

REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP

FOR 1 HALF 2015



MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	Period from 1.01.2015 - 30.06.2015	Period from 1.01.2014 - 30.06.2014*	Period from 1.01.2015 - 30.06.2015	Period from 1.01.2014 - 30.06.2014*
Interest income	1 149 955	1 289 346	278 163	308 574
Fee and commission income	350 983	359 426	84 899	86 020
Operating income	1 129 643	1 169 045	273 250	279 783
Operating profit	416 355	417 287	100 712	99 868
Profit (loss) before taxes	414 970	417 287	100 377	99 868
Profit (loss) after taxes	327 807	320 064	79 293	76 600
Total comprehensive income of the period	257 829	338 711	62 366	81 062
Net cash flows from operating activities	758 326	(468 465)	183 432	(112 116)
Net cash flows from investing activities	433 923	954 554	104 962	228 450
Net cash flows from financing activities	112 678	705 660	27 256	168 883
Net cash flows, total	1 304 927	1 191 749	315 650	285 217
Total Assets	68 876 823	60 740 482	16 421 138	14 250 635
Liabilities to banks and other monetary institutions	2 152 713	2 037 269	513 235	477 974
Liabilities to customers	50 233 616	47 591 244	11 976 353	11 165 625
Equity	6 023 308	5 765 479	1 436 036	1 352 669
Share capital	1 213 117	1 213 117	289 223	284 616
Number of shares	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN/EUR)	4.97	4.75	1.18	1.12
Diluted book value per share (in PLN/EUR)	4.97	4.75	1.18	1.12
Capital adequacy ratio**	15.16%	15.23%	15.16%	15.23%
Earnings (losses) per ordinary share (in PLN/EUR)	0.27	0.26	0.07	0.06
Diluted earnings (losses) per ordinary share (in PLN/EUR)	0.27	0.26	0.07	0.06
Pledged or paid dividend per share (in PLN/EUR)	-	0.22	-	0.05

* - Comparative balance sheet data was presented, in compliance with IFRS requirements, as at 31.12.2014. Other comparative data is presented for the period from 1.01.2014 to 30.06.2014.

Exchange rates accepted to convert selected financial data into EURO

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

- for balance sheet items: 4.1944 PLN/EURO - the exchange rate of 30 June 2015 (for comparative data as at 31 December 2014: 4.2623 PLN/EURO),
- for profit and loss account items for the period from 1 January - 30 June 2015: 4.1341 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 - 30 June 2014: 4.1784 PLN/EURO).

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I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2015

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1. GENERAL INFORMATION ON THE ISSUER

Bank Millennium S.A. (the Bank) is a nationwide universal bank, offering its services to all market segments via a network of branches, corporate centers, individual advisors and electronic banking.

The Bank, entered under the number KRS 0000010186 in the National Court Register kept by the Local Court for the Capital City of Warsaw, 13th Business Department of the National Court Register, is seated in Warsaw, ul. Stanisława Żaryna 2A.

The Bank is listed on the Warsaw Stock Exchange since 1992, first Bank ever to float its shares on the WSE.

The Bank is parent company of the Bank Millennium S.A. Capital Group (the Group) with over 5,900 employees with core business comprising banking, leasing, factoring, brokerage, capital operations, and investment fund management.

Supervisory Board and Management Board of Bank Millennium S.A. as at 30 June 2015

Composition of the Supervisory Board as at 30 June 2015 was as follows:

- Bogusław Kott - Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado - Deputy Chairman of the Supervisory Board,
- Dariusz Rosati - Deputy Chairman and Secretary of the Supervisory Board,
- Julianna Boniuk-Gorzelańczyk - Member of the Supervisory Board,
- Miguel de Campos Pereira de Bragança - Member of the Supervisory Board,
- Agnieszka Hryniewicz-Bieniek - Member of the Supervisory Board,
- Anna Jakubowski - Member of the Supervisory Board,
- Grzegorz Jędryś - Member of the Supervisory Board,
- David Harris Klingensmith - Member of the Supervisory Board,
- Andrzej Koźmiński - Member of the Supervisory Board,
- Miguel Maya Dias Pinheiro - Member of the Supervisory Board,
- Rui Manuel da Silva Teixeira - Member of the Supervisory Board.

Composition of the Management Board as at 30 June 2015 was as follows:

- Joao Nuno Lima Bras Jorge - Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho - Deputy Chairman of the Management Board,
- Wojciech Haase - Member of the Management Board,
- Andrzej Gliński - Member of the Management Board,
- Maria Jose Henriques Barreto De Matos De Campos - Member of the Management Board.
- Michał Gajewski - Member of the Management Board,

Bank Millennium S.A. Capital Group

Bank Millennium S.A. is the parent company of the Bank Millennium Group. The companies comprising the Group as at 30 June 2015 are presented in table below:

Company	Activity domain	Head office	% of the Group's capital share	% of the Group's voting share	Recognition in financial statements
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warsaw	100	100	full consolidation
MILLENNIUM DOM MAKLERSKI S.A.	brokerage services	Warsaw	100	100	full consolidation
MILLENNIUM TFI SA	investment funds management	Warsaw	100	100	full consolidation
MB FINANCE AB	funding companies from the Group	Stockholm	100	100	full consolidation
MILLENNIUM SERVICE Sp. z o.o.	general construction and engineering	Warsaw	100	100	full consolidation
TBM Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	furniture manufacturer	Świebodzin	50 (+1 share)	50	equity method valuation (*)
BG LEASING S.A. in bankruptcy	leasing services	Gdańsk	74	74	historical cost (*)

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

In February 2015, Extraordinary general Assembly of Lubuskie Fabryki Mebli SA adopted resolution of dissolution of the company and opening of its liquidation process.

As a result of the completion of securitization transactions and the related financial instruments in the first half of 2015, the Group ceased to consolidate the special purpose vehicle Orchis Sp. z o.o., which was created for the needs of a securitisation transaction conducted by the Group in 2007. In accordance with the provisions of IAS 27, IAS 39 and SIC 12 the Company used to be consolidated, even though the Group had no capital commitment.

2. INTRODUCTION AND ACCOUNTING PRINCIPLES

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union, taking into account the opinion of the Polish Financial Supervision Authority from 12 February 2015 and the interpretation of Ministry of Finance from 11 February 2015 in relation to recognition of annual fees paid to the Bank Guarantee Fund. The condensed consolidated interim financial statement do not include all of the information which is presented in full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements of Bank Millennium S.A. Capital Group for the year ended 31 December 2014, with consideration of the specific requirements of IAS 34.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with later amendments) the Bank is required to publish the financial results for the six months ended 30 June 2015.

Condensed interim consolidated financial statements of the Group prepared for the period from 1 January 2015 to 30 June 2015:

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

As a result of the entry into force, commencing from 1 January 2015, of interpretation number 21 issued by the IFRS Interpretations Committee (IFRIC 21) there are doubts regarding the use of requirements of IFRIC 21 in the Bank's financial reporting in relation to fees paid to the Banking Guarantee Fund (BFG).

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

If the Bank recognised the costs paid to BFG on a one-off basis, data presented in this report for the 1st half 2015 would be adjusted as follows:

- 1) Operating costs in the Group's consolidated financial information and the Bank's separate financial information would be increased as a result of recognising the remaining part of BFG's annual fee by the amount of PLN 33 million.
- 2) Other operating costs in the Group's consolidated financial information and the Bank's separate financial information would be increased as a result of recognising the remaining part of BFG's prudential fee by the amount of PLN 9 million.
- 3) As a result of capturing the costs described above the consolidated gross profit of the Group and separate gross profit of the Bank would be decreased by PLN 42 million and the consolidated net profit of the Bank and separate net profit of the Bank would be decreased by PLN 35 million respectively.

The impact of the deferral of BFG levies over time will reduce as time passes, on a straight line basis, and thus by the end of the year there will be no difference in this respect.

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

3. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Interest income	1	1 149 955	567 015	1 289 346	658 396
Interest expense	2	(483 214)	(233 583)	(558 155)	(282 552)
Net interest income		666 741	333 432	731 191	375 844
Fee and commission income	3	350 983	173 169	359 426	184 587
Fee and commission expense	4	(46 844)	(25 780)	(40 842)	(21 498)
Net fee and commission income		304 139	147 389	318 584	163 089
Dividend income		1 378	1 377	1 842	1 842
Result on investment financial assets		26 495	12 177	14 891	(296)
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	92 413	45 332	80 879	41 712
Other operating income		38 477	31 157	21 658	11 904
Operating income		1 129 643	570 864	1 169 045	594 095
General and administrative expenses	6	(521 230)	(258 716)	(527 554)	(266 393)
Impairment losses on financial assets	7	(127 183)	(59 339)	(139 442)	(73 816)
Impairment losses on non-financial assets	6	0	0	(349)	(276)
Depreciation and amortization		(24 437)	(12 525)	(26 736)	(13 136)
Other operating expenses		(40 444)	(27 200)	(57 677)	(26 584)
Operating expenses		(713 288)	(357 780)	(751 758)	(380 205)
Operating profit		416 355	213 084	417 287	213 890
Share of profit of associates		(1 385)	41	0	0
Profit / (loss) before taxes		414 970	213 125	417 287	213 890
Corporate income tax	8	(87 163)	(47 887)	(97 223)	(50 274)
Profit / (loss) after taxes		327 807	165 238	320 064	163 616
Attributable to:					
Owners of the parent		327 807	165 238	320 064	163 616
Non-controlling interests		0	0	0	0
Weighted average number of ordinary shares		1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)		0.27	0.14	0.26	0.13

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT

<i>Amount '000 PLN</i>	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Profit / (loss) after taxes	327 807	165 238	320 064	163 616
Other elements of total comprehensive income that will be subsequently reclassified to profit or loss	(86 393)	19 333	23 020	29 482
Effect of valuation of available for sale debt securities	(52 082)	(70 251)	22 327	29 416
Effect of valuation of available for sale shares	11	(9)	(18)	(3)
Hedge accounting	(34 322)	89 593	711	69
Other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Actuarial gains (losses)	0	0	0	0
Other elements of total comprehensive income before taxes	(86 393)	19 333	23 020	29 482
Corporate income tax on other elements of total comprehensive income that will be subsequently reclassified to profit or loss	16 415	(3 673)	(4 374)	(5 602)
Corporate income tax on other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Other elements of total comprehensive income after taxes	(69 978)	15 660	18 647	23 881
Total comprehensive income for the period	257 829	180 898	338 711	187 497
Attributable to:				
Owners of the parent	257 829	180 898	338 711	187 497
Non-controlling interests	0	0	0	0

CONSOLIDATED BALANCE SHEET

ASSETS

<i>Amount '000 PLN</i>	Note	30.06.2015	31.12.2014
Cash, balances with the Central Bank		1 939 354	2 612 242
Deposits, loans and advances to banks and other monetary institutions	9	3 735 715	2 384 744
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	4 167 242	1 417 276
Hedging derivatives	11	41 205	18 999
Loans and advances to customers	12	46 998 230	44 142 699
Investment financial assets	13	10 872 451	9 249 537
- available for sale		10 872 451	9 249 537
- held to maturity		0	0
Investments in associates		1 378	2 762
Receivables from securities bought with sell-back clause (loans and advances)		131 067	155 642
Property, plant and equipment		144 631	153 449
Intangible assets		54 566	59 119
Non-current assets held for sale		14 716	5 646
Receivables from Tax Office resulting from current tax		73 838	77 776
Deferred tax assets	15	206 226	196 276
Other assets		496 204	264 315
Total Assets		68 876 823	60 740 482

LIABILITIES AND EQUITY

Amount '000 PLN	Note	30.06.2015	31.12.2014
LIABILITIES			
Liabilities to banks and other monetary institutions	16	2 152 713	2 037 269
Financial liabilities valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	421 816	629 790
Hedging derivatives	11	3 115 574	1 390 225
Liabilities to customers	17	50 233 616	47 591 244
Liabilities from securities sold with buy-back clause		3 364 076	59 765
Debt securities	18	1 814 038	1 739 461
Provisions	19	70 415	98 574
Deferred income tax liabilities	15	0	0
Current tax liabilities		10 558	8 080
Other liabilities		1 041 220	780 856
Subordinated debt		629 489	639 739
LIABILITIES		62 853 515	54 975 003
EQUITY			
Share capital		1 213 117	1 213 117
Share premium		1 147 502	1 147 502
Revaluation reserve		(182 889)	(112 911)
Retained earnings		3 845 578	3 517 771
Total Equity		6 023 308	5 765 479
Total equity attributable to owners of the parent		6 023 308	5 765 479
Non-controlling interests		0	0
Total Liabilities and Equity		68 876 823	60 740 482
Book value			
Book value		6 023 308	5 765 479
Number of shares		1 213 116 777	1 213 116 777
Book value per share (in PLN)		4.97	4.75

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

01.01.2015 - 30.06.2015, Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	5 765 479	1 213 117	1 147 502	(112 911)	779 703	2 738 068
Total comprehensive income for 1 half 2015 (net)	257 829	0	0	(69 978)	327 807	0
net profit/ (loss) of the period	327 807	0	0	0	327 807	0
valuation of available for sale debt securities	(42 186)	0	0	(42 186)	0	0
valuation of available for sale shares	9	0	0	9	0	0
hedge accounting	(27 801)	0	0	(27 801)	0	0
Transfer between items of reserves	0	0	0	0	(646 299)	646 299
Equity at the end of the period	6 023 308	1 213 117	1 147 502	(182 889)	461 211	3 384 367

01.01.2014 - 31.12.2014, Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	5 363 133	1 213 117	1 147 502	(131 223)	664 338	2 469 399
Total comprehensive income for 2014 (net)	669 232	0	0	18 312	650 920	0
net profit/ (loss) of the period	650 920	0	0	0	650 920	0
valuation of available for sale debt securities	56 288	0	0	56 288	0	0
valuation of available for sale shares	24	0	0	24	0	0
hedge accounting	(35 859)	0	0	(35 859)	0	0
actuarial gains (losses)	(2 141)	0	0	(2 141)	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(268 669)	268 669
Equity at the end of the period	5 765 479	1 213 117	1 147 502	(112 911)	779 703	2 738 068

01.01.2014 - 30.06.2014, Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	5 363 133	1 213 117	1 147 502	(131 223)	664 338	2 469 399
Total comprehensive income for 1 half 2014 (net)	338 711	0	0	18 647	320 064	0
net profit/ (loss) of the period	320 064	0	0	0	320 064	0
valuation of available for sale debt securities	18 085	0	0	18 085	0	0
valuation of available for sale shares	(14)	0	0	(14)	0	0
hedge accounting	576	0	0	576	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(268 669)	268 669
Equity at the end of the period	5 434 958	1 213 117	1 147 502	(112 576)	448 847	2 738 068

CONSOLIDATED CASH FLOWS

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
Profit (loss) after taxes	327 807	320 064
Total adjustments:	430 519	(788 529)
Non-controlling interests profit (loss)	0	0
Interests in net income (loss) of associated companies	1 385	0
Depreciation and amortization	24 437	26 736
Foreign exchange (gains)/ losses	2 612	1 703
Dividends	(1 378)	(1 842)
Changes in provisions	(25 189)	27 111
Result on sale and liquidation of investing activity assets	(28 916)	(21 046)
Change in financial assets valued at fair value through profit and loss (held for trading)	(2 806 494)	(89 288)
Change in loans and advances to banks	(1 461 098)	(64 515)
Change in loans and advances to customers	(2 872 197)	(1 612 258)
Change in receivables from securities bought with sell-back clause (loans and advances)	24 575	(76 966)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	1 517 375	71 362
Change in deposits from banks	83 187	(244 094)
Change in deposits from customers	2 642 372	664 956
Change in liabilities from securities sold with buy-back clause	3 304 311	564 025
Change in debt securities	(25 852)	5 305
Change in income tax settlements	91 474	95 290
Income tax paid	(74 938)	(91 719)
Change in other assets and liabilities	27 454	(52 756)
Other	7 399	9 467
Net cash flows from operating activities	758 326	(468 465)

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2015- 30.06.2015	1.01.2014 - 30.06.2014
Inflows from investing activities:	82 388 773	146 814 597
Proceeds from sale of property, plant and equipment and intangible assets	3 615	11 251
Proceeds from sale of shares in associates	0	0
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	82 383 780	146 801 504
Other inflows from investing activities	1 378	1 842
Outflows from investing activities:	(81 954 850)	(145 860 043)
Acquisition of property, plant and equipment and intangible assets	(15 148)	(25 757)
Acquisition of shares in associates	0	0
Acquisition of financial assets valued at fair value through profit and loss	0	0
Acquisition of investment financial assets	(81 939 702)	(145 834 286)
Other outflows from investing activities	0	0
Net cash flows from investing activities	433 923	954 554

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2014 - 30.06.2014	1.01.2013 - 30.06.2013
Inflows from financing activities:	1 040 406	1 127 603
Long-term bank loans	108 488	211 328
Issue of debt securities	931 918	916 275
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(927 728)	(421 943)
Repayment of long-term bank loans	(83 281)	(138 686)
Redemption of debt securities	(831 489)	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	(266 886)
Other outflows from financing activities	(12 958)	(16 371)
Net cash flows from financing activities	112 678	705 660

D. NET CASH FLOWS. TOTAL (A + B + C)	1 304 927	1 191 749
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	5 398 464	6 752 775
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	6 703 391	7 944 524

4. NOTES TO CONSOLIDATED FINANCIAL DATA

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

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Balances with the Central Bank	12 947	5 930	19 646	9 892
Deposits, loans and advances to banks	582	249	1 164	600
Loans and advances to customers	822 789	393 922	933 941	479 731
Transactions with repurchase agreement	9 968	6 992	11 281	6 529
Hedging derivatives	165 118	90 989	174 388	87 043
Financial assets held for trading (debt securities)	16 616	11 190	2 835	1 482
Investment securities	121 935	57 743	146 091	73 119
Total	1 149 955	567 015	1 289 346	658 396

Interest income for 1 half 2015 includes interest accrued on loans with recognized impairment of PLN 29,465 thousand (for the comparative data for 1 half 2014, such interest was PLN 35,439 thousand). This interest income is calculated based on net exposure amounts, which take into account the impairment charges made.

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

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Banking deposits	(8 882)	(3 530)	(10 730)	(4 807)
Loans and advances	(26 946)	(13 601)	(28 175)	(14 240)
Transactions with repurchase agreement	(26 001)	(15 414)	(22 399)	(11 333)
Deposits from customers	(391 067)	(186 632)	(470 875)	(236 607)
Subordinated debt	(6 903)	(3 416)	(7 647)	(3 828)
Debt securities	(23 086)	(10 826)	(17 908)	(11 609)
Other	(329)	(164)	(421)	(128)
Total	(483 214)	(233 583)	(558 155)	(282 552)

Note (3) Fee and commission income

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Resulting from accounts service	43 535	21 597	46 776	23 548
Resulting from money transfers, cash payments and withdrawals and other payment transactions	24 050	12 389	22 969	11 635
Resulting from loans granted	57 770	29 372	43 752	20 793
Resulting from guarantees and sureties granted	6 595	3 019	6 722	3 120
Resulting from payment and credit cards	65 871	33 420	103 989	53 690
Resulting from sale of insurance products	41 028	13 956	36 070	23 605
Resulting from distribution of investment funds units and other savings products	50 609	28 392	41 838	20 269
Resulting from brokerage and custody service	10 864	4 320	10 199	4 482
Resulting from investment funds managed by the Group	43 365	22 878	41 434	20 611
Other	7 296	3 826	5 677	2 834
Total	350 983	173 169	359 426	184 587

Bank has further reviewed the assumptions of the model applied for recognition of revenue from bancassurance. In consequence in the field of insurance of cash loans the part of revenue recognized on a one-off basis as commission for the execution of significant act has been set at 9% in year 2015 whereas in 2014 the rate of 14% used to be applied.

Note (4) Fee and commission expense

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Resulting from accounts service	(594)	(341)	(651)	(355)
Resulting from money transfers, cash payments and withdrawals and other payment transactions	(917)	(486)	(742)	(284)
Resulting from loans granted	(9 092)	(5 927)	(7 432)	(3 851)
Resulting from payment and credit cards	(28 725)	(14 844)	(26 764)	(14 313)
Resulting from brokerage and custody service	(1 550)	(762)	(1 728)	(776)
Resulting from investment funds managed by the Group	(3 382)	(1 920)	(2 142)	(1 311)
Other	(2 584)	(1 500)	(1 383)	(608)
Total	(46 844)	(25 780)	(40 842)	(21 498)

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

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Operations on securities	(8 223)	(7 503)	(23)	2 960
Operations on derivatives	71 736	29 090	4 831	159
Fair value hedge accounting operations including:	137	29	(63)	(281)
- result from hedging derivatives	334	(1 030)	1 130	817
- result from items subjected to hedging	(197)	1 059	(1 193)	(1 098)
Foreign exchange result	29 859	24 301	76 743	39 256
Costs of financial operations	(1 095)	(584)	(609)	(382)
Total	92 413	45 332	80 879	41 712

Note (6) General and administrative expenses

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Staff costs:	(275 163)	(136 908)	(270 021)	(134 915)
Salaries	(226 526)	(113 137)	(223 453)	(112 054)
Surcharges on pay	(40 421)	(19 845)	(38 704)	(18 988)
Employee benefits, including:	(8 216)	(3 926)	(7 864)	(3 873)
- provisions for retirement benefits	(125)	6	0	0
- provisions for unused employee holiday	(9)	(0)	(23)	(14)
- other	(8 082)	(3 932)	(7 841)	(3 859)
General administrative costs:	(246 067)	(121 808)	(257 533)	(131 478)
Costs of advertising, promotion and representation	(25 147)	(9 533)	(34 418)	(18 967)
IT and communications costs	(34 723)	(17 320)	(36 067)	(17 803)
Costs of renting	(86 591)	(42 936)	(90 007)	(44 579)
Costs of buildings maintenance, equipment and materials	(13 647)	(6 944)	(12 708)	(6 654)
ATM and cash maintenance costs	(8 092)	(4 022)	(8 331)	(4 328)
Costs of consultancy, audit and legal advisory and translation	(5 095)	(3 291)	(11 657)	(5 425)
Taxes and fees	(8 031)	(4 047)	(8 234)	(4 158)
KIR clearing charges	(1 983)	(1 014)	(2 027)	(1 067)
PFRON costs	(2 506)	(1 320)	(2 796)	(1 424)
Banking Guarantee Fund costs	(32 730)	(16 365)	(17 802)	(8 901)
Financial Supervision costs	(1 678)	(837)	(2 672)	(1 098)
Other	(25 844)	(14 179)	(30 814)	(17 074)
Total	(521 230)	(258 716)	(527 554)	(266 393)

Note (7) Impairment losses on financial assets

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Impairment losses on loans and advances to customers	(133 142)	(64 272)	(143 309)	(74 657)
Impairment charges on loans and advances to customers	(386 162)	(181 163)	(345 536)	(149 622)
Reversal of impairment charges on loans and advances to customers	252 148	116 537	198 856	73 406
Amounts recovered from loans written off	1 120	643	3 371	1 559
Sale of receivables	(248)	(289)	0	0
Impairment losses on securities	(33)	(26)	28	(9)
Impairment charges on securities	(33)	(26)	(9)	(9)
Reversal of impairment charges on securities	0	0	37	0
Impairment losses on off-balance sheet liabilities	5 992	4 959	3 839	850
Impairment charges on off-balance sheet liabilities	(4 869)	(1 839)	(19 971)	(14 418)
Reversal of impairment charges on off-balance sheet liabilities	10 861	6 798	23 810	15 268
Total	(127 183)	(59 339)	(139 442)	(73 816)

Note (8a) Income tax reported in income statement

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Current tax	(80 455)	(31 598)	(101 781)	(59 723)
Deferred tax:	(6 708)	(16 289)	4 558	9 449
Recognition and reversal of temporary differences	(6 770)	(16 525)	4 030	9 129
Recognition / (Utilisation) of tax loss	62	236	528	320
Total income tax reported in income statement	(87 163)	(47 887)	(97 223)	(50 274)

Note (8b) Effective tax rate

	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Gross profit / (loss)	414 970	213 125	417 287	213 890
Statutory tax rate	19%	19%	19%	19%
Income tax according to obligatory income tax rate of 19%	(78 844)	(40 493)	(79 284)	(40 639)
Impact of permanent differences on tax charges:	(6 945)	(6 020)	(13 493)	(7 925)
Non taxable income	871	(292)	421	379
Dividend income	261	261	350	350
Release of other provisions	361	(554)	68	28
Other	249	1	3	1
Non tax-deductible costs	(7 816)	(5 728)	(13 914)	(8 304)
Loss on sale of receivables	(3)	(3)	0	0
PFRON fee	(475)	(250)	(532)	(271)
Prudential fee for Banking Guarantee Fund	(1 645)	(822)	(1 251)	(625)
Cost of provisions for factoring receivables	(1 077)	(880)	(4 307)	(3 671)
Receivables written off	(385)	(214)	(219)	(72)
Costs of litigations and contentious claims	(3 252)	(2 901)	(5 949)	(2 990)
Depreciation and insurance costs of cars (in excess of EUR 20.000)	(577)	(479)	(658)	(297)
Other	(402)	(179)	(998)	(378)
The amount of deductible temporary differences for which deferred income tax asset has not been recognized in the balance sheet	0	0	(4 446)	(1 710)
Adjustment resulted from Article 38a of CIT	(1 374)	(1 374)	0	0
Total income tax reported in income statement	(87 163)	(47 887)	(97 223)	(50 274)

Note (8c) Deferred tax reported directly in equity

	30.06.2015	31.12.2014
Valuation of available for sale securities	(2 953)	(12 908)
Valuation of cash flow hedging instruments	45 412	38 891
Actuarial gains (losses)	502	502
Deferred tax reported directly in equity	42 961	26 485

On 1 January 2011 the Bank created with a subsidiary - Millennium Service Sp. z o.o., Tax Capital Group (TCG). TCG is a vehicle, described in and subject to the provisions of the Polish Corporate Income Tax law. The essence of TCG is to concentrate two or more related entities as one taxpayer for the corporate income tax purposes. The creation of TCG does not lead to the creation of a new entity, and consolidation is done only at the level of corporate income tax settlements.

TCG formation is aimed at increasing the efficiency of tax management within the Group and reducing risks resulting from the corporate income tax settlements through centralization of expertise of tax calculations and payments obligations to one chosen entity of the Group (the Bank).

Tax Inspection Office control procedures

Millennium Leasing Sp. z o.o. tax control

As a result of findings of the Tax Inspection carried out in 2011 in Millennium Leasing Sp. z o.o. the correctness of income tax settlements for 2006 has been challenged in the total amount of PLN 11.4 million, including namely; PLN 4.8 million due to underestimation of tax liability for the period 01.01 - 31.08.2006 and PLN 6.6 million due to an overestimation of tax loss for the period 01.09 - 31.12.2006. Company paid the tax arrears of PLN 16.7 million to the Tax Office. Of that amount the Tax Office returned PLN 9.8 million to the Company until completion of proceedings. The Company did not agree with the decision and appealed to the Administrative Court. In Q2'2012 the Company created a provision of PLN 2.97 million to cover potential tax liabilities. On 13 November 2012, the Regional Administrative Court ruling upheld the application of the company and annulled the contested decisions about tax period 01.01 - 31.08.2006. On 15 March 2013, the Regional Administrative Court ruling upheld the application of the company and annulled the contested decisions about tax period 01.09 -31.12.2006. At 4 October 2013 the Company received a letter from the Director of the Tax Chamber in Warsaw of the repeal the contested decision (in connection with the judgment of the Regional Administrative Court of 13 November 2012 mentioned above) and returning the case to the Tax Inspection Office for reconsideration. 19.11.2013 the Tax Office returned PLN 8.97 million (tax paid with interest). On 10.03.2015 according to Tax Inspection Office recommendation the Company made an adjustments to 2006 CIT declaration in terms of overstatement of deductible costs from the sale of real estate Bochnia in the amount of PLN 1.04 million and in the amount of PLN 0.16 million as relating to expenditures in 2005. There was also made an adjustment of income in the amount of PLN 8.53 million considering that only the claim received by the Company can be recognised as the taxable income based on cash basis rule. On 31.03.2015 Millennium Leasing has received the final decision of tax inspection for the period 01.01-31.08.2006r. The proceedings have been completed in accordance with the CIT adjustments made by the Company on 10.03.2015. Thus, the Millennium Leasing fulfilled conclusions of Tax Inspection Office. The Company is not entitled to appeal against the results of the inspection. On 31.03.2015 Millennium Leasing has also received the Tax Inspection Office decision for the period 01.09.-31.12.2006. Director of the Tax Inspection Office discontinued the proceedings due to the expiry of the limitation period, therefore sanctioning tax base declared by the Company.

Bank Millennium S.A. tax control procedures

As a result of the tax inspection carried out in the Bank in 2011 the Tax Inspection Office questioned the correctness of income tax calculation for 2005, having its consequences for subsequent tax years. The Bank fully supports the correctness of its tax calculation, nonetheless several procedural steps have been undertaken, such as: (i) adjusting tax settlements for the period 2005-2010; (ii) paying (in November 2011) the tax arrears of PLN 69 million (to avoid the risk of penalty interest burden); and (iii) raising a claim against the Tax Office for the above mentioned amount. As a result of these proceedings on 30 January 2012 the Tax Office returned to the Bank a substantial part of the amount paid (PLN 66 million). At the same time the tax authority sustained a negative opinion in the proceedings. In 2013, the Bank re-paid to the account of the Tax Office an amount of PLN 58.6 million (based on the decision of the Tax Chamber in Warsaw, on which see below), and part of that amount has been paid to the Bank in the amount of PLN 1.8 million.

As a result of the different positions of the Bank and tax authorities, there are currently ongoing appeals against the decision, in particular:

- 1) Proceedings in front of the Tax Chamber in Warsaw resulting from the Bank's appealing against the decision of the Director of the Tax Control Office (first instance) determining a tax loss in the CIT for 2005. On 27.06.2013 the Director of the Tax Chamber in Warsaw issued a decision upholding the decision of the first instance. On 22 July 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. Originally the court ordered a hearing on February 6, 2014 and then postponed it to 8th April, 2014. A hearing was held on the scheduled date. The court delivered judgment on 28 April 2014 dismissing the complaint of the Bank. On 23 July 2014 the Bank filed a cassation complaint to the Supreme Administrative Court.
- 2) Appeal proceedings against the decision of the Head of Second Mazovian Tax Office determining CIT for the year 2006. On the 22nd of August 2013 the appellate authority - the Director of the Tax Chamber in Warsaw issued the decision which upheld the decision of the tax office and determined the Bank's income which did not cause the obligation to pay additional tax burden from CIT 2006 to the tax office. On the 25th of September 2013 Bank lodged the complaint to the Regional Administrative Court in Warsaw. The hearing was held on 14th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank filed a cassation complaint to the Supreme Administrative Court.

3) Appeal proceedings against the decisions of the Head of Second Mazovian Tax Office - determining tax liabilities for 2007 and 2008, and refusing confirmation of tax overpayment for 2007 and 2008.

a. Year 2007

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

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

b. Year 2008

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

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

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

	30.06.2015	31.12.2014
Current accounts	249 122	359 258
Deposits granted	2 952 223	1 511 094
Loans	531 872	511 194
Interest	2 538	3 208
Total (gross) deposits, loans and advances	3 735 755	2 384 754
Impairment write-offs	(40)	(10)
Total (net) deposits, loans and advances	3 735 715	2 384 744

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

	30.06.2015	31.12.2014
Debt securities	3 791 214	933 482
Issued by State Treasury	3 791 214	933 482
a) bills	0	0
b) bonds	3 791 214	933 482
Equity instruments	1 292	753
Quoted on the active market	1 292	753
a) financial institutions	87	0
b) non-financial institutions	1 205	753
Adjustment from fair value hedge	26 404	27 097
Positive valuation of derivatives	348 332	455 944
Total	4 167 242	1 417 276

Note (10b) Valuation of derivatives. Adjustment from fair value hedge and Liabilities from short sale of securities as at 30.06.2015

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	27 148	275 770	248 622
Forward Rate Agreements (FRA)	0	0	0
Interest rate swaps (IRS)	27 148	275 745	248 597
Other interest rate contracts: options	0	25	25
2. FX derivatives	(44 138)	27 676	71 814
FX contracts	(6 911)	7 928	14 839
FX swaps	(28 572)	19 748	48 320
Other FX contracts (CIRS)	(8 655)	0	8 655
FX options	0	0	0
3. Embedded instruments	(40 108)	0	40 108
Options embedded in deposits	(30 379)	0	30 379
Options embedded in securities issued	(9 729)	0	9 729
4. Indexes options	39 769	44 886	5 117
Valuation of derivatives	(17 329)	348 332	365 661
Valuation of hedged position in fair value hedge accounting		26 404	21 124
Liabilities from short sale of securities			35 031

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

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

In the second quarter of 2015 years expired hedging transactions concluded in order to hedge the variability of cash flows due to future revenues and expenses denominated in foreign currencies. As at 30.06.2015 The Group continues to apply hedge accounting to the following relationship:

	Hedging fair value of the fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables	Hedge of volatility of the cash flows generated by the portfolio of PLN mortgage loans
Description of hedge transactions	The Group hedges the risk related to changes in fair value of the fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables resulting from variation in interest rate component (margin).	The Group hedges the risk of the volatility of cash flows generated by PLN mortgages. The volatility of cash flows results from interest rate risk.
Hedged items	Fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables.	Cash flows resulting from the PLN mortgage loan portfolio
Hedging instruments	CIRS transactions	IRS transactions
Presentation of the result on the hedged and hedging transactions	Adjustment to fair value of hedged and hedging instruments are recognised in profit and loss as result on financial instruments valued at fair value through profit and loss and FX result; interest on hedging and hedged instruments are recognised in net interest income.	Effective part of the valuation of hedging instruments is recognised in revaluation reserve; interest on both the hedged and the hedging instruments are recognised in net interest income;

Cash flow volatility hedge for the flow generated by FX mortgage portfolio and its underlying PLN liabilities	
Description of hedge transactions	The Group hedges the risk of the volatility of cash flows generated by FX mortgages and by PLN liabilities financially underlying such loans. The volatility of cash flows results from the currency risk and interest rate risk.
Hedged items	Cash flows resulting from the mortgage loan portfolio and PLN deposits together with issued debt PLN securities funding them.
Hedging instruments	CIRS transactions
Presentation of the result on the hedged and hedging transactions	Effective part of the valuation of hedging instruments is recognised in revaluation capital; interest on both the hedged and the hedging instruments are recognised in net interest income; valuation of hedging and hedged instruments on FX differences is recognised in financial instruments valued at fair value through profit and loss and foreign exchange result

Note (11a) Hedge accounting as at 30.06.2015

	Fair values			Adjustment to fair value of hedged items for hedged risk(*)
	Total	Assets	Liabilities	
Fair value hedging derivatives connected with interest rate risk				
CIRS contracts	(162 247)	0	162 247	920
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(2 921 441)	30 826	2 952 267	x
IRS contracts	9 319	10 379	1 060	x
FX Forward contracts	0	0	0	x
Total	(3 074 369)	41 205	3 115 574	x

(*) - Adjustment to fair value of hedged items due to hedged risk for active hedging relationships, for the I half 2015 amounted to PLN 920 thousand, of which PLN 7,021 thousand related to hedged assets, and PLN 6,101 thousand related to hedged liabilities.

Note (11b) Hedge accounting as at 31.12.2014

	Total	Fair values Assets	Liabilities	Adjustment to fair value of hedged items for hedged risk(*)
Fair value hedging derivatives connected with interest rate risk				
CIRS contracts	(84 493)	0	84 493	1 117
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(1 295 831)	4 777	1 300 608	x
IRS contracts	13 512	13 760	248	x
FX Forward contracts	(4 414)	462	4 876	x
Total	(1 371 226)	18 999	1 390 225	x

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

Note (12a) Loans and advances to customers

	30.06.2015	31.12.2014
Loans and advances	43 074 424	40 192 825
- to companies	9 028 082	8 547 052
- to private individuals	33 565 662	31 135 265
- to public sector	480 680	510 508
Receivables on account of payment cards	678 817	685 431
- due from companies	32 061	32 824
- due from private individuals	646 756	652 607
Purchased receivables	55 241	162 453
- from companies	55 241	159 993
- from public sector	0	2 460
Guarantees and sureties realised	12 031	12 011
Debt securities eligible for rediscount at Central Bank	5 225	9 851
Financial leasing receivables	4 349 079	4 107 136
Other	7 764	1 105
Interest	288 341	330 142
Total gross	48 470 922	45 500 954
Impairment write-offs	(1 472 692)	(1 358 255)
Total net	46 998 230	44 142 699

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

	30.06.2015	31.12.2014
Loans and advances to customers (gross)	48 470 922	45 500 954
- impaired	2 103 471	1 923 249
- not impaired	46 367 451	43 577 705
Impairment write-offs	(1 472 692)	(1 358 255)
- for impaired exposures	(1 306 290)	(1 196 531)
- for incurred but not reported losses (IBNR)	(166 402)	(161 724)
Loans and advances to customers (net)	46 998 230	44 142 699

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

	30.06.2015	31.12.2014
Loans and advances to customers (gross)	48 470 922	45 500 954
- case by case analysis	996 597	911 835
- collective analysis	47 474 325	44 589 119
Impairment write-offs	(1 472 692)	(1 358 255)
- on the basis of case by case analysis	(596 442)	(556 879)
- on the basis of collective analysis	(876 250)	(801 376)
Loans and advances to customers (net)	46 998 230	44 142 699

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

	30.06.2015	31.12.2014
Loans and advances to customers (gross)	48 470 922	45 500 954
- corporate customers	14 027 800	13 482 755
- individuals	34 443 122	32 018 199
Impairment write-offs	(1 472 692)	(1 358 255)
- for receivables from corporate customers	(813 554)	(775 403)
- for receivables from private individuals	(659 138)	(582 852)
Loans and advances to customers (net)	46 998 230	44 142 699

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

	01.01.2015 - 30.06.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 358 255	1 312 331
Change in value of provisions:	114 437	45 924
Impairment write-offs created in the period	386 132	616 838
Amounts written off	(32 477)	(182 507)
Impairment write-offs released in the period	(252 148)	(333 602)
Sale of receivables	(65)	(63 902)
Changes resulting from FX rates differences	12 613	8 315
Other	382	782
Balance at the end of the period	1 472 692	1 358 255

Note (13) Investment financial assets available for sale

	30.06.2015	31.12.2014
Debt securities	10 859 563	9 242 575
Issued by State Treasury	6 267 667	6 749 204
a) bills	0	0
b) bonds	6 267 667	6 749 204
Issued by Central Bank	4 499 624	2 400 000
a) bills	4 499 624	2 400 000
b) bonds	0	0
Other securities	92 272	93 371
a) listed	0	0
b) not listed	92 272	93 371
Shares and interests in other entities	12 888	6 962
Other financial instruments	0	0
Total financial assets available for sale	10 872 451	9 249 537

Note (14) Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2015	29	19 519	3 988	142	4 803
- Write-offs created	33	0	0	0	182
- Write-offs released	0	0	0	(6)	(2 182)
- Utilisation	0	0	0	0	(464)
- Sale of assets	0	0	0	0	0
- Other	0	(1 699)	0	0	2 650
Balance as at 30.06.2015	62	17 820	3 988	136	4 989

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

Note (15) Assets / Provision from deferred income tax

	30.06.2015			31.12.2014		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation and amortisation	75 324	(7 813)	67 511	76 704	(10 398)	66 306
Balance sheet valuation of financial instruments	667 283	(676 728)	(9 445)	314 667	(307 690)	6 977
Unrealised receivables/ liabilities on account of derivatives	29 576	(43 621)	(14 045)	44 652	(52 463)	(7 811)
Interest on deposits and securities to be paid/received	29 794	(104 161)	(74 367)	35 472	(91 058)	(55 586)
Interest and discount on loans and receivables	63	(22 992)	(22 929)	74	(27 403)	(27 329)
Income and cost settled at effective interest rate	81 592	(1 495)	80 097	61 522	(1 371)	60 151
Provisions for loans presented as temporary differences	100 014	0	100 014	93 050	0	93 050
Employee benefits	14 668	0	14 668	15 954	0	15 954
Provisions for costs	19 085	0	19 085	16 203	(11)	16 192
Valuation of investment assets, the valuation of cash flow hedge and actuarial gains (losses) recognized in the revaluation reserve	45 914	(3 014)	42 900	39 393	(12 908)	26 485
Tax loss deductible in the future	2 783	0	2 783	2 721	0	2 721
Other	4 012	(4 058)	(46)	3 453	(4 287)	(834)
Net deferred income tax asset	1 070 108	(863 882)	206 226	703 865	(507 589)	196 276

Note (16) Liabilities to banks and other monetary institutions

	30.06.2015	31.12.2014
In current account	278 114	288 967
Term deposits	439 611	369 684
Loans and advances received	1 433 823	1 377 245
Interest	1 165	1 373
Total	2 152 713	2 037 269

Note (17) Structure of liabilities to customers by type

	30.06.2015	31.12.2014
Amounts due to private individuals	31 785 270	29 779 950
Balances on current accounts	15 281 828	14 043 380
Term deposits	16 329 260	15 538 947
Other	85 282	99 074
Accrued interest	88 900	98 549
Amounts due to companies	16 354 974	15 738 732
Balances on current accounts	4 827 575	3 939 693
Term deposits	11 266 122	11 543 060
Other	224 450	215 228
Accrued interest	36 827	40 751
Amounts due to public sector	2 093 372	2 072 562
Balances on current accounts	945 422	789 182
Term deposits	1 098 932	1 247 485
Other	46 750	34 100
Accrued interest	2 268	1 795
Total	50 233 616	47 591 244

Note (18) Change of debt securities

	01.01.2015 - 30.06.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 739 461	701 352
Increases, on account of:	1 003 147	1 793 186
- issue of bonds by the Bank	931 917	1 631 081
- issue of Banking Securities	48 144	115 844
- interest accrual	23 086	46 261
Reductions, on account of:	(928 570)	(755 077)
- repurchase of Banking Securities	(72 929)	(122 752)
- repurchase of bonds by the Bank	(831 489)	(590 679)
- interest payment	(24 152)	(41 646)
Balance at the end of the period	1 814 038	1 739 461

Note (19) Provisions

	01.01.2015 - 30.06.2015	01.01.2014 - 31.12.2014
Provision for off-balance sheet commitments		
Balance at the beginning of the period	27 692	33 738
Charge of provision	4 869	21 795
Release of provision	(10 861)	(27 844)
FX rates differences	10	3
Balance at the end of the period	21 710	27 692
Provision for contentious claims		
Balance at the beginning of the period	70 882	32 878
Charge of provision	17 915	39 838
Release of provision	(1 900)	(1 398)
Utilisation of provision	(35 222)	(436)
Other/reclassification	(2 970)	0
Balance at the end of the period	48 705	70 882
Total	70 415	98 574

5. CHANGES IN RISK MANAGEMENT PROCESS

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

In order to ensure effective risk management and coherent policy the 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 half of 2015 the Group both in the corporate and retail segments focused on further improving of the credit policy as well as the tools and processes of credit risk management.

In particular in corporate segment, applied sector policy and the appetite for risk in individual sectors were updated and further improvements in the rules of monitoring of clients as well as for the assessment of specialised financing were made. The Group has updated the parameters of risk rating models. The Group also continued to work on improving of tools supporting credit process and expanding the credit offer in particular, for the first time implemented loan product that can be given to a group of related entities, designed to be used jointly by multiple clients (ie. umbrella loan).

In retail segment Group continued also activities relating to optimization of methodology, tools and processes of credit risk management. The Group reviewed and modified rules for the application of risk filters including the use of external information to assess the credit capacity and creditworthiness of customers, taking into account results of the ongoing monitoring of credit portfolio quality and economic environment.

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

In relation to mortgage loans Bank implemented a set of changes facilitating servicing of FX loans by clients. Bank introduced also a set of additional monitoring reports relating to portfolio denominated in foreign currencies.

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

Changes in the loan portfolio of the Group in 1 half 2015 are summarized below:

	30.06.2015		31.12.2014	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Not overdue and without impairment	44 671 940	3 735 755	41 935 274	2 384 754
Overdue(*), but without impairment	1 695 511	0	1 642 431	0
Total without impairment (IBNR)	46 367 451	3 735 755	43 577 705	2 384 754
With impairment	2 103 471	0	1 923 249	0
Loans and advances, gross	48 470 922	3 735 755	45 500 954	2 384 754
Impairment write-offs together with IBNR	(1 472 692)	(40)	(1 358 255)	(10)
Loans and advances, net	46 998 230	3 735 715	44 142 699	2 384 744
Loans with impairment / Total loans	4.34%	0.00%	4.23%	0.00%
Total impairment provision / Loans with impairment	70.01%		70.62%	

(*) Loans overdue not more than 4 days the Group treats as technical and does not show in this category.

Market risk

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

In II quarter 2015, the market risk limits were revised. Limit revision took into account the level of the consolidated Own Funds and current market situation. The new VaR limits have been valid since 1st June 2015.

Within the current market environment and increase in observed volatilities of the market parameters, the Group continued to act very prudently in 1H2015. The VaR indicators in the period under consideration for the Group, that is jointly Trading Book and Banking Book, remained on average at the level of approx. PLN 51.6 million (19% of the limit) and approx. PLN 37.2 million (13% of the limit) as of the end of June 2015. The market risk exposure in terms of value at risk in the Group, together with risk type division, is presented in the table below (thousand PLN).

VaR measures for market risk ('000 PLN)

	30.06.2015		VaR (1H2015)			31.12.2014	
	Exposure	limit usage	Average	Maximum	Minimum	Exposure	limit usage
Total risk	37 190	13%	51 584	68 401	36 255	61 005	22%
Generic risk	34 729	12%	49 097	65 916	33 769	58 499	21%
Interest Rate VaR	34 728	12%	49 109	65 788	33 855	58 492	21%
FX Risk	23	0%	294	3 090	8	107	1%
Diversification Effect	0.1%					0.2%	
Specific risk	2 461	1%	2 487	2 498	2 461	2 497	1%

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

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

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

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

- the market risk that results from the commercial banking activity is hedged or transferred on the monthly basis to areas that actively manage market risk and that are measured in terms of risk and profit and loss,
- the Group uses natural hedging between loans and deposits as well as fixed rate bonds and derivatives to manage interest rate risk with the main purpose of protecting the Net Interest Income.

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

Liquidity risk

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

In 1 first half of 2015 the Group has consistently maintained Loan-to-Deposit ratio below 100% (at the end of June 2015 the ratio equalled to 94%). The liquidity surplus was still invested into the portfolio of liquid assets, especially the securities with low specific risk (Polish Government Bonds, Treasury and NBP Bills) that are characterized with high liquidity. Those assets can be easily used as collateral or sold without material loss on

its value. The share of government securities (including NBP Bills) in total securities portfolio in Banking Book (classified as available for sale) amounted at the end of June 2015 to approx. 99% that is almost 16% of total assets. The portfolio is treated as the Group's liquidity reserve, which will overcome crisis situations.

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

The level of deposit concentration is regularly monitored and did not have any negative impact on the stability of the deposit base in 1st half of 2015. However, in case of significant increase of the share of the largest depositors, the additional funds from the depositors are not treated as stable. Despite of that, in order to prevent deposit base fluctuations, the Group maintains the reserves of liquid assets in the form of securities portfolio.

In 1st quarter of 2015 the Bank continued to explore the possibility of raising additional funding from loans from financial institutions and bond issue in order to diversify the source of funding. In January 2015 the Bank obtained the second tranche of 5-year loan from the EBRD in the amount of CHF 25.1 million (the loan was originally signed in December 2013). In April 2015 the Bank placed the issue of 3-month and 6-month term bonds in the total amount of PLN 301,8 million, issued partially as a replacement of deposits from financial institutions and as rollover of 3-months bonds issued already in 1st quarter 2015. In June 2015, the Bank issued a 3-year Senior Unsecured Bonds in the amount of 300 million PLN. The bond issues and paid tranche had a positive impact on the Group's liquidity in first half of 2015.

The Group manages FX liquidity through the use of FX-denominated bilateral loans as well as subordinated debt, Cross Currency Swap and FX Swap transactions. The swaps portfolio is diversified in term of counterparties and maturity dates. For the majority of counterparties the Bank has signed a Credit Support Annex to the master agreements. As a result, in case of unfavourable changes of FX rates (PLN depreciation), the Bank is obliged to place deposits as collateral with counterparties in order to secure the settlement of derivative instruments in the future, and in case of favourable FX rates changes (PLN appreciation) receives deposits as collateral from the counterparty.

The Group assesses the possibility of unfavourable changes of FX rates (especially CHF and EUR, which causes increase of liquidity needs), analyses the impact on liquidity risk and reflects this risk in the liquidity plans.

The immediate effect of the strengthening of the Swiss franc in January 2015 was the necessity of placing the Group's counterparties with additional collateral deposits. In view of the fact that the major aim of the Liquidity plan of the Bank is to maintain a high level of liquidity reserves, increase of collateral deposits was completely covered by liquidating the part of unencumbered liquid assets. As a result there was no need for any additional sources of funding, and all liquidity ratios have been maintained, despite a decrease, above minimum limits in place. In first half of 2015, the liquidity indicators gradually increased. In the second quarter of 2015 their increase was due to growth in deposits, primarily from retail customers, issuance of own bonds that result in a significant increase of the securities portfolio in Banking Book.

Stress tests as regards structural liquidity are carried out every month to understand the Group's liquidity risk profile, to make sure that the Group is able to meet its commitments in the event of a liquidity crisis and to contribute to preparing a contingency plan regarding liquidity and management decisions. The Group has also contingency procedures for an increased liquidity risk situation - the Liquidity Contingency Plan, which is regularly updated.

Operational risk

In the first half of 2015 there could be observed a continuous use of standards implemented for the purpose of efficient management of operational risk, which are in line with legal provisions in force and the best practice of national and international financial institutions.

The operational risk management model, implemented by the Group is reviewed and accepted on a regular basis by the Management Board.

In keeping with the adopted solution, risk management is a process of continuous improvement as regards identification, assessment, monitoring, control/mitigating and reporting by complementary activities, which effectively translates into a real reduction in the level of operational risk in the business tasks.

In the first half of 2015 the registered level of operational risk losses was lower than the level of losses recorded in the same period last year.

Capital management

Capital management in the Group consists of the following subprocesses:

- capital adequacy management,
- capital allocation.

The purpose of capital adequacy management is to ensure solvency of the Group in the normal and stressed conditions (economic capital adequacy) and to meet the requirements specified in external regulations (regulatory capital adequacy).

Capital Adequacy Management is based on:

- ✓ measuring and monitoring of capital requirement for different risks and economic capital - both measures are monitored also in stressed conditions;
- ✓ measuring and monitoring of CAR, Tier 1 Ratio and Core Equity Tier 1 Ratio;
- ✓ measuring and monitoring of economic capital buffer and economic capital buffer in stressed conditions;
- ✓ monitoring the amount, structure and quality of own funds, to support business development, meet the recommendations of Supervisors and the expectations of other bodies (shareholders, depositors, rating agencies);
- ✓ initiating management actions aimed at increasing an amount and / or improve the quality of own funds and / or changes in the level of risk in the activity (control of capital adequacy).

Capital allocation purpose is to create value for shareholders by maximizing the return on risk in business activity, taking into account established risk appetite.

The Group is not subject of any externally imposed capital requirements under the second Pillar given by Supervisory Authorities.

The Group meets on regular basis its objectives for managing capital. Solvency is ensured in the normal and stressed conditions, both in terms of economic capital and regulatory capital requirements.

As what regards own funds, they consists mostly of high quality Core Tier 1 Capital. Concerning capital requirements, the Group uses internal ratings based method (IRB) of credit risk capital requirements calculation for retail residential real estate exposures and qualified revolving exposures, while for most of remaining portfolios corporate and other retail the Group is waiting for the consent from Supervisory Authorities for the use of IRB. Market and operational risk capital requirements are calculated along with standard methods.

6. OPERATIONAL SEGMENTS

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

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

Retail Customer Segment

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

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

Corporate Customer Segment

The Corporate Customers Segment is based on activity targeted at Small and Medium sized Companies as well as Large Corporations. The offer is also addressed to Customers from the Public Sector.

Business in the Corporate Customers segment is pursued with use of a high quality offer of typical banking products (loans for day-to-day activity, investment loans, current accounts, term deposits) supplemented by a range of cash management products as well as treasury products (including derivatives) and leasing and factoring services.

Treasury, ALM (assets and liabilities management) and Other

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

Income tax charge has been presented on Group level only.

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

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

The assets and liabilities of commercial segments are the operating assets and liabilities used by the segment in its operations, allocated on business grounds. The difference between operating assets and liabilities is covered by money market assets/liabilities and debt securities. The assets and liabilities of the Treasury, ALM & Other segment are money market assets/liabilities and debt securities not allocated to commercial segments.

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

Income statement 1.01.2015 - 30.06.2015

<i>In '000 PLN</i>	Retail Banking	Corporate Banking	Treasury, ALM & Other	Total
Net interest income	530 422	130 722	5 597	666 741
Net fee and commission income	229 065	69 836	5 238	304 139
Dividends, other income from financial operations and foreign exchange profit	31 776	29 927	58 583	120 286
Other operating income and cost	(7 475)	(3 841)	9 349	(1 967)
Operating income	783 788	226 644	78 767	1 089 199
Staff costs	(201 600)	(60 216)	(13 347)	(275 163)
Administrative costs	(194 500)	(38 902)	(12 665)	(246 067)
Depreciation and amortization	(19 767)	(4 030)	(640)	(24 437)
Operating expenses	(415 867)	(103 148)	(26 652)	(545 667)
Impairment losses on assets	(89 674)	(37 476)	(27)	(127 177)
Operating Profit	278 247	86 020	52 088	416 355
Share in net profit of associated companies	0	0	(1 385)	(1 385)
Profit / (loss) before taxes	278 247	86 020	50 703	414 970
Income taxes				(87 163)
Profit / (loss) after taxes				327 807

Balance sheet items as at 30.06.2015

<i>In '000 PLN</i>	Retail Banking	Corporate Banking	Treasury, ALM & Other	Total
Loans and advances to customers	35 017 669	11 980 561	0	46 998 230
Liabilities to customers	33 389 978	16 536 581	307 057	50 233 616

Income statement 1.01.2014 - 30.06.2014

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Net interest income	572 487	162 369	(3 665)	731 191
Net fee and commission income	246 869	69 164	2 551	318 584
Dividends, other income from financial operations and foreign exchange profit	47 301	24 356	25 955	97 612
Other operating income and cost	(6 092)	(1 971)	(27 956)	(36 019)
Operating income	860 565	253 918	(3 115)	1 111 368
Staff costs	(192 726)	(64 284)	(13 011)	(270 021)
Administrative costs	(208 827)	(35 425)	(13 281)	(257 533)
Depreciation and amortization	(22 487)	(3 677)	(572)	(26 736)
Operating expenses	(424 040)	(103 386)	(26 864)	(554 290)
Impairment losses on assets	(53 255)	(86 226)	(310)	(139 791)
Operating Profit	383 270	64 306	(30 289)	417 287
Share in net profit of associated companies	0	0	0	0
Profit / (loss) before taxes	383 270	64 306	(30 289)	417 287
Income taxes				(97 223)
Profit / (loss) after taxes				320 064

Balance sheet items as at 31.12.2014

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

7. DESCRIPTION OF RELATED PARTY TRANSACTIONS

All and any transactions between entities of the Group in 1 half 2015 resulted from the current operations.

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

7.1. Description of transactions with the Parent Group

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

	With parent entity		With other entities of parent Group	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
ASSETS				
Loans and advances to banks - accounts and deposits	2 208	28 705	0	10 699
Financial assets valued at fair value through profit and loss (held for trading)	0	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
LIABILITIES				
Deposits from banks	147 834	72 327	121 184	147 859
Debt securities	0	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities	0	0	220	272

	With parent entity		With other entities of parent Group	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
INCOME FROM:				
Interest	16	7 359	0	0
Commissions	1 365	125	0	0
Other net operating income	0	0	51	151
EXPENSE FROM:				
Interest	55	1 448	-51	107
Commissions	0	173	0	0
Financial instruments valued at fair value	7	101	0	3
Other net operating costs	73	0	0	0
General and administrative expenses	471	77	394	1 629

	With parent entity		With other entities of parent Group	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Conditional commitments	102 172	103 952	0	0
- granted	100 345	100 345	0	0
- obtained	1 827	3 607	0	0
Derivatives (par value)	0	0	0	0

7.2. Transactions with subordinated, not consolidated entities

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

	30.06.2015	31.12.2014
Loans and advances to customers	0	1 314
Interest income	12	139

7.3. Transactions with the managing and supervising persons

Data as at 30.06.2015

	Members of the Management Board	Members of the Supervisory Board
Total debt limit (in '000 PLN).	181.0	188.0
- including an unutilized limit (in '000 PLN).	141.3	183.5
Mortgage loans and credits	-	-
Active guarantees	-	-

The Group provides standard banking services to Members of the Management Board, Members of the Supervisory Board, persons related to Members of the Management Board and Members of the Supervisory Board, which services comprise i.a.: keeping bank accounts, accepting deposits or sale of financial instruments. These transactions are concluded on market terms and conditions. In accordance with the credit lending policy adopted in the Bank, term credits described in this section have appropriate collateral to mitigate its credit risk exposure.

Information on total exposure towards companies and groups personally related as at 30.06.2015:

Entity	Loans granted	Guarantees provided	Open credit lines	Relationship
Client 1	45	2 000	92	Personal with a supervising person

Information on total exposure towards the members of the Management and Supervisory Boards as at 31.12.2014:

	Members of the Management Board	Members of the Supervisory Board
Total debt limit (in '000 PLN).	336.0	158.0
- including an unutilized limit (in '000 PLN).	289.8	109.3
Mortgage loans and credits	2 796.6	-
Active guarantees	-	-

Information on total exposure towards companies and groups personally related as at 31.12.2014:

Entity	Loans granted	Guarantees provided	Open credit lines	Relationship
Client 1	23	2 000	114	Personal with a supervising person
Client 2	0	0	20	Personal with a supervising person
Group 1	68 065	0	0	Personal with a supervising person
Group 2	5 364	0	0	Personal with a supervising person

7.4. Information on compensations and benefits of the members of the Management and Supervisory Boards

Remuneration (including provisions charged) and benefits incurred by the Bank in favour of the Members of the Management Board (data in thousand PLN):

Period	Short term salaries	Benefits	TOTAL
1.01-30.06.2015	9 711	728	10 439
1.01-30.06.2014	9 082	756	9 838

The benefits are mainly the costs of accommodation of the foreign Members of the Management Board.

Remuneration of the Members of the Supervisory Board of the Bank (data in thousand PLN):

Period	Short term salaries and benefits
1.01-30.06.2015	1 173
1.01-30.06.2014	1 117

7.5. Balance of the Bank's shares held by the Bank's Supervisory and Management Board Members

Name and surname	Function	Number of shares as of delivery date of quarterly report prepared as at 30.06.2015	Number of shares as presented in annual report for 2014
Joao Nuno Lima Bras Jorge	Chairman of the Management Board	111 000	51 000
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board	0	0
Wojciech Haase	Member of the Management Board	7 494	7 494
Andrzej Gliński	Member of the Management Board	0	0
Maria Jose Henriques Barreto De Matos De Campos	Member of the Management Board	0	0
Michał Gajewski	Member of the Management Board	0	0
Bogusław Kott	Chairman of the Supervisory Board	4 465 791	4 465 791
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Dariusz Rosati	Deputy Chairman and Secretary of the Supervisory Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Supervisory Board	492 248	492 248
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Agnieszka Hryniewicz	Member of the Supervisory Board	0	0
Anna Jakubowski	Member of the Supervisory Board	0	0
Grzegorz Jędryś	Member of the Supervisory Board	0	0
David Harris Klingensmith	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	0
Rui Manuel da Silva Teixeira	Member of the Supervisory Board	0	0

8. FAIR VALUE

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

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

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

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

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

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

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

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

Receivables and liabilities with respect to banks (structured contract)

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

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

Other receivables and liabilities with respect to banks

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

Loans and advances granted to customers

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

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

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

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

Liabilities to customers

The fair value of such instruments without maturity or with maturity till 30 days is considered by the Group to be close to balance-sheet value.

Fair value of instruments due and payable over 30 days is determined by discounting future cash flows from principal and interest (including the current average margins by major currencies and time periods) using current interest (including the original average margins by major currencies and time periods) in contractual terms.

Liabilities from the issuance of structured debt securities

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

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

Subordinated liabilities and medium term loans

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

The table below presents results of the above-described analyses as at 30.06.2015 (data in PLN thousand):

ASSETS

	Note	Balance sheet value	Fair value
Loans and advances to banks	9	3 735 715	3 748 585
Loans and advances to customers (*)	12	46 998 230	45 039 426

LIABILITIES

	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 152 713	2 168 375
Amounts due to customers	17	50 233 616	50 235 221
Debt securities	18	1 814 038	1 825 458
Subordinated debt		629 489	623 645

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

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

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

ASSETS

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

LIABILITIES

	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 037 269	2 067 403
Amounts due to customers	17	47 591 244	47 599 483
Debt securities	18	1 739 461	1 752 825
Subordinated debt		639 739	633 950

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

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

Data in PLN'000, as at 30.06.2015

	note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS				
Financial assets valued at fair value through profit and loss (held for trading)	10			
- derivatives			303 446	44 886
- debt securities		3 791 214		
- shares and interests		1 292		
Hedging derivatives	11		41 205	
Financial assets available for sale	13			
- debt securities		6 267 667	4 499 624	92 272
- shares and other financial instruments		331	0	12 557
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	10			
- derivatives and short sale of securities		35 031	320 436	45 225
Hedging derivatives	11		3 115 574	

Data in '000 PLN, as at 31.12.2014

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

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

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

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

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

	Indexes options	Options embedded in securities issued and deposits	Municipal bonds	Shares and interests
Balance on 1 January 2015	68 745	(67 939)	93 371	6 642
Settlement/sell/purchase	(27 134)	26 508	(1 025)	5 915
Change of valuation recognized in P&L account (including interests)	(1 842)	1 323	(74)	0
Balance on 30 June 2015	39 769	(40 108)	92 272	12 557

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

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

9. CONTINGENT ASSETS AND LIABILITIES

The total value of lawsuits as at 30 June 2015, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 755.8 million (excluding group action as described below). The total value of lawsuits, in which Group companies acted as defendants, was PLN 393.1 million and the total value of lawsuits, in which Group companies acted as claimants was PLN 362.7 million.

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

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

The amount of claims for which:	PLN million
probability of resources outflow is negligible	0.0
outflow of resources is possible	397.8
outflow of resources is probable	10.3
TOTAL	408.1

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

As at 30 June 2015 the volume of claims in the court proceedings for which outflow of resource is considered to be possible amounted to PLN 397.8 million. In the Group's opinion probability of winning cases included in this category is high, in effect the Group has not created provisions for these proceedings. The most important group of lawsuits for which an outflow of resources is possible are proceedings connected with derivatives with total value in dispute amounted to PLN 340.3 million.

In terms of lawsuits connected with derivatives, the Group, as a defendant, was present together in 29 such proceedings. The highest unit value of the dispute considering this group of proceedings was PLN 71.1 million. Whereas in the group of proceedings not connected with derivatives in which the Group acted as the defendant, the highest unit value of the dispute was PLN 24.5 million.

On 21 October 2014 a group action was delivered to the Bank in which a group of the Bank's borrowers represented by the Municipal Consumer Ombudsman in Olsztyn seeks the ascertainment that the Bank is liable towards the same for unjust enrichment in connection with the CHF-indexed mortgage agreements. The members of the group claim that the Bank unduly collected excessive amounts from them for the repayment of loans. According to the statement of claim, the overstatement of such amounts was to result from the application of abusive contractual provisions concerning the CHF-indexation of credits. According to the statement of claim there are approx. 2,300 group members and the value of the subject matter of the dispute is defined at approx. PLN 45.2 million. The Bank does not agree with the claims of the group members. On 31 December 2014 the Bank submitted a response to the statement of claim. On 4 March 2015 new members joined the group action and the Claimant extended the statement of claim accordingly. According to the Claimant after the extension there are approx. 3,400 group members (including the group members included in the statement of claim) and the value of the subject matter of the dispute is approx. PLN 81.5 million (including the value provided in the statement of claim). On 14 May 2015 the Regional Court in Warsaw held a hearing concerning the admissibility of the group action proceedings. On 28 May 2015 the Regional Court in Warsaw issued a decision rejecting the group action on the grounds that the case cannot be heard in group action proceedings. The Court's decision is not final. On 3 July 2015 the Claimant filed an appeal against this decision.

OFF-BALANCE ITEMS

Amount '000 PLN	30.06.2015	31.12.2014
Off-balance conditional commitments granted and received	7 453 616	7 889 947
Commitments granted:	7 266 754	7 757 463
- financial	6 254 773	6 691 430
- guarantee	1 011 981	1 066 033
Commitments received:	186 862	132 484
- financial	125 832	60 459
- guarantee	61 030	72 025

10. ADDITIONAL INFORMATION

10.1. Data on assets securing liabilities

As at 30 June 2015, the Bank's following assets secured its liabilities (in '000 PLN):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds WZ0118	available for sale	Lombard credit granted to the Bank by the NBP	130 000	130 822
2.	Treasury bonds WZ0118	available for sale	Initial security deposit for bond futures	500	503
3.	Treasury bonds WZ0117	available for sale	Loan agreement	609 000	613 945
4.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	200 000	201 264
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	89 000	89 723
6.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
7.	Cash		Payment to the Security Fund OTC-KDPW_CCP	6 000	6 000
8.	Deposits	Deposits in banks	Settlement on transactions concluded	2 912 223	2 912 223
TOTAL				3 946 823	3 954 580

As at 31 December 2014, the Bank's following assets securing its liabilities (in '000 PLN):

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds WZ0118	available for sale	Lombard credit granted to the Bank by the NBP	130 000	131 209
2.	Treasury bonds WZ0118	available for sale	Initial security deposit for bond futures	500	505
3.	Treasury bonds WZ0117	available for sale	Loan agreement	589 000	589 683
4.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	200 000	201 860
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	74 000	74 858
6.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
7.	Deposits	Deposits in other banks	Settlement on transactions concluded	1 501 094	1 501 094
TOTAL				2 494 694	2 499 309

10.2. Dividend for 2014

Following received by the Bank recommendation issued by Financial Supervision Commission regarding retaining the entire net profit for 2014, until the establishment by the supervisory authority the amount of possible additional capital requirement for the Bank, the Annual General Meeting decided to retain the net profit for 2014 in the Bank by allocating it in full to reserve capital.

10.3. Earnings per share

Profit per share calculated for 1 half 2015 (and diluted profit per share) on the basis of the consolidated data amounts to PLN 0.27.

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

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

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

In March 2015 Banco Comercial Portugues S.A. concluded the sale of 15.41% shares of Bank Millennium in accelerated placement form.

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

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

Shareholders structure according to consolidated annual report for 2014

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING Otwarty Fundusz Emerytalny	95 521 053	7.87	95 521 053	7.87

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

In 1 half 2015, the Group did not grant any sureties or guarantees for a loan or bank loan to a single entity, which would cause the Group's exposure on this account to the Client as at 30 June 2015 to exceed 10% of the Group's equity as at the balance sheet date.

10.6. Seasonality and business cycles

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

10.7. Description of non-standard factors and events

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

10.8. The proposed regulations relating to foreign currency loans

- Announced legislative intentions or initiatives on FX loans conversion, if implemented and made mandatory for banks, could significantly deteriorate the Group's profitability and capital position in the medium term.
- Possible additional capital requirements, imposed by Polish Financial Supervision Authority in relation to FX mortgage portfolios, may influence capital position of the Group. However, it should be noted that the Annual General Meeting of the Bank has already decided to retain entire 2014 net profit in own funds, which raised Group's capital ratios well above the required minimum levels.

10.9. Other additional information

As at 30 June 2015, the Group has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed consolidated statements, Group did not:

- create substantial write-offs for inventories,
- conclude significant acquisitions and sales of property, plant and equipment,
- make correction of prior period errors,
- introduce significant changes in determining the fair value for financial instruments valued at fair value,
- make any reclassification of financial assets as a result of changes in purpose or use,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

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

Date	Name and surname	Position/Function	Signature
24.07.2015	Joao Bras Jorge	Chairman of the Management Board	
24.07.2015	Fernando Bicho	Deputy Chairman of the Management Board	
24.07.2015	Wojciech Haase	Member of the Management Board	
24.07.2015	Andrzej Gliński	Member of the Management Board	
24.07.2015	Maria Jose Campos	Member of the Management Board	
24.07.2015	Michał Gajewski	Member of the Management Board	

II. CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE SIX MONTHS ENDED 30 JUNE 2015

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1. INTRODUCTION AND ACCOUNTING PRINCIPLES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union, taking into account the opinion of the Polish Financial Supervision Authority from 12 February 2015 and the interpretation of Ministry of Finance from 11 February 2015 in relation to recognition of annual fees paid to the Bank Guarantee Fund. The condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2014.

The accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in the financial statements of Bank Millennium S.A. for the year ended 31 December 2014 with consideration of the specific requirements of IAS 34.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with later amendments) the Bank is required to publish the financial results for the six months ended 30 June 2015.

Condensed interim financial statements of the Bank:

- are prepared on the basis of the assumption of business continuity by the Bank, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

In addition to financial data these condensed interim financial statements of the Bank also presents information and data that is important for appropriate assessment of the Bank's economic and financial situation and its financial performance, and which was not included in the condensed interim consolidated statements of the Group for the six months period ended 30 June 2015. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the six months period ended 30 June 2015 contain all important information, which also serves as explanatory data to these standalone statements of the Bank.

The Board of Directors approved this condensed standalone interim financial statements on 24 July 2015.

2. STANDALONE FINANCIAL DATA (BANK)

INCOME STATEMENT

Amount '000 PLN	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Interest income	1 106 552	544 533	1 236 319	632 922
Interest expense	(484 491)	(234 158)	(558 487)	(282 837)
Net interest income	622 061	310 375	677 832	350 085
Fee and commission income	315 923	155 065	327 755	169 187
Fee and commission expense	(34 408)	(18 185)	(30 302)	(15 989)
Net fee and commission income	281 515	136 880	297 453	153 198
Dividend income	33 176	33 176	28 605	28 605
Result on investment financial assets	26 495	12 177	14 891	(296)
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	89 526	43 872	82 097	42 579
Other operating income	32 102	25 631	11 762	6 218
Operating income	1 084 875	562 111	1 112 640	580 389
General and administrative expenses	(493 998)	(245 061)	(500 830)	(252 806)
Impairment losses on financial assets	(117 329)	(52 286)	(129 935)	(70 098)
Impairment losses on non financial assets	0	(7)	(352)	(279)
Depreciation and amortization	(22 837)	(11 562)	(25 936)	(12 716)
Other operating expenses	(39 504)	(27 202)	(51 312)	(24 752)
Operating expenses	(673 668)	(336 118)	(708 365)	(360 651)
Operating profit	411 207	225 993	404 275	219 738
Profit / (loss) before taxes	411 207	225 993	404 275	219 738
Corporate income tax	(80 202)	(43 429)	(88 669)	(45 903)
Profit / (loss) after taxes	331 005	182 564	315 606	173 835
Weighted average number of ordinary shares	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)	0.27	0.15	0.26	0.14

TOTAL COMPREHENSIVE INCOME STATEMENT

<i>Amount '000 PLN</i>	1.01.2015 - 30.06.2015	1.04.2015 - 30.06.2015	1.01.2014 - 30.06.2014	1.04.2014 - 30.06.2014
Profit / (loss) after taxes	331 005	182 564	315 606	173 835
Other elements of total comprehensive income that will be subsequently reclassified to profit or loss	(86 404)	19 342	23 038	29 485
Effect of valuation of available for sale debt securities	(52 082)	(70 251)	22 327	29 416
Hedge accounting	(34 322)	89 593	711	69
Other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Actuarial gains (losses)	0	0	0	0
Other elements of total comprehensive income before taxes	(86 404)	19 342	23 038	29 485
Corporate income tax on other elements of total comprehensive income that will be subsequently reclassified to profit or loss	16 417	(3 675)	(4 377)	(5 602)
Corporate income tax on other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Other elements of total comprehensive income after taxes	(69 987)	15 667	18 661	23 883
Total comprehensive income for the period	261 018	198 231	334 267	197 718

BALANCE SHEET

ASSETS

<i>Amount '000 PLN</i>	30.06.2015	31.12.2016
Cash, balances with the Central Bank	1 939 126	2 612 015
Deposits, loans and advances to banks and other monetary institutions	3 735 715	2 384 744
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	4 167 005	1 419 234
Hedging derivatives	41 205	18 999
Loans and advances to customers	46 605 157	43 634 324
Investment financial assets	10 872 119	9 249 216
- available for sale	10 872 119	9 249 216
- held to maturity	0	0
Investments in associates	226 369	227 752
Receivables from securities bought with sell-back clause (loans and advances)	131 067	155 642
Property, plant and equipment	140 020	147 629
Intangible assets	45 500	48 110
Non-current assets held for sale	0	0
Receivables from Tax Office resulting from current tax	60 215	63 871
Deferred tax assets	135 152	124 957
Other assets	454 948	397 557
Total Assets	68 553 598	60 484 050

LIABILITIES AND EQUITY

Amount '000 PLN	30.06.2015	31.12.2014
LIABILITIES		
Liabilities to banks and other monetary institutions	2 152 713	1 986 125
Financial liabilities valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	421 823	629 870
Hedging derivatives	3 115 574	1 390 225
Liabilities to customers	50 368 636	47 807 862
Liabilities from securities sold with buy-back clause	3 376 086	66 774
Debt securities	1 815 303	1 740 633
Provisions	69 834	95 023
Deferred income tax liabilities	0	0
Current tax liabilities	9 577	5 976
Other liabilities	986 836	775 114
Subordinated debt	629 489	639 739
Total Liabilities	62 945 871	55 137 341
EQUITY		
Share capital	1 213 117	1 213 117
Share premium	1 147 241	1 147 241
Revaluation reserve	(183 150)	(113 163)
Retained earnings	3 430 519	3 099 514
Total Equity	5 607 727	5 346 709
Total Liabilities and Equity	68 553 598	60 484 050
Book value	5 607 727	5 346 709
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	4.62	4.41

STATEMENT OF CHANGES IN EQUITY

01.01.2015 - 30.06.2015, Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	5 346 709	1 213 117	1 147 241	(113 163)	619 511	2 480 003
Total comprehensive income for I half 2015 (net)	261 018	0	0	(69 987)	331 005	0
net profit/ (loss) of the period	331 005	0	0	0	331 005	0
valuation of available for sale debt securities	(42 186)	0	0	(42 186)	0	0
hedge accounting	(27 801)	0	0	(27 801)	0	0
Transfer between items of reserves	0	0	0	0	(619 511)	619 511
Equity at the end of the period	5 607 727	1 213 117	1 147 241	(183 150)	331 005	3 099 514

01.01.2014 - 31.12.2014, Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	4 975 796	1 213 117	1 147 241	(131 451)	496 775	2 250 114
Total comprehensive income for 2014 (net)	637 799	0	0	18 288	619 511	0
net profit/ (loss) of the period	619 511	0	0	0	619 511	0
valuation of available for sale debt securities	56 288	0	0	56 288	0	0
hedge accounting	(35 859)	0	0	(35 859)	0	0
actuarial gains (losses)	(2 141)	0	0	(2 141)	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(229 889)	229 889
Equity at the end of the period	5 346 709	1 213 117	1 147 241	(113 163)	619 511	2 480 003

01.01.2014 - 30.06.2014, Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	4 975 796	1 213 117	1 147 241	(131 451)	496 775	2 250 114
Total comprehensive income for I half 2014 (net)	334 267	0	0	18 661	315 606	0
net profit/ (loss) of the period	315 606	0	0	0	315 606	0
valuation of available for sale debt securities	18 085	0	0	18 085	0	0
hedge accounting	576	0	0	576	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(229 889)	229 889
Equity at the end of the period	5 043 177	1 213 117	1 147 241	(112 790)	315 606	2 480 003

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
Profit (loss) after taxes	331 005	315 606
Total adjustments:	349 216	(926 500)
Interests in net income (loss) of associated companies	0	0
Depreciation and amortization	22 837	25 936
Foreign exchange (gains) losses	4 574	3 881
Dividends	(33 176)	(28 605)
Changes in provisions	(25 189)	27 109
Result on sale and liquidation of investing activity assets	(25 187)	(15 902)
Change in financial assets valued at fair value through profit and loss (held for trading)	(2 804 299)	(87 841)
Change in loans and advances to banks	(1 461 098)	(64 533)
Change in loans and advances to customers	(2 975 459)	(1 837 121)
Change in receivables from securities bought with sell-back clause (loans and advances)	24 575	(76 966)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	1 517 302	71 271
Change in deposits from banks	85 181	(244 094)
Change in deposits from customers	2 560 774	673 285
Change in liabilities from securities sold with buy-back clause	3 309 312	569 039
Change in debt securities	(25 759)	5 315
Change in income tax settlements	83 564	88 703
Income tax paid	(66 429)	(77 813)
Change in other assets and liabilities	150 424	33 440
Other	7 269	8 396
Net cash flows from operating activities	680 221	(610 894)

B. CASH FLOWS FROM INVESTING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
Inflows from investing activities:	82 418 151	146 905 937
Proceeds from sale of property, plant and equipment and intangible assets	1 195	5 808
Proceeds from sale of shares in associates	0	0
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	82 383 780	146 801 524
Other investing inflows	33 176	98 605
Outflows from investing activities:	(81 953 552)	(145 856 700)
Acquisition of property, plant and equipment and intangible assets	(13 850)	(22 414)
Acquisition of shares in associates	0	0
Acquisition of financial assets valued at fair value through profit and loss	0	0
Acquisition of investment financial assets	(81 939 702)	(145 834 286)
Other investing outflows	0	0
Net cash flows from investing activities	464 599	1 049 237

C. CASH FLOWS FROM FINANCING ACTIVITIES

<i>Amount '000 PLN</i>	1.01.2015 - 30.06.2015	1.01.2014 - 30.06.2014
Inflows from financial activities:	1 040 406	1 128 503
Long-term bank loans	108 488	211 328
Issue of debt securities	931 918	917 175
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other financial inflows	0	0
Outflows from financial activities:	(880 300)	(375 089)
Repayment of long-term bank loans	(36 096)	(93 070)
Redemption of debt securities	(831 489)	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	(266 886)
Other financial outflows	(12 715)	(15 133)
Net cash flows from financing activities	160 106	753 414

D. NET CASH FLOWS. TOTAL (A + B + C)	1 304 926	1 191 757
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	5 398 236	6 752 540
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	6 703 162	7 944 297

3. SUPPLEMENTARY INFORMATION FOR STANDALONE FINANCIAL DATA

As at 30 June 2015, the Bank has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed statements, Bank did not:

- create substantial write-offs for inventories,
- conclude significant acquisitions and sales of property, plant and equipment,
- make correction of prior period errors,
- introduce significant changes in determining the fair value for financial instruments valued at fair value,
- make any reclassification of financial assets as a result of changes in purpose or use,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

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

The proposed regulations relating to foreign currency loans

- Announced legislative intentions or initiatives on FX loans conversion, if implemented and made mandatory for banks, could significantly deteriorate the Bank's profitability and capital position in the medium term.
- Possible additional capital requirements, imposed by Polish Financial Supervision Authority in relation to FX mortgage portfolios, may influence capital position of the Bank. However, it should be noted that the Annual General Meeting of the Bank has already decided to retain entire 2014 net profit in own funds, which raised Bank's capital ratios well above the required minimum levels.

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

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

	01.01.2015 - 30.06.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 225 637	1 190 184
Change in value of provisions:	108 955	35 453
Write-offs in the period	312 043	490 885
Amounts written off	(26 495)	(173 424)
Reversal of write-offs in the period	(189 298)	(226 550)
Write-offs decrease due to sale of receivables	(65)	(63 902)
Changes resulting from FX rates differences	12 709	7 663
Other	61	781
Balance at the end of the period	1 334 592	1 225 637

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2015	29	4 839	19 498	0	4 551
- Write-offs created	33	1 385	0	0	182
- Write-offs released	0	0	0	0	(182)
- Utilisation	0	0	0	0	(267)
- Other changes	0	0	(1 699)	0	0
Balance as at 30.06.2015	62	6 224	17 799	0	4 284

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

Impairment losses on financial assets

	01.01.2015 - 30.06.2015	01.01.2014 - 30.06.2014
Impairment losses on loans and advances to customers	(121 903)	(133 802)
- Impairment charges on loans and advances to customers	(312 073)	(283 443)
- Reversal of impairment charges on loans and advances to customers	189 298	147 921
- Amounts recovered from loans written off	1 120	1 720
- Result from sale of receivables portfolio	(248)	0
Impairment losses on investment securities	(33)	28
- Impairment write-offs for investment securities	(33)	(9)
- Reversal of impairment write-offs for investment securities	0	37
Impairment losses on investments in associates	(1 385)	0
- Impairment write-offs for investments in associates	(1 385)	0
- Reversal of impairment write-offs for investments in associates	0	0
Impairment losses on off-balance sheet liabilities	5 992	3 839
- Impairment write-offs for off-balance sheet liabilities	(4 869)	(19 971)
- Reversal of impairment write-offs for off-balance sheet liabilities	10 861	23 810
Total	(117 329)	(129 935)

Creation, charge, utilisation and release of provisions

	01.01.2015 - 30.06.2015	01.01.2014 - 31.12.2014
Provision for off-balance sheet commitments		
Balance at the beginning of the period	27 692	33 738
Charge of provision	4 869	21 795
Release of provision	(10 861)	(27 844)
FX rates differences	10	3
Balance at the end of the period	21 710	27 692
Provision for contentious claims		
Balance at the beginning of the period	67 331	29 327
Charge of provision	17 915	39 738
Release of provision	(1 900)	(1 398)
Utilisation of provision	(35 222)	(336)
Balance at the end of the period	48 124	67 331
Total	69 834	95 023

Assets and provision from deferred income tax

	30.06.2015			31.12.2014		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation and amortisation	4 909	0	4 909	5 121	0	5 121
Balance sheet valuation of financial instruments	661 878	(676 727)	(14 849)	307 393	(307 690)	(297)
Unrealised receivables/ liabilities on account of derivatives	29 575	(43 621)	(14 046)	44 652	(52 463)	(7 811)
Interest on deposits and securities to be paid/ received	28 979	(103 842)	(74 863)	34 764	(90 914)	(56 150)
Interest and discount on loans and receivables	0	(22 560)	(22 560)	0	(26 733)	(26 733)
Income and cost settled at effective interest rate	81 486	(71)	81 415	61 388	(102)	61 286
Provisions for loans presented as temporary differences	100 014	0	100 014	93 050	0	93 050
Employee benefits	13 652	0	13 652	14 931	0	14 931
Provisions for future costs	17 501	0	17 501	14 510	0	14 510
Valuation of investment assets, the valuation of cash flow hedge and actuarial gains (losses) recognized in the revaluation reserve	45 914	(2 953)	42 961	39 393	(12 849)	26 544
Other	2 849	(1 831)	1 018	2 582	(2 076)	506
Net deferred income tax asset	986 757	(851 605)	135 152	617 784	(492 827)	124 957

4. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between the Group entities in the period from 1 January 2014 to 30 June 2015 resulted from their ongoing activity. Transactions concluded with managing and supervising persons are presented in **Chapter 7** of „Condensed interim financial statement”. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities:

- MILLENNIUM LEASING Sp. z o.o.,
- MILLENNIUM DOM MAKLESKI S.A.,
- MILLENNIUM TFI S.A.,
- MB FINANCE A.B.,
- MILLENNIUM SERVICE Sp. z o.o.,
- MILLENNIUM TELECOMMUNICATION SERVICES.,
- TBM Sp. z o.o.

and with the Capital Group of the Bank parent company - Banco Comercial Portugues (these transactions are mainly of banking nature).

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

Assets and liabilities from transactions with related parties (data in '000 PLN) as at 30.06.2015

	With subsidiaries	With parent entity	With other entities of parent Group
ASSETS			
Loans and advances to banks - accounts and deposits	0	2 208	0
Loans and advances to customers	3 817 501	0	0
Investments in associates	224 993	0	0
Financial assets valued at fair value through profit and loss (held for trading)	1 067	0	0
Hedging derivatives	0	0	0
Other assets	208 535	0	0
LIABILITIES			
Deposits from banks	0	147 834	121 184
Deposits from customers	442 217	0	0
Liabilities from securities sold with buy-back clause	12 010	0	0
Liabilities from debt securities	1 265	0	0
Hedging derivatives	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	7	0	0
Subordinated debt	629 489	0	0
Other liabilities	87 780	0	220
- including liabilities from financial leasing	71 276	0	0

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

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

Profit and loss on transactions with related parties (data in '000 PLN) for the period of 1.01-30.06.2015

	With subsidiaries	With parent entity	With other entities of parent Group
INCOME FROM:			
Interest	38 367	16	0
Commissions	27 751	122	0
Financial instruments valued at fair value	962	0	0
Dividends	31 799	0	0
Other net operating income	1 289	0	51
EXPENSE FROM:			
Interest	8 724	55	-51
Commissions	35	0	0
Financial instruments valued at fair value	0	7	0
Other net operating costs	0	73	0
General and administrative expenses	47 381	0	394

Profit and loss on transactions with related parties (data in '000 PLN) for the period of 1.01-30.06.2014

	With subsidiaries	With parent entity	With other entities of parent Group
INCOME FROM:			
Interest	39 872	7 359	0
Commissions	27 910	125	0
Financial instruments valued at fair value	280	0	0
Dividends	26 763	0	0
Other net operating income	299	0	151
EXPENSE FROM:			
Interest	10 067	1 448	107
Commissions	31	173	0
Financial instruments valued at fair value	0	101	3
General and administrative expenses	48 050	0	1 629

Off-balance transactions with related parties (data in '000 PLN) as at 30.06.2015

	With subsidiaries	With parent entity	With other entities of parent Group
Conditional commitments	39 072	102 172	0
- granted	37 093	100 345	0
- received	1 979	1 827	0
Derivatives (par value)	170 207	0	0

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

	With subsidiaries	With parent entity	With other entities of parent Group
Conditional commitments	40 627	103 952	0
- granted	38 812	100 345	0
- received	1 815	3 607	0
Derivatives (par value)	77 867	0	0

5. FAIR VALUE

The methodology used by the Bank for valuation of assets and liabilities at fair value is described in detail in Chapter 8. Condensed interim consolidated financial statements of Bank Millennium SA for the 6 months ended 30 June 2015. The following tables show the figures for Bank Millennium SA.

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

30.06.2015	Balance sheet value	Fair value
Loans and advances to banks	3 735 715	3 748 585
Loans and advances to customers *	46 605 157	44 641 879

LIABILITIES

30.06.2015	Balance sheet value	Fair value
Amounts due to banks	2 152 713	2 168 375
Amounts due to customers	50 368 636	50 370 241
Debt securities	1 815 303	1 826 723
Subordinated debt	629 489	623 645

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

ASSETS

31.12.2014	Balance sheet value	Fair value
Loans and advances to banks	2 384 744	2 412 196
Loans and advances to customers	43 634 324	41 901 648

LIABILITIES

31.12.2014	Balance sheet value	Fair value
Amounts due to banks	1 986 125	2 016 187
Amounts due to customers	47 807 862	47 816 101
Debt securities	1 740 633	1 753 997
Subordinated debt	639 739	633 950

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

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

Data in PLN'000, as at 30.06.2015

	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS			
Financial assets valued at fair value through profit and loss (held for trading)			
- derivatives		304 501	44 886
- debt securities	3 791 214		
Hedging derivatives		41 205	
Financial assets available for sale			
- debt securities	6 267 667	4 499 624	92 272
- shares and other financial instruments			12 556
LIABILITIES			
Financial liabilities valued at fair value through profit and loss (held for trading)			
- derivatives and short sale of securities	35 031	320 443	45 225
Hedging derivatives		3 115 574	

Data in '000 PLN, as at 31.12.2014

	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS			
Financial assets valued at fair value through profit and loss (held for trading)			
- derivatives		383 870	74 785
- debt securities	933 482		
Hedging derivatives		18 999	
Financial assets available for sale			
- debt securities	6 749 204	2 400 000	93 371
- shares and interests			6 642
LIABILITIES			
Financial liabilities valued at fair value through profit and loss (held for trading)			
- derivatives and short sale of securities	162 254	373 591	73 979
Hedging derivatives		1 390 225	

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

	Indexes options	Options embedded in securities issued and deposits	Municipal bonds	Shares and interests
Balance on 1 January 2015	68 745	(67 939)	93 371	6 642
Settlement/sell/purchase	(27 164)	26 508	(1 025)	5 914
Change of valuation recognized in P&L account (including interests)	(1 842)	1 323	(74)	0
Balance on 30 June 2015	39 739	(40 108)	92 272	12 556

6. ADDITIONAL INFORMATION

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

During the six months ended June 30, 2015 the Bank's liabilities from debt securities increased by PLN 75 million, which was caused mainly by the fact that in during the period the Bank redeemed lower amount of floating bonds than issued as part of an ongoing Second Bonds' Issue Programme, initiated in 2012, with total nominal value not exceeding PLN 2 000 million (or the equivalent of this amount in EUR, USD, CHF).

6.2. Off-balance sheet liabilities

As at 30 June 2015 and 31 December 2014, the structure of off-balance sheet liabilities was as follows:

Amount '000 PLN	30.06.2015	31.12.2014
Off-balance conditional commitments granted and received	7 492 688	7 930 574
Commitments granted:	7 303 847	7 796 275
- financial	6 261 638	6 691 481
- guarantee	1 042 209	1 104 794
Commitments received:	188 841	134 299
- financial	125 832	60 459
- guarantee	63 009	73 840

Date	Name and surname	Position/Function	Signature
24.07.2015	Joao Bras Jorge	Chairman of the Management Board	
24.07.2015	Fernando Bicho	Deputy Chairman of the Management Board	
24.07.2015	Wojciech Haase	Member of the Management Board	
24.07.2015	Andrzej Gliński	Member of the Management Board	
24.07.2015	Maria Jose Campos	Member of the Management Board	
24.07.2015	Michał Gajewski	Member of the Management Board	