300 102
Other administrative costs	-181 785	-42 515	-18 401	-242 701
Impairment cost of assets	-20 895	-15 639	-1 927	-38 461
Depreciation	-19 827	-3 264	-7 658	-30 749
Operating costs	-436 589	-122 159	-53 266	-612 013
Profit before taxes	182 401	88 345	47 422	318 168
Income taxes				-65 900
Net profit				252 268

Balance Sheet: 30 June 2008

Amount '000 PLN

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
ASSETS					
Segment assets	18 571 702	7 981 662	5 243 946	10 165	31 807 475
<i>Incl. capital investments</i>	22 351	10 692	327	10 165	43 535
Assets allocated to segment	1 713 002	836 440	-2 549 442	0	0
Assets not allocated to segment	0	0	0	2 445 507	2 445 507
Total	20 284 703	8 818 102	2 694 504	2 455 672	34 252 982
LIABILITIES & EQUITY					
Segment Liabilities	18 811 913	7 144 223	4 079 672	0	30 035 808
Liabilities allocated to segment	422 309	1 072 091	-1 494 400	0	0
Liabilities not allocated to segment	0	0	0	1 608 387	1 608 387
Equity	0	0	0	2 608 787	2 608 787
Total	19 234 221	8 216 315	2 585 272	4 217 174	34 252 982

Income Statement for the period 1 January – 30 June 2007

Amount '000 PLN

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	222 673	103 588	21 655	347 916
<i>external interest income</i>	316 957	179 794	222 599	719 349
<i>external interest cost</i>	-146 056	-82 118	-143 259	-371 433
External interest income less cost	170 901	97 676	79 340	347 916
<i>internal interest income</i>	208 314	127 060	-335 374	0
<i>internal interest cost</i>	-156 541	-121 148	277 689	0
Internal interest income less cost	51 773	5 912	-57 685	0
Net commission income	177 784	49 750	26 965	254 499
Result from financial operations and FX transactions	86 506	34 052	58 152	178 710
Other operating income and cost	-178	353	16 161	16 336
Operating Income	486 786	187 743	122 932	797 461
Staff costs	-155 864	-73 394	-20 397	-249 655
Other administrative costs	-161 530	-26 055	-9 384	-196 969
Impairment cost of assets	-58 404	9 944	-1 805	-50 265
Depreciation	-27 342	-3 287	-1 677	-32 305
Operating costs	-403 140	-92 792	-33 262	-529 194
Profit before taxes	83 646	94 952	89 670	268 267
Income taxes				-56 121
Net profit				212 146

Balance Sheet: 31 December 2007

Amount '000 PLN

	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
ASSETS					
Segment assets	16 159 661	7 188 306	4 546 351	16 992	27 911 309
<i>Incl. capital investments</i>	78 429	10 286	1 491	16 992	107 198
Assets allocated to segment	758 472	1 750 679	-2 509 150	0	0
Assets not allocated to segment	0	0	0	2 618 797	2 618 797
Total	16 918 133	8 938 984	2 037 201	2 635 789	30 530 106
LIABILITIES & EQUITY					
Segment Liabilities	14 142 535	8 071 241	4 559 060	0	26 772 835
Liabilities allocated to segment	1 909 813	287 604	-2 197 416	0	0
Liabilities not allocated to segment	0	0	0	1 237 339	1 237 339
Equity	0	0	0	0	2 519 932
Total	16 052 348	8 358 844	2 361 644	1 237 339	30 530 106

VI. DIVIDEND FOR 2007

On 28.03.2008 The General Meeting of the Bank Shareholders adopted Resolution on designation of the amount of 161,344,531.36 PLN from profits of 2007 to dividend i.e. 0.19 PLN per share, determining, at the same time, that the right to dividend is granted to persons who were shareholders on 6.05.2008. The dividend was paid out on 20.05.2008.

VII. EARNINGS PER SHARE

Earnings per share (and diluted earnings per share) for the 1st half of 2008, as calculated on the basis of consolidated profits amounts to 0,30 PLN.

VIII. STRUCTURE OF THE CAPITAL GROUP OF THE BANK

In 1st half 2008 there were no changes in the Group's structure, so the Group's organisation tree presented in the Group's consolidated report for 2007 published on 29 February this year remains valid.

IX. MATERIAL EVENTS THAT OCCURRED BETWEEN THE DATE OF THE REPORT AND ITS PUBLICATION DATE AND MIGHT BE OF SIGNIFICANT IMPACT ONTO THE FUTURE FINANCIAL RESULTS OF THE GROUP

Such events did not occur.

X. SHAREHOLDERS WITH AT LEAST 5% OF TOTAL NUMBER OF VOTES AT THE GSM OF THE DOMINANT ENTITY OF THE GROUP - BANK MILLENNIUM S.A.

Data as at the closing date of the quarterly report based on data as at 30 June 2008

Shareholder	Number of shares	% share in share capital	Number of votes	% share in GSM votes
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51

Data as at the closing date of the quarterly report based on data as at 31 March 2008

Shareholder	Number of shares	% share in share capital	Number of votes	% share in GSM votes
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51

XI. TABLE OF SHARES OF BANK MILLENNIUM S.A. HELD BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

Name and surname	Function	Number of shares as of the day of submission of the quarterly report prepared as of 30 June 2008	Number of shares as of the day of submission of the quarterly report prepared as of 31 March 2008
Bogusław Kott	Chairman of the Management Board	3 023 174	3 023 174
Luis Pereira Coutinho	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	490 000	490 000
Wojciech Haase	Member of the Management Board	5 246	5 246
Joao Bras Jorge	Member of the Management Board	0	0
Zbigniew Kudaś	Member of the Management Board	0	0
Piotr Romanowski	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	94	94
Ryszard Pospieszyński	Deputy Chairman of the Supervisory Board	26 200	26 200
Vitor Manuel Lopes Fernandes	Member of the Supervisory Board	0	0
Carlos Jorge Ramalho dos Santos Ferreira	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Paulo Jose de Ribeiro Moita de Macedo	Member of the Supervisory Board	0	0
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

On the day of 4.01.2008 the Bank's Management Board informed that Mr. Jorge Jardim Goncalves resigned his membership of the Bank's Supervisory Board as of 31.12.2007.

On the day of 15.02.2008 the Management Board informed that Mr. Dimitri Contominas resigned his membership of the Bank's Supervisory Board, for personal reasons.

On the day of 26.03.2008 the Bank informed on receiving letters containing statements of resignation from membership of the Bank's Supervisory Board by Mr Christopher de Beck, Francisco de Lacerda, Pedro Maria Duarte and Zbigniew Sobolewski, whose resignations are effective as of 26.03.2008 and a letter of Mr Marek Furtek resigning his membership of the Supervisory Board effective as of the Bank's General Shareholder Meeting convoked for 28.03.2008.

On the day of 28.03.2008 the Bank's Management Board informed that on the same day the Ordinary General Shareholder Meeting, having reduced the number of Members of the Supervisory Board, in its current term of office, to 9, held a by-election of 4 Supervisory Board Members, who were:

1. Mr Vitor Manuel Lopes Fernandes
2. Mr Carlos Jorge Ramalho dos Santos Ferreira
3. Mr Paulo Jose de Ribeiro Moita de Macedo
4. Mr Nelson Ricardo Bessa Machado

The Bank Supervisory Board appointed Mr. Piotr Romanowski to perform the function of the Bank Management Board Member as of 5 May 2008.

XII. PENDING LAWSUITS

As on 30 June the Group was not a party to any proceedings before courts, bodies relevant to arbitration proceedings or public administration body, regarding liabilities or receivables accounting for at least 10% of own funds

XIII. INFORMATION ON LOAN SURETIES OR GUARANTEES GRANTED BY THE BANK

In the 2nd Quarter of 2008 the Group did not grant to any entity a loan or cash advance surety, guarantee as a result of which the total value of the Bank's exposure towards the Client as at 30 June 2008 would exceed 10% of the Group's equity.

XIV. INFORMATION ON INCOME TAX

q The due income tax

The due income tax, debiting the gross financial result, was established pursuant to the provisions of the Act on corporate income tax, dated 15 February 1992. In the light of the legal regulations in force the Group does not constitute a tax group and consequently the amount debited to the consolidated gross result under both the due and deferred taxes is the total of proper fiscal values of the companies included in the consolidation.

As of 30 June 2008, the Group's parent entity (the Bank) had income taxable with corporate income tax.

The main items impacting the level of the Bank's tax base were:

- ü Realised interest on previous years' receivables;
- ü Profit on debt securities realised on a cash basis;
- ü Interest accrued for payment on bank deposits;
- ü Interest accrued on derivative instruments.

The Bank's tax due for 2Q 2008 was settled against the dividend tax due for 2008 (remaining to be settled) and the overpayment of the tax due for 2007.

q Deferred income tax

On the grounds of the Accounting Act business entities are obliged to establish provision for deferred tax, as a result of the differences in recognition of the income as obtained and cost as incurred, following the Act on corporate income tax. Therefore, Group's companies establish provision for income tax every month assuming as the basis for provisioning all the timing differences, which will certainly become tax cost or income in the following reporting periods. The application of this approach allows consistent debiting of the gross financial result and guarantees that the costs and income of the current financial year will not impact the financial result of the following years. The deferred part captured in the income statement constitutes the difference between the change in the deferred tax provision and asset. In the consolidated balance sheet the deferred tax provision and assets are offset pursuant to IAS 12.

Deferred tax reported in the Group's 1 half 2008 Profit and Loss Account increased after-tax profit by the amount of PLN 34.8 million. The value of due income tax reported in the consolidated Profit and Loss Account in the same period was PLN 100.7 million.

XV. INFORMATION ON ISSUE/REPURCHASE/REPAYMENT OF DEBT SECURITIES AND EQUITIES

In the period under review the change in the Group's liabilities from issue of debt securities was as follows (data in PLN thousands):

MOVEMENTS IN LIABILITIES FROM ISSUE OF DEBT SECURITIES

	01.01.2008- 30.06.2008
Balance at the beginning of the period	851 474
- issue/ repurchase of bonds within a securitization of leasing receivables portfolio	90 728
- issue/ repurchase of Bank's commercial papers	57 673
- issue/ repurchase of short-term bonds of subsidiaries	-87 960
Balance at the end of the period	911 915

XVI. DESCRIPTION OF TRANSACTIONS WITH RELATED ENTITIES

Any transactions made between the Group's entities in during the reporting period were concluded on market terms and resulted from current operations. Below please find the amounts of group-internal transactions eliminated in the process of consolidation.

MOST IMPORTANT ELIMINATIONS OF GROUP-INTERNAL TRANSACTIONS AND CONSOLIDATION ADJUSTMENTS
(000'PLN)

ASSETS	30.06.2008
Accounts and deposits kept in the Bank	366 772
Receivables from loans, advances, purchased receivables between entities subject to consolidation	1 781 695
Receivables from securities bought with a sell-back clause	3 518
Investment financial assets	103 462
Shares in associated companies	239 378
Other assets	214 887
LIABILITIES	30.06.2008
Liabilities from accepted deposits, loans, advances, sold receivables between entities subject to consolidation	3 179 819
Liabilities from securities sold with a buy-back clause	3 518
Debt securities	-720 123
Subordinated liabilities	0
Other liabilities	26 880
INCOME STATEMENT	1.01.2008 – 30.06.2008
Income from:	
Interest on accounts, deposits and receivables from loans, advances, purchased receivables	59 344
Bank and brokerage commissions	49 690
Group internal dividends	133 576
Other net operating income	32 878
Expense from:	
Interest on accounts, deposits and receivables on loans, advances, sold receivables	61 463
Bank and brokerage commissions	46 911
Operations of entities subject to consolidation	31 926