Report of the
Bank Millennium S.A.
Capital Group
for 1st Half 2009

MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	II quarters / period from 1.01.2009 - 30.06.2009	II quarters / period from 1.01.2008 - 30.06.2008*	II quarters / period from 1.01.2009 - 30.06.2009	II quarters / period from 1.01.2008 - 30.06.2008*
I. Interest income	1 200 177	1 089 125	265 619	313 183
II. Fee and commission income	276 423	294 657	61 177	84 730
III. Operating income	749 440	937 393	165 863	269 552
IV. Operating profit	15 579	318 168	3 448	91 491
V. Profit / (loss) before taxes	22 579	318 168	4 997	91 491
VI. Profit (loss) after taxes	21 036	252 268	4 656	72 541
VII. Total comprehensive income of the period	33 517	250 296	7 418	71 974
VIII. Net cash flows from operating activities	-1 579 358	786 074	-349 538	226 039
IX. Net cash flows from investing activities	-242 593	-98 336	-53 690	-28 277
X. Net cash flows from financing activities	856 101	-95 909	189 469	-27 579
XI. Net cash flows, total	-965 850	591 829	-213 759	170 183
XII. Total Assets	45 539 409	47 114 922	10 188 699	11 292 043
XIII. Deposits from banks	4 120 276	3 060 550	921 844	733 523
XIV. Deposits from customers	32 925 223	31 702 279	7 366 481	7 598 092
XV. Equity	2 848 400	2 814 883	637 283	674 644
XVI. Share capital	849 182	849 182	189 991	203 524
XVII. Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
XVIII. Book value per share (in PLN / EUR)	3.35	3.31	0.75	0.79
XIX. Diluted book value per share (in PLN / EUR)	3.35	3.31	0.75	0.79
XX. Capital adequacy ratio	11.16%	10.20%	11.16%	10.20%
XXI. Earnings (losses) per ordinary share (in PLN / EUR)	0.02	0.30	0.005	0.09
XXII. Diluted earnings (losses) per ordinary share (in PLN / EUR)	0.02	0.30	0.005	0.09
XXIII. Pledged or paid dividend per share (in PLN/EUR)	-	0.19	-	0.06

* - Comparative balance sheet data (items XII-XX and XXIII) were presented, in compliance with IFRS requirements, as at 31 December 2008. Other comparative data are presented for the period from 1 January 2008 to 30 June 2008.

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: 4.4696 PLN/EURO – the exchange rate of 30 June 2009 (for comparative data as at 31.12.2008: 4.1724 PLN/EURO),
- for profit and loss account items for the period from 1 January – 30 June 2009 - 4.5184 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 for the I half 2008: 3.4776 PLN/EURO).

MAIN QUARTERLY FINANCIAL DATA

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.04.2009 - 30.06.2009***	**1.01.2008 - 30.06.2008**	**1.04.2008 - 30.06.2008***
I. Interest income	1 200 177	568 649	1 089 125	565 367
II. Interest expense	-987 357	-483 722	-628 853	-325 296
III. Net interest income	**212 820**	**84 927**	**460 272**	**240 071**
IV. Fee and commission income	276 423	130 853	294 657	139 247
V. Fee and commission expense	-43 925	-24 303	-45 591	-25 175
VI. Net fee and commission income	**232 498**	**106 550**	**249 066**	**114 072**
VII. Dividend income	2 102	2 101	1 094	1 094
VIII. Result on investment financial assets	10 907	5 274	-8	-482
IX. Result on financial instruments valued at fair value through profit and loss (held for trading)	226 902	15 362	75 300	51 054
X. Foreign exchange profit	22 666	96 359	131 312	73 518
XI. Other operating income	41 545	23 048	20 357	9 102
XII. Operating income	**749 440**	**333 621**	**937 393**	**488 429**
XIII. General and administrative expenses	-479 713	-241 760	-542 803	-280 777
XIV. Impairment losses on financial assets	-185 209	-55 889	-36 820	-25 404
XV. Impairment losses on non financial assets	-206	90	-1 641	-1 425
XVI. Depreciation and amortization	-39 894	-20 393	-30 749	-18 137
XVII. Other operating expenses	-28 839	-13 405	-7 212	-3 278
XVIII. Operating expenses	**-733 861**	**-331 357**	**-619 225**	**-329 021**
XIX. Operating profit	**15 579**	**2 264**	**318 168**	**159 408**
XX. Share of profit of associates	7 000	7 000	0	0
XXI. Profit / (loss) before taxes	**22 579**	**9 264**	**318 168**	**159 408**
XXII. Corporate income tax	-1 543	-324	-65 900	-34 163
XXIII. Profit / (loss) after taxes	**21 036**	**8 940**	**252 268**	**125 245**
Attributable to:				
Equity holders of the parent	21 036	8 940	252 268	125 245
Minority interests	0	0	0	0
Weighted average number of ordinary shares	849 181 744	849 181 744	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	**0.02**	**0.01**	**0.30**	**0.15**

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT	**1.01.2009 - 30.06.2009**	**1.04.2009 - 30.06.2009***	**1.01.2008 - 30.06.2008**	**1.04.2008 - 30.06.2008***
Profit / (loss) after taxes	**21 036**	**8 940**	**252 268**	**125 245**
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:				
Effect of valuation of available for sale debt securities	6 117	3 494	-2 827	-2 626
Effect of valuation of available for sale shares	961	1 339	0	0
Hedge accounting	8 332	-193 297	393	254
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	**15 410**	**-188 464**	**-2 435**	**-2 372**
Corporate income tax on other elements of total comprehensive income	-2 929	35 808	463	451
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	**12 481**	**-152 656**	**-1 972**	**-1 921**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**33 517**	**-143 716**	**250 296**	**123 324**
Attributable to:				
Equity holders of the parent	33 517	-143 716	250 296	123 324
Minority interests	0	0	0	0

* Data not reviewed by Independent Auditor

INCOME STATEMENT OF THE BANK

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.04.2009 - 30.06.2009***	**1.01.2008 - 30.06.2008**	**1.04.2008 - 30.06.2008***
I. Interest income	1 109 243	531 879	1 000 617	517 722
II. Interest expense	-968 522	-474 891	-606 531	-312 950
III. Net interest income	**140 721**	**56 988**	**394 086**	**204 772**
IV. Fee and commission income	253 495	117 240	261 054	121 908
V. Fee and commission expense	-37 839	-20 086	-41 095	-23 027
VI. Net fee and commission income	**215 656**	**97 154**	**219 959**	**98 881**
VII. Dividend income	101 388	13 556	81 670	44 754
VIII. Result on investment financial assets	10 907	5 274	-8	-482
IX. Result on financial instruments valued at fair value through profit and loss (held for trading)	225 896	14 605	75 362	51 110
X. Foreign exchange profit	22 732	97 201	128 924	70 993
XI. Other operating income	25 613	19 419	14 256	7 443
XII. Operating income	**742 913**	**304 197**	**914 249**	**477 471**
XIII. General and administrative expenses	-465 541	-236 498	-511 400	-265 468
XIV. Impairment losses on financial assets	-154 672	-48 365	-29 426	-17 872
XV. Impairment losses on non financial assets	-187	90	-420	-266
XVI. Depreciation and amortization	-25 985	-12 907	-22 941	-13 925
XVII. Other operating expenses	-10 448	-6 983	-5 153	-2 884
XVIII. Operating expenses	**-656 833**	**-304 663**	**-569 340**	**-300 415**
XIX. Operating profit	**86 080**	**-466**	**344 909**	**177 056**
XX. Profit / (loss) before taxes	**86 080**	**-466**	**344 909**	**177 056**
XXI. Corporate income tax	911	2 770	-55 426	-29 443
XXII. Profit / (loss) after taxes	**86 991**	**2 304**	**289 483**	**147 613**
Weighted average number of ordinary shares	849 181 744	849 181 744	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	**0.10**	**0.00**	**0.34**	**0.17**

TOTAL COMPREHENSIVE INCOME STATEMENT OF THE BANK	**1.01.2009 - 30.06.2009**	**1.04.2009 - 30.06.2009***	**1.01.2008 - 30.06.2008**	**1.04.2008 - 30.06.2008***
Profit / (loss) after taxes	**86 991**	**2 304**	**289 483**	**147 613**
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:				
Effect of valuation of available for sale debt securities	6 117	3 494	-2 814	-2 612
Effect of valuation of available for sale shares	961	1 339	0	0
Hedge accounting	8 332	-193 297	393	254
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	**15 410**	**-188 464**	**-2 421**	**-2 358**
Corporate income tax on other elements of total comprehensive income	-2 929	35 809	460	448
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	**12 481**	**-152 655**	**-1 961**	**-1 910**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**99 472**	**-150 351**	**287 522**	**145 703**

* Data not reviewed by Independent Auditor

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I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE 6 MONTHS ENDED 30 JUNE 2009

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I. GENERAL INFORMATION ON THE ISSUER

Name (business name) and seat: Bank Millennium S.A., ul. Stanisława Żaryna 2 a, Warsaw, Poland
Registration court and register entry no.: 13th Business Division of the National Court Register, District Court for the Capital City of Warsaw, no. 0000010186
Issuer's primary line of business: banking activity and other financial intermediation activity, excluding insurance and pension funds,
The Capital Group's line of business includes: banking, leasing, factoring, brokerage, capital activity and management of mutual funds.
Supervisory Board and Management Board of Bank Millennium S.A.
On 27 March 2009, the Bank's Shareholder Meeting appointed the following to the Bank's Supervisory Board (in alphabetical order):

1. Mr. Maciej Bednarkiewicz
2. Mr. Luis Maria Franca de Castro Pereira Coutinho,
3. Mr. Vitor Manuel Lopes Fernandes,
4. Mr. Carlos Jorge Ramalho dos Santos Ferreira,
5. Mr. Marek Furtek,
6. Mr. Andrzej K. Koźmiński,
7. Mr. Paulo José de Ribeiro Moita de Macedo,
8. Mr. Nelson Ricardo Bessa Machado,
9. Mr. Ryszard Pospieszyński,
10. Mr. Marek Rocki,
11. Mr. Dariusz Rosati.

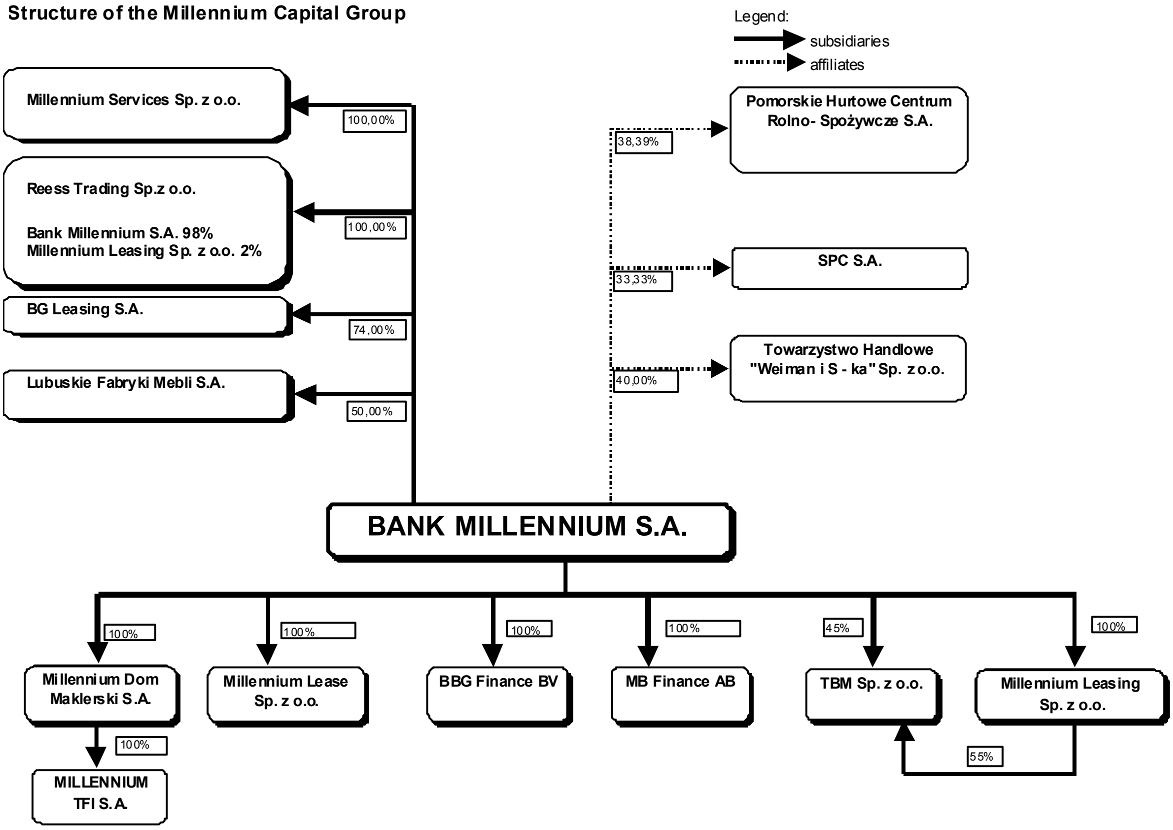
On 27 March 2009, a meeting of the Bank's Supervisory Board established on 27 March 2009 by the Bank's Shareholder meeting for the new term was held; at that meeting, the Supervisory Board was officially formed by appointing Mr. Maciej Bednarkiewicz to the position of the Supervisory Board Chairman and Mr. Carlos Jorge Ramalho dos Santos Ferreira and Mr. Ryszard Pospieszyński to the position of Supervisory Board Deputy Chairmen. Also, the Supervisory Board elected Mr. Marek Furtek to be the Supervisory Board Secretary.
The Supervisory Board resolved that the Bank's Management Board will consist of 7 people.
The Supervisory Board appointed the following to serve as:

- CEO – Mr. Bogusław Jerzy Kott,
- Deputy CEO – Mr. Rui Manuel Teixeira,

and the following as Management Board members:

- Mr. Fernando Bicho,
- Mrs. Julianna Boniuk-Gorzelańczyk,
- Mr. Wojciech Haase,
- Mr. Joao Bras Jorge,
- Mr. Artur Klimczak.

Bank Millennium SA is the parent company in the Group. The companies comprising the Group as at 30 June 2009 are presented below:



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

The companies Lubuskie Fabryki Mebli S.A. and Pomorskie Hurtowe Centrum Rolno-Spożywcze S.A. are valued using the equity method in the consolidated financial statements.

The Group applied provisions of paragraph 8 of IAS ("Accounting Policies, Changes In Accounting Estimates And Errors" according to which IFRS is a complete collection of accounting policies, which do not have to be used if their effect is insignificant. In accordance with the above, provisions of IAS 27 ("Consolidated And Separate Financial Statements") and IAS 28 ("Investments In Associates") were not applied to the financial statements of the following entities comprising the Capital Group as at 30 June 2009:

- Reess Trading Sp. z o.o.
- BG Leasing S.A. – in bankruptcy (*)
- Towarzystwo Handlowe „Weiman i S-ka" Sp. z o.o. – does not conduct business activity
- SPC S.A. – does not conduct business activity

(*) despite holding the majority stake, due to the bankruptcy proceedings, the Group has practically no control over that entity

II. 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. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 July 2009.

Starting on 1 January 2009, the Group modified (as compared to the aforementioned statements of the Group for 2008) the adopted accounting principles and has been preparing its financial statements in accordance with the amended IAS 1. The changes applied to presentation: the statement of changes in equity was modified and the Comprehensive income statement was introduced.

Other adjustments were as follows:

RECLASSIFICATION OF THE EFFECT OF REVALUATED ACCRUED INTEREST IN THE BALANCE SHEET

In 2009, the Bank (Group) changed the presentation of FX differences on the interest denominated in foreign currencies accrued in the balance sheet. This revaluation effect, previously presented in the Profit and Loss Account as a component of interest margin or result on financial instruments, is currently presented as "FX result". The adjustment of comparative data (for 1H 2009) is as follows:

Adjusted item	I semester of 2008 data as presented previously	I semester of 2008 comparatives	Difference
Interest income	*1 089 651*	*1 089 125*	*-526*
Result on financial instruments valued at fair value through profit and loss	*75 242*	*75 300*	*+58*
Foreign exchange profit	*130 844*	*131 312*	*+468*

Change in the presentation method of the result on options

In 2009, the Bank (Group) unified its presentation of result on matured FX options. As a result of the above, the total result on currency options is presented in the Profit and Loss Account as "Result on financial instruments carried at fair value through profit and loss". There was no need to adjust any comparative data.

Reclassification of debt securities

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

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

Name	WZ0911
Notional value as at reclassification date	120.000.000 zł.
Book value as at reclassification date	119.132.400 zł.
Interest rate as at reclassification date	6,64%

	Valuation recognized in P&L (with tax effect)	Valuation recognized in revaluation reserve (with tax effect)	Total effect recognized in equity
Year 2007			
Before reclassification in “trading” portfolio	-3	-	-3
Year 2008			
Before reclassification in “trading” portfolio	-1 016	-	-1 016
After reclassification in “available for sale” portfolio		-2 509	-2 509
TOTAL 2008	***-1 016***	***-2 509***	***- 3 525***
Year 2009			
After reclassification in “available for sale” portfolio	-	- 630	- 1 646
Year 2009 (proforma)			
If the reclassification did not occur	1 879	-	- 1 646

III. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	**Nota**	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Interest income	1	1 200 177	1 089 125
II. Interest expense	2	-987 357	-628 853
III. Net interest income		**212 820**	**460 272**
IV. Fee and commission income	3	276 423	294 657
V. Fee and commission expense	4	-43 925	-45 591
VI. Net fee and commission income		**232 498**	**249 066**
VII. Dividend income		2 102	1 094
VIII. Result on investment financial assets		10 907	-8
IX. Result on financial instruments valued at fair value through profit and loss (held for trading)	5	226 902	75 300
X. Foreign exchange profit		22 666	131 312
XI. Other operating income		41 545	20 357
XII. Operating income		**749 440**	**937 393**
XIII. General and administrative expenses	6	-479 713	-542 803
XIV. Impairment losses on financial assets	7	-185 209	-36 820
XV. Impairment losses on non financial assets		-206	-1 641
XVI. Depreciation and amortization		-39 894	-30 749
XVII. Other operating expenses		-28 839	-7 212
XVIII. Operating expenses		**-733 861**	**-619 225**
XIX. Operating profit		**15 579**	**318 168**
XX. Share of profit of associates		7 000	0
XXI. Profit / (loss) before taxes		**22 579**	**318 168**
XXII. Corporate income tax	8	-1 543	-65 900
XXIII. Profit / (loss) after taxes		**21 036**	**252 268**
Attributable to:			
Equity holders of the parent		21 036	252 268
Minority interests		0	0
Weighted average number of ordinary shares		849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)		**0,02**	**0,30**

TOTAL COMPREHENSIVE INCOME STATEMENT	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Profit / (loss) after taxes	**21 036**	**252 268**
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:		
Effect of valuation of available for sale debt securities	6 117	-2 827
Effect of valuation of available for sale shares	961	0
Hedge accounting	8 332	393
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	**15 410**	**-2 435**
Corporate income tax on other elements of total comprehensive income	-2 929	463
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	**12 481**	**-1 972**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**33 517**	**250 296**
Attributable to:		
Equity holders of the parent	33 517	250 296
Minority interests	0	0

ASSETS

Amount '000 PLN	Nota	30.06.2009	31.12.2008
I. Cash, balances with the Central Bank		974 006	1 802 594
II. Loans and advances to banks	9	780 004	1 580 027
III. Financial assets valued at fair value through profit and loss (held for trading)	10	4 754 430	6 279 933
IV. Hedging derivatives	11	239 044	9 977
V. Loans and advances to customers	12	34 908 443	33 748 166
VI. Investment financial assets	13	2 943 651	2 913 997
- available for sale		2 943 651	2 913 997
- held to maturity		0	0
VII. Investments in associates		12 401	5 395
VIII. Receivables from securities bought with sell-back clause (loans and advances)		193 722	61 282
IX. Property, plant and equipment		362 258	385 011
X. Intangible assets		20 073	21 837
XI. Non-current assets held for sale		1 046	1 111
XII. Receivables from Tax Office resulting from current tax		11 998	48 710
XIII. Deferred tax assets		129 777	51 253
XIV. Other assets		208 556	205 629
Total Assets		**45 539 409**	**47 114 922**

LIABILITIES

Amount '000 PLN		30.06.2009	31.12.2008
I. Deposits from banks	14	4 120 276	3 060 550
II. Financial liabilities valued at fair value through profit and loss (held for trading)	15	1 351 480	4 399 498
III. Hedging derivatives	16	162 095	1 179 649
IV. Deposits from customers	17	32 925 223	31 702 279
V. Liabilities from securities sold with buy-back clause		1 606 690	1 502 062
VI. Debt securities	18	932 306	927 373
VII. Provisions		21 728	33 881
VIII. Deferred income tax liabilities		0	0
IX. Current tax liabilities		293	514
X. Other liabilities		541 822	532 813
XI. Subordinated debt		1 029 096	961 420
Total Liabilities		**42 691 009**	**44 300 039**

EQUITY

Amount '000 PLN			
I. Share capital		849 182	849 182
II. Share premium		472 343	472 343
III. Revaluation reserve		52 722	40 241
IV. Retained earnings		1 474 153	1 453 117
Total equity attributable to equity holders of the parent company		2 848 400	2 814 883
Minority interests		0	0
Total Equity		**2 848 400**	**2 814 883**
Total Liabilities and Equity		**45 539 409**	**47 114 922**

Book value	**2 848 400**	**2 814 883**
Number of shares	**849 181 744**	**849 181 744**
Book value per share (in PLN)	**3,35**	**3,31**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2009	**2 814 883**	**849 182**	**472 343**	**40 241**	**1 453 117**
- total comprehensive income of the I semester of 2009	33 517	0	0	12 481	21 036
Equity at the end of the period 30.06.2009	**2 848 400**	**849 182**	**472 343**	**52 722**	**1 474 153**

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2008	**2 519 932**	**849 182**	**471 709**	**-2 742**	**1 201 783**
- total comprehensive income of 2008	456 392	0	0	42 983	413 409
- dividend payment	-161 345	0	0	0	-161 345
- other appropriation of profit (increase in social benefits fund of subordinated entity)	-96	0	0	0	-96
- consolidation adjustment	0	0	634	0	-634
Equity at the end of the period 31.12.2008	**2 814 883**	**849 182**	**472 343**	**40 241**	**1 453 117**

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2008	**2 519 932**	**849 182**	**471 709**	**-2 742**	**1 201 783**
- total comprehensive income of the I semester of 2008	250 296	0	0	-1 972	252 268
- dividend payment	-161 345	0	0	0	-161 345
- other appropriation of profit (increase in social benefits fund of subordinated entity)	-96	0	0	0	-96
Equity at the end of the period 30.06.2008	**2 608 787**	**849 182**	**471 709**	**-4 714**	**1 292 610**

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Profit (loss) after taxes	**21 036**	**252 268**
II. Adjustments for:	**-1 600 394**	**533 806**
1. Minority profit (loss)	0	0
2. Interests in net income (loss) of associated companies	-7 000	0
3. Depreciation and amortization	39 894	30 749
4. Foreign exchange (gains)/ losses	187 321	-100 251
5. Dividends	-2 102	-1 094
6. Changes in provisions	-12 153	-5 874
7. Result on sale and liquidation of investing activity assets	-9 634	-5 751
8. Change in financial assets valued at fair value through profit and loss (held for trading)	1 410 170	132 225
9. Change in loans and advances to banks	777 811	-14 348
10. Change in loans and advances to customers	-1 176 596	-3 189 284
11. Change in receivables from securities bought with sell-back clause (loans and advances)	-132 440	-144 323
12. Change in financial liabilities valued at fair value through profit and loss (held for trading)	-4 227 667	293 072
13. Change in deposits from banks	26 046	-293 143
14. Change in deposits from customers	1 385 039	3 840 569
15. Change in liabilities from securities sold with buy-back clause	104 628	-244 584
16. Change in debt securities	38 410	-30 287
17. Change in income tax settlements	-77 912	87 663
18. Income tax paid	-40 473	-31 675
19. Change in other assets and liabilities	89 653	185 595
20. Other	26 611	24 547
III. Net cash flows from operating activities	**-1 579 358**	**786 074**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Inflows:	**35 782**	**17 956**
1. Proceeds form sale of property, plant and equipment and intangible assets	33 680	16 862
2. Proceeds form sale of shares in associates	0	0
3. Proceeds form sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds form sale of investment financial assets	0	0
5. Other	2 102	1 094
II. Outflows:	**-278 375**	**-116 292**
1. Acquisition of property, plant and equipment and intangible assets	-63 418	-53 960
2. Acquisition of shares in associates	0	0
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	-214 957	-62 332
5. Other	0	0
III. Net cash flows from investing activities	**-242 593**	**-98 336**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Inflows:	**914 960**	**90 727**
1. Long-term bank loans	914 960	0
2. Issue of debt securities	0	90 727
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	**-58 859**	**-186 636**
1. Repayment of long-term bank loans	0	0
2. Redemption of debt securities	-33 477	0
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	0	-161 345
7. Other	-25 382	-25 291
III. Net cash flows from financing activities	**856 101**	**-95 909**

D. NET CASH FLOWS, TOTAL (A III+B III+C III)	**-965 850**	**591 829**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**2 939 685**	**2 172 683**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	**1 973 835**	**2 764 512**

IV. NOTES TO CONSOLIDATED FINANCIAL DATA

Note (1) Interest income and other of similar nature

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Interest income and other of similar nature, including:		
Balances with the Central Bank	21 921	20 796
Loans and advances to banks	3 982	55 759
Loans and advances to customers	815 937	809 083
Transactions with repurchase agreement	7 366	6 521
Hedging derivatives	186 959	77 729
Financial assets held for trading (debt securities)	80 257	58 558
Investment securities	83 755	61 205
Total	**1 200 177**	**1 089 651**

Interest income for 1H 2009 includes interest accrued on loans with recognized impairment of PLN 42,556 thousand (for the comparative data for 1H 2008, such interest was PLN 26,614 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

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Interest expense and other of similar nature, including:		
Banking deposits	-3 802	-15 515
Loans and advances	-48 524	-33 739
Transactions with repurchase agreement	-49 972	-28 347
Hedging derivatives	0	0
Deposits from customers	-836 635	-496 353
Subordinated debt	-24 457	-25 233
Debt securities	-23 138	-28 949
Other	-828	-717
Total	**-987 357**	**-628 853**

Note (3) Fee and commission income

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Resulting from accounts service	35 698	32 295
Resulting from money transfers, cash payments and withdrawals and other payment transactions	18 366	19 240
Resulting from loan activity	20 138	18 945
Resulting from guarantees and sureties granted	5 547	5 129
Resulting from payment and credit cards	79 583	68 524
Resulting from sale of insurance products	67 166	50 260
Resulting from distribution of investment funds units and other savings products	3 415	10 792
Resulting from brokerage and custody service	13 608	16 829
Resulting from investment funds managed by the Group	27 900	68 194
Other	5 002	4 450
Total	**276 423**	**294 658**

Note (4) Fee and commission expense

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Resulting from accounts service	-609	-529
Resulting from money transfers, cash payments and withdrawals and other payment transactions	-758	-714
Resulting from loan activity	-8 003	-5 159
Resulting from payment and credit cards	-29 769	-33 131
Resulting from brokerage and custody service	-2 864	-3 119
Resulting from investment funds managed by the Group	-968	-1 728
Other	-954	-1 211
Total	**-43 925**	**-45 591**

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

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Operations on securities	25 646	-22 385
Operations on derivatives	201 538	97 754
Hedge accounting operations	-555	1 622
Other financial operations	273	-1 691
Total	**226 902**	**75 300**

Note (6) General and administrative expenses

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Staff costs:	**-242 400**	**-300 102**
Salaries	-234 898	-288 994
Employee benefits, including:	-7 502	-11 108
- provisions for retirement benefits	0	19
- provisions for unused employee holiday	0	-17
- other	-7 502	-11 110
General administrative costs	**-237 313**	**-242 701**
Costs of advertising, promotion and representation	-10 090	-30 096
Costs of software maintenance and IT services	-10 147	-7 100
Costs of renting	-87 342	-66 032
Costs of buildings maintenance, equipment and materials	-13 760	-17 533
ATM and cash costs	-11 311	-11 038
Costs of communications and IT	-34 890	-38 949
Costs of consultancy, audit and legal advisory and translation	-7 021	-9 191
Taxes and fees	-7 853	-9 253
KIR clearing charges	-1 409	-1 262
PFRON costs	-2 978	-2 562
Banking Guarantee Fund costs	-7 574	-2 215
Financial Supervision costs	-4 889	-3 284
Other	-38 049	-44 186
Total	**-479 713**	**-542 803**

Note (7) Impairment losses on financial assets

	1.01.2009 - 30.06.2009	1.01.2008 - 30.06.2008
Impairment losses on loans and advances to customers	**-186 082**	**-36 536**
- Impairment charges on loans and advances to customers	-508 776	-249 850
- Reversal of impairment charges on loans and advances to customers	321 211	205 510
- Amounts recovered from loans written off	1 482	4 970
- Result on sale of receivables	0	2 834
Impairment losses on off-balance sheet liabilities	**873**	**-284**
- Impairment write-offs for off-balance sheet liabilities	-12 080	-9 753
- Reversal of impairment write-offs for off-balance sheet liabilities	12 953	9 469
Total	**-185 209**	**-36 820**

Note (8a) Income tax reported in income statement

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Current tax	**-102 285**	**-100 732**
Current year	**-102 285**	-100 732
Deferred tax	**101 743**	**34 832**
Recognizing and reversal of temporary differences	**73 801**	42 285
Appearance / (Utilisation) of tax loss	**7 320**	-7 453
Adjustment of CIT-8 declaration for the previous years	**20 622**	0
Other		
Receivables resulting from the article 38a of the CIT Act	**-1 000**	0
Total income tax reported in income statement	**-1 542**	**-65 900**

Note (8b) Effective tax rate

	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Gross profit / (loss)	**22 578**	**318 168**
Statutory tax rate	19%	19%
Income tax according to obligatory income tax rate of 19%	**-4 290**	**-60 452**
Impact of permanent differences on tax charges:	**3 748**	**-5 448**
- Non taxable income	6 459	2 504
Dividend income	399	236
Reversal of other provisions	5 833	0
Other	227	2 268
- Cost which is not a tax cost	-2 711	-7 952
Loss on sale of receivables	-69	-5 279
PFRON fee	-712	-652
Other	-1 930	-2 021
Receivables resulting from the article 38a of the CIT Act	**-1 000**	**0**
Total income tax reported in income statement	**-1 542**	**-65 900**

Note (8c) Deferred tax reported directly in equity

	30.06.2009	31.12.2008
Valuation of available for sale securities	-3 785	-2 440
Valuation of cash flow hedging instruments	- 8 582	-6 999
Deferred tax reported directly in equity	**-12 367**	**-9 439**

In light of the binding legal regulations, the Group does not constitute a fiscal group, and as a result the burden to the consolidated gross result with both current and deferred tax is the sum of respective tax values of individual consolidated companies.

In the consolidated balance sheet, the deferred tax liability and deferred tax assets are offset in accordance with IAS 12.

Note (9) Loans and advances to banks

	30.06.2009	31.12.2008
Current accounts	254 833	91 343
Deposits in other banks	195 181	1 170 639
Loans	329 059	316 258
Other	845	212
Interest	86	1 575
Total (gross) loans and advances to banks	**780 004**	**1 580 027**
Impairment write-offs	0	0
Net loans and advances to banks	**780 004**	**1 580 027**

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

	30.06.2009	31.12.2008
Debt securities	**3 255 633**	**3 471 808**
Issued by State Treasury	3 255 633	3 471 808
a) bills	1 221 365	933 718
b) bonds	2 034 268	2 538 090
Equity instruments	**331**	**428**
Quoted on the active market	331	428
a) financial institutions	30	0
b) non-financial institutions	301	428
Positive valuation of derivatives	**1 495 823**	**2 805 286**
Other financial instruments	**2 644**	**2 410**
Total	**4 754 430**	**6 279 933**

Note (10)/Note (15) Valuation of derivatives and Liabilities from short sale of securities 30.06.2009

	Fair value		
	Total	**Assets**	**Liabilities**
1. Interest rate derivatives	**-90 326**	**356 857**	**447 183**
Forward Rate Agreements (FRA)	487	976	489
Interest rate swaps (IRS)	-87 898	355 881	443 779
Other interest rate contracts: volatility swap, swap with FX option	-2 915	0	2 915
2. FX derivatives	**248 901**	**1 054 174**	**805 273**
FX contracts	127 394	158 431	31 037
FX swaps	34 703	204 059	169 356
Other FX contracts (CIRS)	17 755	46 029	28 274
FX options	69 049	645 655	576 606
3. Commodity derivatives	**576**	**63 356**	**62 780**
Commodity forwards	406	60 428	60 022
Commodity options	170	2 928	2 758
4. Embedded instruments	**-6 143**	**0**	**6 143**
Options embedded in deposits	0	0	0
Options embedded in securities issued	-6 143	0	6 143
5. Fair value measurement of items subject to hedging	**15 735**	**15 735**	**0**
Valuation of future FX payments subject to hedging	0	0	0
Valuation of hedged consumer loans portfolio	15 735	15 735	0
6. Indexes options	**4 579**	**5 701**	**1 122**
Valuation of derivatives	**173 322**	**1 495 823**	**1 322 501**
Liabilities from short sale of securities			**28 979**
Financial liabilities valued at fair value through profit and loss (held for trading) - TOTAL			**1 351 480**

Note (10)/Note (15) Valuation of derivatives and Liabilities from short sale of securities 31.12.2008

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	**14 587**	**711 800**	**697 213**
Forward Rate Agreements (FRA)	-1 830	2 736	4 566
Interest rate swaps (IRS)	12 300	704 443	692 143
Other interest rate contracts: volatility swap, swap with FX option	4 117	4 621	504
2. FX derivatives	**-1 597 016**	**1 893 509**	**3 490 525**
FX contracts	169 614	268 950	99 336
FX swaps	-1 907 547	151 674	2 059 221
Other FX contracts (CIRS)	-79 204	0	79 204
FX options	220 121	1 472 885	1 252 764
3. Commodity derivatives	**737**	**164 455**	**163 718**
Commodity forwards	581	126 216	125 635
Commodity options	156	38 239	38 083
4. Embedded instruments	**-9 548**	**62**	**9 610**
Options embedded in deposits	-4 907	62	4 969
Options embedded in securities issued	-4 641	0	4 641
5. Fair value measurement of items subject to hedging	**20 893**	**28 215**	**7 322**
Valuation of future FX payments subject to hedging	-7 322	0	7 322
Valuation of hedged consumer loans portfolio	28 215	28 215	0
6. Indexes options	**3 357**	**7 245**	**3 888**
Valuation of derivatives	**-1 566 990**	**2 805 286**	**4 372 276**
Liabilities from short sale of securities			**27 222**
Financial liabilities valued at fair value through profit and loss (held for trading) - TOTAL			**4 399 498**

During first half of 2009 the Bank made a decision to terminate formal hedge relationship originally established for FX denominated the Bank's own transactions.

Starting from 1 April 2009 the Bank established formal cash flow hedge relationship designating FX Swap transactions against cash flow volatility generated by mortgage loans with floating rate, denominated in foreign currency, in time horizon limited to maturity of hedging instruments.

The Group applies the following types of hedge accounting:

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

Note (11)/Note (16) Hedge accounting 30.06.2009

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
1. Fair value hedging derivatives connected with interest rate risk				
- IRS contracts	-12 950	0	12 950	15 734
2. Cash flows hedging derivatives connected with interest rate and/or FX rate				
- CIRS contracts	89 899	239 044	149 145	x
3. Total hedging derivatives	**76 949**	**239 044**	**162 095**	**x**

Note (11)/Note (16) Hedge accounting 31.12.2008

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
1. Fair value hedging derivatives connected with interest rate risk				
- IRS contracts	-30 309	24	30 333	28 215
2. Fair value hedging derivatives connected with FX rate risk				
- CIRS contracts	6 167	9 953	3 786	-6 434
3. Cash flows hedging derivatives connected with interest rate and/or FX rate				
- CIRS contracts	-1 145 530	0	1 145 530	x
4. Total hedging derivatives	**-1 169 672**	**9 977**	**1 179 649**	**x**

Note (12) Loans and advances to customers

	30.06.2009	31.12.2008
Loans and advances	**31 222 514**	**29 765 623**
- to companies	5 781 509	5 455 817
- to private individuals	25 259 210	24 156 905
- to public sector	181 795	152 901
Receivables on account of payment cards	**787 784**	**730 843**
- due from companies	6 871	8 028
- due from private individuals	780 913	722 815
Purchased receivables	**55 451**	**76 358**
- from companies	41 006	59 027
- from private individuals	0	0
- from public sector	14 445	17 331
Guarantees and sureties realised	2 127	123
Debt securities eligible for rediscount at Central Bank	19 372	35 691
Financial leasing receivables	3 614 937	3 745 868
Other	1 705	2 639
Interest	131 044	140 099
Total gross	**35 834 935**	**34 497 245**
Impairment write-offs	-926 492	-749 078
Total net	**34 908 443**	**33 748 166**

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

	30.06.2009	31.12.2008
Loans and advances to customers (gross)	**35 834 935**	**34 497 245**
- impaired	1 721 383	1 163 428
- not impaired	34 113 552	33 333 816
Impairment write-offs	**926 492**	**749 078**
- for impaired exposures	653 700	464 824
- for incurred but not reported losses (IBNR)	272 792	284 254
Loans and advances to customers (net)	**34 908 443**	**33 748 166**

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

	30.06.2009	31.12.2008
Loans and advances to customers (gross)	**35 834 935**	**34 497 245**
- case by case analysis	1 219 917	834 470
- collective analysis	34 615 018	33 662 775
Impairment write-offs	**926 492**	**749 078**
- on the basis of case by case analysis	395 258	264 718
- on the basis of collective analysis	531 234	484 361
Loans and advances to customers (net)	**34 908 443**	**33 748 166**

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

	30.06.2009	31.12.2008
Loans and advances to customers (gross)	**35 834 935**	**34 497 245**
- corporate customers	9 738 170	9 545 543
- private individuals	26 096 765	24 951 702
Impairment write-offs	**926 492**	**749 078**
- for receivables from corporate customers	596 089	425 908
- for receivables from private individuals	330 403	323 170
Loans and advances to customers (net)	**34 908 443**	**33 748 166**

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

	01.01.2008 – 30.06.2009	01.01.2008 – 31.12.2008
Balance at the beginning of the period	749 078	608 389
Change in value of provisions:	177 414	140 690
Write-offs in the period	508 776	506 127
Amounts written off	-25 699	-30 036
Reversal of write-offs in the period	-321 211	-363 049
Sale of receivables	-77	-21 856
Changes resulting from FX rates differences	14 945	47 872
Other	680	1 631
Balance at the end of the period	**926 492**	**749 078**

Note (13) Investment financial assets available for sale

	30.06.2009	31.12.2008
Debt securities	**2 928 706**	**2 901 702**
Issued by State Treasury	2 380 149	2 627 891
a) bills	1 405 613	675 447
b) bonds	974 536	1 952 444
Issued by Central Bank	499 806	167 247
a) bills	499 806	0
b) bonds	0	167 247
Other securities	48 751	106 564
a) listed	7 578	15 760
b) not listed	41 173	90 804
Shares and interests in other entities	**14 945**	**12 295**
Other financial instruments	**0**	**0**
Total financial assets available for sale	**2 943 651**	**2 913 997**

Note (14) Deposits from banks

	30.06.2009	31.12.2008
In current account	124 624	70 571
Term deposits	1 656	35 407
Loans and advances received	3 983 762	2 937 280
Other	3 092	75
Interest	7 142	17 217
Total	**4 120 276**	**3 060 550**

On 16th March 2009 an Agreement was concluded between Bank Millennium S.A. and Banco Comercial Portugues S.A., concerning mid-term loan extended to the Bank, for total amount of EUR 200,000,000 to be used for general corporate purposes.

Interest rate of the loan is based on EURIBOR and margin specified in the Agreement.

The loan is scheduled for repayment in April 2011.

Note (17) Deposits from customers by type structure

	30.06.2009	31.12.2008
Amounts due to private individuals	**21 610 746**	**19 238 111**
Balances on current accounts	4 416 323	2 918 109
Term deposits	16 686 825	15 931 154
Other	144 864	155 430
Accrued interest	362 734	233 418
Amounts due to companies	**8 861 497**	**10 733 057**
Balances on current accounts	2 842 638	2 499 183
Term deposits	5 629 035	7 742 361
Other	301 713	377 928
Accrued interest	88 112	113 585
Amounts due to public sector	**2 452 981**	**1 731 112**
Balances on current accounts	877 593	1 054 587
Term deposits	1 545 809	662 581
Other	23 182	10 951
Accrued interest	6 397	2 993
Total	**32 925 223**	**31 702 280**

Note (18) Change of debt securities

	01.01.2009 – 30.06.2009	01.01.2008 – 31.12.2008
Balance at the beginning of the period	927 373	851 474
- change of bonds issued in leasing portfolio securitization transaction	-33 477	86 769
- change of bonds issued by the Bank	38 410	123 486
- repurchase of short term bonds issued by subsidiary	0	-134 356
Balance at the end of the period	**932 306**	**927 373**

V. CHANGES IN RISK MANAGEMENT PROCESS

Credit risk

Due to the financial crisis and the ensuing economic slowdown the Group in the 1st half of 2009 took a series of actions regarding credit risk, aimed at adapting to the new situation and minimising potential losses.

In the retail segment the following measures were applied:

1) Credit capacity assessment:
   - Stricter requirements as regards minimum income earned by the customers and consequently minimum required disposable income of the customer i.e. income assigned for service of financial liabilities to the Bank,
   - Revaluation reflecting current market conditions of the level of cost of household maintenance, adopted for calculation of credit capacity of customers and relating the cost to income earned by the customer.
2) Creditworthiness assessment:
   - Stricter requirements regarding acceptable credit history of customers and more intensive use of such information in the credit process,
   - Introduction of separate decision-making procedures for customers taking mortgage loans to finance purchase of real estate in projects, for which factors proving increased risk were identified,
   - Increase in application models of the level of acceptance (cut off point) of customers applying for risk-based products.

Moreover the Bank phased out products with increased risk levels. In case of distribution channels generating an increased level of risk, the Bank resigned from selling them through these channels.

In the corporate segment following measures were applied:

1) Credit capacity and creditworthiness assessment:
   - Stricter LTV requirements for investment loans,
   - Shortening of maximum loan tenor for investment loans,
   - Eliminating FX risk in financed projects by adopting the rule that the customer has to generate appropriate revenue in the financing currency,
   - Limiting trust in third-party rating (which has become a factor supporting credit capacity assessment);
2) Collateral policy:
   - Applying the requirement of full coverage with collateral with respect to customers with specific internal rating,
   - Pursuing a more restrictive policy in case of real estate collateral;

3) <u>Treasury transactions</u>:
   - Restricting the type of concluded treasury transactions,
   - Increasing risk weights used with these transactions;
4) <u>Sectoral policy</u>
   - Identifying sectors with highest risk, in case of which the Bank strives to restrict financing

Moreover in the 1st half of 2009 the rules were amended of monitoring customers who pursue business activity, especially customers keeping accounting books in accordance with the Accounting Law. The Bank developed and implemented a new IT tool for monitoring above customers, based on early warning triggers.

For the purpose of effective action in collection of receivables in the first half of this year specific initiatives were undertaken in the private and small business customers segment, including:

- intensifying dunning efforts during the first 30 days after appearance of past due debt (text messages, phone calls and mailing, dunning letters) aimed at restoring punctuality of debt service,
- prompt handover of case to restructuring-recovery in case of lack of customer's reaction to dunning efforts with the purpose of taking a potential decision about termination of the agreement/repayment of the liability with collateral (loan against assets),
- a pilot programme was introduced for service of customers correctly servicing risk-based products who apply to the Bank for a change of the original contractual terms and conditions due to deterioration of personal financial situation,

In the corporate segment restructuring – collection efforts, apart from performance of day-to-day actions resulting from the lending business, focused on activities to do with treasury (options) transactions and involved first of all:

- Restructuring of liabilities resulting from treasury transactions with use of a full range of restructuring tools,
- Leading to clarification of divergent views in disputable situations and agreeing positions amicably,
- Pursuing the Bank's due and payable claims in situations of permanent cessation of payment of liabilities by the Customer,
- Pursuing disputes in court when no amicable solution was found.

The Group modified parameters (PD and LGD) used for impairment calculation in collective analysis of receivables in 1st half of 2009. These changes were preceded by a based on historical data simulation on potential delinquency of homogenous portfolios.

	30.06.2009		31.12.2008	
	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	32 354 359	780 004	31 067 489	1 580 027
Overdue, but without impairment	1 759 193	0	2 266 328	0
With impairment	1 721 383	0	1 163 428	0
Gross	**35 834 935**	**780 004**	**34 497 245**	**1 580 027**
Impairment write-offs together with IBNR	-926 492	0	-749 078	0
Net	**34 908 443**	**780 004**	**33 748 166**	**1 580 027**

Market Risk

In the first half of 2009 VaR ratios for the Trading portfolio and Funding Area reflect average exposures to market risk at approx. PLN 16.7 million. Data as of the end of July 2009 include interest rate risk transferred by internal deals from the Banking Book.

VaR measures for market risk (PLN ths.)

	30.06.2009	I semester 2009			31.12.2008
		Average	Maximum	Minimum	
General risk	10 483	16 696	41 606		40 963
Interest rate VaR	7 847	13 085	24 428	5 367	23 627
FX Risk	7 258	8 516	32 669	381	30 188
Effect of diversification	44%				31%

Open positions contained mainly interest rate and FX risk instruments. FX risk covers all FX exposures of the Bank, because open positions are permitted only in the Trading and Market Risk Strategy areas. Exposure to FX risk was connected with active management of the FX position by opening positions for the purpose of reducing credit risk connected with transactions concluded with customers. In result the Bank assumed non-linear risk of these instruments, which caused excess of VaR limits for transactions on financial markets.

In the first half of 2009 VaR limits were exceeded in various sub-areas of risk, which was caused by significant fluctuations of market parameters. All exceedings of limits were authorized on proper competence levels according to binding rules of the Bank and did not cause economic losses.

In case of the bank's book, for the purpose of managing interest rate risk sensitivity analysis is carried out of non-trading portfolios, meanwhile for the purpose of mitigating it hedging strategies are used.

Liquidity risk

In the first half of 2009 current ratio continued to be positive, with a growth trend in Q2, which means that the Bank during this whole period kept a long liquidity position for the short time horizon. Quarterly liquidity ratio, following the decrease in Q1, also increased in the second quarter to a safe level.

In the first half of 2009 limits for all internal measures were observed.

In February and March 2009 short and long-term supervisory liquidity measures were exceeded. This had to do with further strong depreciation of the zloty, high volatility of FX rates as well as methodological implications of assumptions contained in PFSA Resolution No. 386/2008, which cause a strong exaggeration of unstable sources of financing that is not connected with deterioration of the Bank's liquidity position.

The main source of financing of the Bank is deposits base. The top 5 and top 20 depositors at the end of June 2009 accounted for 3.9% and 7.6% respectively (slightly more than end of last year – in December 2008 3.2% and 6.8% respectively).

Operational risk

In the first half of 2009 the Group joined the ZORO (operational risk area events) information exchange system created under the auspices of the Polish bank Association. The system provides databases with important statistical information used in the process of modelling operational risk, as well as helping prevent similar events in the Group by disseminating knowledge about events in other banks operating on the Polish market.

VI. SEGMENTAL REPORTING

Industry segmentation

The Group's business activity is conducted based on differentiated business lines offering specific products and services addressed to the following market segments:

a) Retail Client Segment

The Retail Client Segment includes activity addressed to mass Clients, affluent Clients, small businesses and individual entrepreneurs.

Activity of the foregoing business lines is developed through the full offer of banking products and services and sales of specialized products offered by the Group's subsidiaries. In the credit products area, the main portfolio growth factors include mortgage loans, consumer loans, revolving credit card loans and leasing products for small businesses. The main customer funds include: current accounts, term deposits, mutual funds and structured products. Additionally, the offer includes savings products, mainly linked to loans and credit cards, as well as specialized savings products. The product offering to affluent customers has been strengthened by selected mutual funds from other financial intermediaries, foreign funds and structured bonds issued by the Bank.

b) Corporate Client Segment

The Corporate Client Segment is based on activity addressed to Medium and Large Companies as well as Strategic Companies.

The offer is also directed to Clients from the budget sector and Public Entities.

Business activity in the Corporate Client segment is conducted using a high quality offer of typical banking products (current activity loans, investment loans, current accounts, term deposits) supplemented by cash management products, Treasury products, including derivatives and leasing and factoring products.

c) Treasury and brokerage activity

This segment covers the Group's activity focused on equity investments for the Bank's account, brokerage activity, operations on the inter-bank market, exposure to the debt securities which are not assigned to other segments.

This segment contains other assets and other liabilities linked to hedging derivatives, deferred tax assets not assigned to any segment.

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

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

Geographic segmentation:

The Group conducts its activity solely in the territory of Poland; taking into account the geographic location of its outlets, no significant differences in risk have been identified. Therefore, the Group does not prepare segment reporting using the criterion of geographic location.

Accounting principles

Accounting principles used to present segment data are consistent with IFRS 8.

Gross financial result is determined for each segment, which includes:

- net interest income calculated based on interest, external working assets and liabilities of that segment and allocated assets and liabilities which generate internal interest income or expense. Internal income and expense are calculated based on market interest rates;
- net commission income;
- other income on financial operations and FX operations, such as: dividend income, result on investment and trading activity and FX result;
- other operating income and expenses;
- expenses on account of impairment of financial and non-financial assets;
- segment's share in operating expenses, including staff and administrative expenses;
- segment's share in depreciation expenses.

Commercial segment's assets and liabilities are operating assets and liabilities used by the segment in its operating activity, allocated based on rational business premises. The difference between operating assets and liabilities is covered by assets/liabilities of the money market and debt securities. Assets and liabilities of the Treasury are assets/liabilities of the money market and debt securities.
Unallocated assets and liabilities are presented in the "Other" item.

Real property and land, which will no longer be used in the Bank's future activity as a result of the pending operating activity optimization project, are presented as assets of the Retail Banking segment. Fixed assets to be sold, originating from expired leasing agreements are presented in assets of the Corporate Banking segment.

Income statement 01.01.09 – 30.06.2009

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Brokerage	Other	Total consolidated
Net interest income	268 594	86 675	-142 449	0	212 820
external income	577 056	247 131	375 990	0	1 200 177
external cost	-663 982	-234 374	-89 001	0	-987 357
External income less cost	-86 926	12 757	286 989	0	212 820
internal income	610 903	222 862	-833 764	0	0
internal cost	-255 382	-148 945	404 327	0	0
Internal income less cost	355 520	73 917	-429 437	0	0
Net fee and commission income	172 788	51 185	8 525	0	232 498
Dividends, other income from financial operations and foreign exchange profit	47 979	40 746	173 852	0	262 577
Other operating income and cost	437	10	12 259	0	12 705
Operating income	**489 797**	**178 616**	**52 187**	0	**720 601**
Staff costs	-175 957	-53 894	-12 549	0	-242 400
Administrative costs	-189 099	-34 272	-13 942	0	-237 313
Impairment losses on assets	-5 740	-179 283	-392	0	-185 415
Depreciation and amortization	-27 972	-8 288	-3 633		-39 894
Operating expenses	**-398 769**	**-275 737**	**-30 515**	0	**-705 022**
Share of profit of associates			7 000		7 000
Profit / (loss) before taxes	**91 028**	**-97 121**	**28 672**	0	**22 579**
Income taxes					-1 543
Profit / (loss) after taxes					**21 036**

Balance sheet 30.06.2009

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Brokerage	Other	Total consolidated
ASSETS					
Segment assets	27 543 511	9 778 531	8 217 367	0	45 539 409
- including capital investment outlays	12 185	1 400	0	0	13 585
Assets allocated to segment	543 850	1 039 344	-1 583 194	0	0
Total	**28 087 360**	**10 817 875**	**6 634 173**	**0**	**45 539 409**

LIABILITIES					
Segment liabilities	24 853 336	9 947 218	7 890 455	0	42 691 009
Liabilities allocated to segment	1 708 439	242 886	-1 951 325	0	0
Equity allocated to segment	1 525 585	627 772	695 043	0	2 848 400
Total	**28 087 360**	**10 817 875**	**6 634 173**	**0**	**45 539 409**

Income statement 01.01.08 – 30.06.2008

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Brokerage	Other	Total consolidated
Net interest income	328 688	114 437	17 147	0	460 272
external income	536 004	193 046	360 074	0	1 089 125
external cost	-367 178	-173 768	-87 907	0	-628 853
External income less cost	168 827	19 278	272 167	0	460 272
internal income	476 164	227 778	-703 942	0	0
internal cost	-316 303	-132 619	448 922	0	0
Internal income less cost	159 861	95 159	-255 020	0	0
Net fee and commission income	189 881	47 219	11 966	0	249 066
Dividends, other income from financial operations and foreign exchange profit	100 355	48 483	58 860	0	207 698
Other operating income and cost	66	365	12 714	0	13 145
Operating income	**618 990**	**210 504**	**100 687**	**0**	**930 181**
Staff costs	-214 081	-60 742	-25 279	0	-300 102
Administrative costs	-181 785	-42 515	-18 401	0	-242 701
Impairment losses on assets	-20 895	-15 639	-1 927	0	-38 461
Depreciation and amortization	-19 827	-3 264	-7 658		-30 749
Operating expenses	**-436 589**	**-122 159**	**-53 265**	**0**	**-612 013**
Profit / (loss) before taxes	**182 401**	**88 345**	**47 422**	**0**	**318 168**
Income taxes					-65 900
Profit / (loss) after taxes					**252 268**

Balance sheet 31.12.2008

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Brokerage	Other	Total consolidated
ASSETS					
Segment assets	26 299 927	9 388 884	11 426 111	0	47 114 922
- including capital investment outlays	85 454	6 477	25 613	0	117 543
Assets allocated to segment	1 671 930	885 730	-2 557 660	0	0
Total	**27 971 857**	**10 274 614**	**8 868 451**	**0**	**47 114 922**

LIABILITIES					
Segment liabilities	23 872 589	9 196 000	11 231 450	0	44 300 039
Liabilities allocated to segment	2 590 444	372 018	-2 962 462	0	0
Equity allocated to segment	1 508 824	706 596	599 463	0	2 814 883
Total	**27 971 857**	**10 274 614**	**8 868 451**	**0**	**47 114 922**

VII. DATA ON ASSETS SECURING LIABILITIES

As at 30 June 2009, 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 PS0413	trading	Lombard credit granted to the Bank by the NBP	21 048	21 001
2.	Treasury bonds OK0711	available for sale	Lombard credit granted to the Bank by the NBP	75 000	67 433
3.	Treasury bonds PS0310	trading	Lombard credit granted to the Bank by the NBP	35 000	35 845
4.	Treasury bonds DZ0811	available for sale	Initial security deposit for bond futures	500	532
5.	Treasury bonds DS1110	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	67 279	70 841
6.	Treasury bonds PS0310	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	26 000	26 628
7.	Treasury bonds OK0710	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	70 000	66 794
8.	Treasury bonds DZ0110	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	45 000	47 246
9.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70
10.	Deposits	Deposits on other banks	Settlement on derivatives transactions	178 313	178 313
		TOTAL		**518 210**	**514 703**

As at 31 December 2008, 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 DZ0109	trading	Lombard credit granted to the Bank by the NBP	75 000	79 778
2.	Treasury bonds DZ0110	available for sale	Lombard credit granted to the Bank by the NBP	120 000	128 836
3.	Treasury bonds DZ0811	available for sale	Initial security deposit for bond futures	500	516
4.	Treasury bonds DZ0110	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	45 000	48 313
5.	Treasury bonds DZ0110	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	15 000	16 104
6.	Treasury bonds DZ0109	trading	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	60 400	64 248
7.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70
8.	Deposits	Deposits on other banks	Settlement on derivatives transactions	968 085	968 085
		TOTAL		**1 284 055**	**1 305 950**

VIII. DIVIDEND FOR 2008

Considering the need to maintain the Bank's strong capital base in deteriorating market conditions and significant depreciation of the zloty vis-a-vis principal foreign currencies, which in practice meant an increase of capital requirements, on 27 March 2009 the Bank's Shareholder Meeting resolved to use all the net profit earned by the Bank in 2008 in the amount of PLN 496,927,275.92 to increase the Bank's additional reserve capital.

IX. EARNINGS PER SHARE

In the 1H 2009, earnings per share (and diluted earnings per share) calculated on the basis of the consolidated profit equivalent was PLN 0.02.

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

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

Data as at the delivery date of the quarterly current report drawn up as at 30 June 2009

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51
Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK	55 000 000	6.48	55 000 000	6.48

Data as at the delivery date of the quarterly current report drawn up as at 31 March 2009

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51
Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK	55 000 000	6.48	55 000 000	6.48

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

In 2Q 2009, 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 2009 to exceed 10% of the Group's equity as at the balance sheet date.

XII. DESCRIPTION OF RELATED PARTY TRANSACTIONS

(1) DESCRIPTION OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the 1st half of 2009 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities, which were eliminated in the data consolidation process:

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

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2009

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits	197 670	24 605
Loans and advances to customers	2 477 913	
Receivables from securities bought with sell-back clause	3 503	
Investments in associates	263 765	
Hedging derivatives		36 051
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	4 448	2 036
Other assets	16 171	
LIABILITIES		
Deposits from banks	2 491 811	894 779
Deposits from customers	999 813	
Liabilities from securities sold with buy-back clause	3 503	
Debt securities	-770 410	
Financial liabilities valued at fair value through profit and loss (held for trading)	3 950	1 954
Other liabilities	37 410	

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2008

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits	305 514	100 333
Loans and advances to customers	2 554 155	
Receivables from securities bought with sell-back clause	4 291	
Investments in associates	240 388	
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	15 628	2 774
Other assets	88 018	
LIABILITIES		
Deposits from banks	2 547 832	3 375
Deposits from customers	1 141 325	
Liabilities from securities sold with buy-back clause	4 291	
Debt securities	-803 887	
Financial liabilities valued at fair value through profit and loss (held for trading)	14 420	932
Other liabilities	111 401	5

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2009

	With subsidiaries	With controlling entity
Income from:		
Interest	54 583	10 006
Commissions	18 715	
Derivatives net	1 191	
Dividends	119 798	
Other net operating income	56 256	
Expense from:		
Interest	59 960	15 708
Commissions	19 080	
Derivatives net	0	1 028
General and administrative expenses	50 736	47

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2008

	With subsidiaries	With controlling entity
Income from:		
Interest	59 344	1 166
Commissions	49 691	
Derivatives net	0	
Dividends	133 577	
Other net operating income	32 877	
Expense from:		
Interest	61 463	213
Commissions	46 912	
Derivatives net	747	982
General and administrative expenses	31 925	-1 460

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2009

	With subsidiaries	With controlling entity
Conditional commitments	291 131	331 381
Derivatives (par value)	482 187	1 840 561

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2008

	With subsidiaries	With controlling entity
Conditional commitments	240 454	314 276
Derivatives (par value)	1 051 757	587 450

(2) INFORMATION ON THE VALUE OF ADVANCE PAYMENTS, LOANS, BANK LOANS AND GUARANTEES GRANTED AND EXTENDED

Data as at 30 June 2009

In '000 PLN	The management	The supervising persons
Total debt limit	**695,0**	**100,0**
- including an unutilized limit	**496,1**	**73,8**
Mortgages	3 352,6	-
Active guarantees	-	-

Moreover, the Bank posted exposure in the total amount of PLN 7,258 thousand to an entity with personal links with the persons supervising the Bank and to Capital Groups of other entities with personal links to the persons supervising the Bank, in the following amounts: PLN 105,129 thousand and PLN 10,639 thousand. These links are connected with performing functions in the Supervisory Boards of those entities.

The balance of loans granted to employees from the Company Social Benefit Fund was:

- in the Bank PLN 4,927.1 thousand,
- in Millennium Leasing PLN 1,236.4 thousand.

The Bank does not keep records of loans and bank loans granted to its employees in its ongoing activity, i.e. on terms and conditions specified for the Bank's Clients.

Data as at 31 December 2008

In '000 PLN	The management	The supervising persons
Total debt limit	**875,0**	**90,0**
- including an unutilized limit	**795,9**	68,9
Active guarantees	-	-

Moreover, the Bank posted exposure in the total amount of PLN 7,858 thousand to an entity with personal links with the persons supervising the Bank and to Capital Groups of other entities with personal links to the persons supervising the Bank, in the following amounts: PLN 117,675 thousand and PLN 11,717 thousand. These links are connected with performing functions in the Supervisory Boards of those entities.

The balance of loans granted to employees from the Company Social Benefit Fund was:
- in the Bank PLN 5,434.9 thousand,
- in Millennium Leasing PLN 1,308.2 thousand.

The Bank does not keep records of loans and bank loans granted to its employees in its ongoing activity, i.e. on terms and conditions specified for the Bank's Clients.

(3) INFORMATION ON SALARIES AND BENEFITS OF BANK'S SUPERVISORY AND MANAGEMENT BOARD MEMBERS

1. Cost of salaries and benefits incurred by the Bank in favor of the Bank's Management Board Members were (in PLN thousand):

Period	Short term salaries	Benefits	TOTAL
1.01-30.06.2009	7 048	476	**7 524**
1.01-30.06.2008	13 214	227	**13 441**

Benefits consist mainly of accommodation costs of foreign Management Board Members.

2. Salary of the Bank's Supervisory Board Members (data PLN thousand):

Period	Short term salaries and benefits
1.01-30.06.2009	895
1.01-30.06.2008	1 031

(4) 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 disclosure date for quarterly report prepared as at 30.06.2009	Number of shares as of disclosure date for quarterly report prepared as at 31.03.2009
Bogusław Kott	Chairman of the Management Board	3 126 174	3 126 174
Rui Manuel Teixeira	Deputy Chairman of the Management Board	0	0
Fernando Bicho	Member of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	490 000	490 000
Wojciech Haase	Member of the Management Board	5 246	5 246
Joao Bras Jorge	Member of the Management Board	0	0
Artur Klimczak	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	94	94
Carlos Jorge Ramalho dos Santos Ferreira	Deputy Chairman of the Supervisory Board	0	0
Ryszard Pospieszyński	Deputy Chairman of the Supervisory Board	60 470	60 470
Marek Furtek	Secretary of the Supervisory Board	1	1
Luis Pereira Coutinho	Member of the Supervisory Board	0	0
Vitor Manuel Lopes Fernandes	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Paulo Jose de Ribeiro Moita de Macedo	Member of the Supervisory Board	0	0
Nelson Ricardo Bessa Machado	Member of the Supervisory Board	0	0
Marek Rocki	Member of the Supervisory Board	0	0
Dariusz Rosati	Member of the Supervisory Board	0	0

XIII. CONTINGENT ASSETS AND LIABILITIES

The total value of the largest lawsuits as at 30 June 2009, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 336.8 million. The total value of the largest lawsuits, in which Group companies acted as defendants was PLN 236.2 million and the total value of the largest lawsuits, in which Group companies acted as claimants was PLN 100.6 million.

The largest lawsuits in which Group companies are defendants:

1. **Claimant:** Natural person

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

   Re: The statement of claim is based on an assertion that the Bank forced the claimant to make an order to sell 33,300 shares, by threatening the claimant's company that it would seize all the cash originating from the sale of 30,000 shares owned by that company.

   Description of the case: A few hearings were held in the case; as a result, on 21 February 2008 as a result of the Claimant's failure to fulfill the Court's order to specify precisely the factual and legal grounds for the claim, the Court suspended the proceeding indefinitely.

   Outlook: The probability of winning the case is estimated to be high.

2. **Claimant:** joint stock company in bankruptcy

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

   Re: Ruling ineffectiveness of:

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

   Description of the case: On 14 June 2006, the District Court in Gdańsk in its judgment dismissed the claim in its entirety; on 10 August 2006, the claimant appealed. In its ruling of 23 March 2007, the Appellate Court reversed the decision of the District Court in its entirety and forwarded the case to be reexamined to the 1st instance court. Currently, the case is pending before the District Court in Gdańsk and is at the evidence hearing stage. On 5 June 2008, the Court admitted expert witness evidence pertaining to the valuation of real estate as at 25 October 2002. As at 30 June 2009, it is assumed that the opinion will not be prepared before September 2009.

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

3. **Claimant:** legal person

   Value of the subject matter of the dispute: PLN 31,049,160

   Re: The Plaintiff raised in his claim that transaction, which is the subject of dispute, was not concluded effectively due to the failed agreement of significant items. The Plaintiff additionally says that he avoided legal consequences of his declarations of will, which were placed under the impact of a mistake. In the Bank's opinion the above arguments are ungrounded, and raised arguments are not justified by the collected evidence materials in the case under consideration.

   Case status: Reply to the suit was submitted.

   Outlook: Difficult to predict.

OFF-BALANCE ITEMS

Amount '000 PLN	**30.06.2009**	**31.12.2008**
Off-balance conditional commitments granted and received	**7 501 484**	**8 961 660**
1. Commitments granted:	6 799 031	8 245 876
a) financial	5 489 196	6 579 635
b) guarantee	1 309 835	1 666 241
2. Commitments received:	702 453	715 784
a) financial	0	23 532
b) guarantee	702 453	692 252

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

There were no such events.

SIGNATURES:

Date	**Name and surname**	**Position/Function**	**Signature**
30.07.2009	**Bogusław Kott**	**Chairmen of the Management Board**	**.....................................**
30.07.2009	**Rui Manuel Teixeira**	**Deputy Chairmen of the Management Board**	**.....................................**
30.07.2009	**Fernando Bicho**	**Member of the Management Board**	**.....................................**
30.07.2009	**Julianna Boniuk-Gorzelańczyk**	**Member of the Management Board**	**.....................................**
30.07.2009	**Wojciech Haase**	**Member of the Management Board**	**.....................................**
30.07.2009	**Joao Bras Jorge**	**Member of the Management Board**	**.....................................**
30.07.2009	**Artur Klimczak**	**Member of the Management Board**	**.....................................**

II. MANAGEMENT BOARD REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE 6 MONTHS ENDED 30 JUNE 2009

CONTENTS

I. MACROECONOMIC SITUATION IN POLAND IN 1H 2009

First half of 2009 showed further deterioration of economic activity in Poland. In the 1st quarter of 2009 economic growth slowed down to 0.8% year-on-year from 2.9% year-on-year in the 4th quarter of 2008 and 6.1% year-on-year in the same period of 2008. Deeper-than-expected recession in the European Union, including our main trade partner - Germany, resulted in a sizable decline in export orders, pushing Polish industrial output significantly down. In the first half of this year, sold industrial production was lower by 8.3% than in the corresponding period of the previous year. However, pace of the decline was moderating throughout the first half of this year. Data for the 2nd quarter pointed to some stabilization in the economy, suggesting that the scale of deterioration in Polish industry might be not as strong as forecasted previously. In the same time, there were more visible signs of slowdown in consumer sector. Between January and June 2009, retail sales in real terms declined 0.7% year-on-year and grew merely 0.4% in nominal terms on the back of deterioration of households' sentiment in the wake of fast deterioration in the labour market. Polish companies started to cut employment adjusting their capacity to lower economic activity, which pushed the registered unemployment rate to 10.7% in June from 9.5% in December 2008. Unemployment eased in the 2nd quarter of 2009 due to seasonal factors: increased demand for labour in construction, services and agriculture.

In the beginning of the year, the inflationary pressure went slightly up driven by higher fuel prices and negative impact of the weaker zloty. Consumer Price Index climbed to 4.0% year-on-year in April from 3.3% year-on-year in December 2008, exceeding the upper limit of admissible inflation fluctuations around the inflation target set by the Monetary Policy Council. An increase in administrated prices had also negative influence on domestic inflation, which was the most visible in first months of this year. Depreciation of the zloty, observed at the beginning of this year, translated into higher prices of imported goods and services like electronics, tourism and some food. End of the quarter brought decline in inflation to 3.5% year-on-year in June, driven by seasonal decrease in food prices. Conducive to downward move in inflation was also stronger zloty, which recovered in the 2nd quarter of 2009 part of the losses from the beginning of this year.

The Monetary Policy Council continued the easing cycle in monetary policy. After cuts by 125 basis points between January and March, the MPC slashed rates by additional 25 basis points in the 2nd quarter, pushing the reference rate to the record low level of 3.50%. Strong argument for additional monetary easing was further deterioration in economic activity, especially domestic demand, which should reduce inflation in medium-term horizon. Besides rate cuts, the Council decided to lower the deposits' mandatory reserve rate by 0.5 percentage points from 3.5% to 3% in May, that effectively started on 30th of June. The lowering of the mandatory reserve rate should potentially offer banks more space for credit expansion. However, in recent circumstances, especially due to higher credit risk, increase in credit dynamics looks less likely. Cuts of main rates enabled interest rate reductions on the interbank market. However, spread between reference rate and market rates remained at a relatively high level reflecting elevated real cost of financing on the interbank market.

On the money supply side, one can observe further increase in households' deposits during the 2nd quarter although at a slower pace than in the 1st quarter of this year, because of lower interests and slower growth of consumers' income. Nominal value of households' deposits in June was higher by PLN 7.7 bln than in March and by PLN 32.4 bln as compared to December 2008. Its annual dynamics moderated to 24.7% in June from 26.5% at the end of 2008. Deposits of non-financial companies, after significant reduction during the first months of 2009, rebounded in May and June. At the end of June their nominal value was close to the level observed in December 2008, while their annual growth accelerated to 7.2% from 4.1% in December 2008. On the credit side one can observe gradual deceleration in annual dynamics throughout the first half of this year due to tighter credit conditions as well as strengthening of the zloty in the second quarter. Dynamics of household loans moderated to 35.7% year-on-year in June from 44.6% in December 2008. Similar trends were seen in loans for non-financial companies, where the annual growth went down to 15.0% from 29.0% in December 2008.

II. BUSINESS DEVELOPMENT OF BANK MILLENNIUM GROUP IN 1ST HALF OF 2009

II.1. Introduction

Between 2006 and 2008, Bank Millennium successfully implemented a strategy based on 3 pillars: development of retail banking through organic growth, build a strong presence in consumer finance and revamp corporate business focusing on exploring the potential of the SME segment. As in the 2nd half of 2008 the macroeconomic conditions changed, Bank Millennium was forced to adapt his business model to the new environment. According with the new strategy – Millennium 2010 – announced in February 2009, the Bank wants to become leaner and simpler, leveraging on its strong branch network, increasing focus on retail and SME while adopting a more conservative risk approach.

Since the 2nd half of 2008 and particularly in the 4th quarter of 2008, the international financial crisis started to affect Central Europe, including Poland, and the market environment changed dramatically, namely due to: significant slowdown in economic growth, fast depreciation of the zloty, strong decrease of market interest rates, lack of alternative sources of liquidity apart from deposits, deterioration of financial situation of companies and higher unemployment. Such changes had significant implications to the banking activity: slower credit growth driven by customers behaviour, liquidity constraints and more conservative risk management practices, sharp restriction of new loans denominated in foreign currency, higher non-performing loans and strong "price-war" on deposits driven both by liquidity management issues as well as absence of a normal inter-bank money market.

Due to the significant turmoil and uncertainty in the markets, in the first half of 2009 Bank Millennium managed in a very careful way its liquidity and capital position and was able to end the 1st semester with solid liquidity and capital indicators. On the other hand, the Bank focused on adapting and streamlining its internal organization. In order to cope with the market slowdown, Bank Millennium implemented a set of initiatives aimed at improving efficiency and adjusting its cost base to the new reality. Major efforts were concentrated in reducing administrative costs through the renegotiation of contracts with third parties providers and the reduction of the consumption. Personnel costs were also reduced, adjusting to the new market conditions, mainly via adjustments in the variable compensation and the alignment of the headcount to the new production levels. In order to counterbalance the negative impact on the revenues resulting from the new market conditions, the Bank has been implementing a set of actions aimed at increasing revenues, namely adjusting the pricing of credit and transactions to a riskier and more demanding environment. Simultaneously, underwriting criteria were tightened and the level of collateralisation was increased in accordance with the lower risk profile of the Bank.

As a result of undertaken steps quality of loan portfolio remains above market average. The key indicator of portfolio quality – share of impaired loans in total loans stands at 4.8% (1) at end of June while the same indicator for the entire market reached 6.3% (2).

As a consequence of the different initiatives put in place, a relevant cost reduction was achieved when compared with the previous two semesters. In fact, despite the significant increase in the number of branches, operating costs clearly decreased in comparison with the same period of 2008. However, this positive evolution was not enough to cover the negative impact in the revenues - mainly caused by the erosion of margins on deposits, the higher cost of funding in foreign currency and the lower new business production levels – and the higher cost of risk, particularly in the corporate portfolio, driven by the slowdown in the economy.

Effective cost management and cost adjustment to the situation resulting from economic slowdown, reduction in the scale of operations constituted one of the objectives of the modified medium-term Bank strategy. The Bank Millennium total operational costs in the first half of 2009 amounted to 519,8 million PLN and decreased by 9,6% (55,4 million PLN) relative to the similar period of the preceding years (575.2 million PLN). Thus, the Bank has generated 75 million PLN in savings under the savings plan, as developed for this year of total savings in the amount of 101million PLN.

Having already concluded most of the internal reorganization, in the 2nd half of the year Bank Millennium will continue implementing the strategy recently approved, being mainly focused in materializing the different initiatives in place aimed at improving efficiency, increasing revenues and reducing costs. The increase of cross selling and the acceleration of customer acquisition will be also priorities. Taking into consideration the liquidity and risk constraints, the Bank will also be focused on developing the lending activity, mainly in what regards consumer loans and loans for SMEs. The

[1] calculated in keeping with International Accounting Standards
[2] based on NBP data, for all receivables of entire non-financial sector, calculated according to Polish Accounting Standards

conciliation between the growth of the deposit base and a rational management of the cost of deposits will also be a key challenge for the next periods.

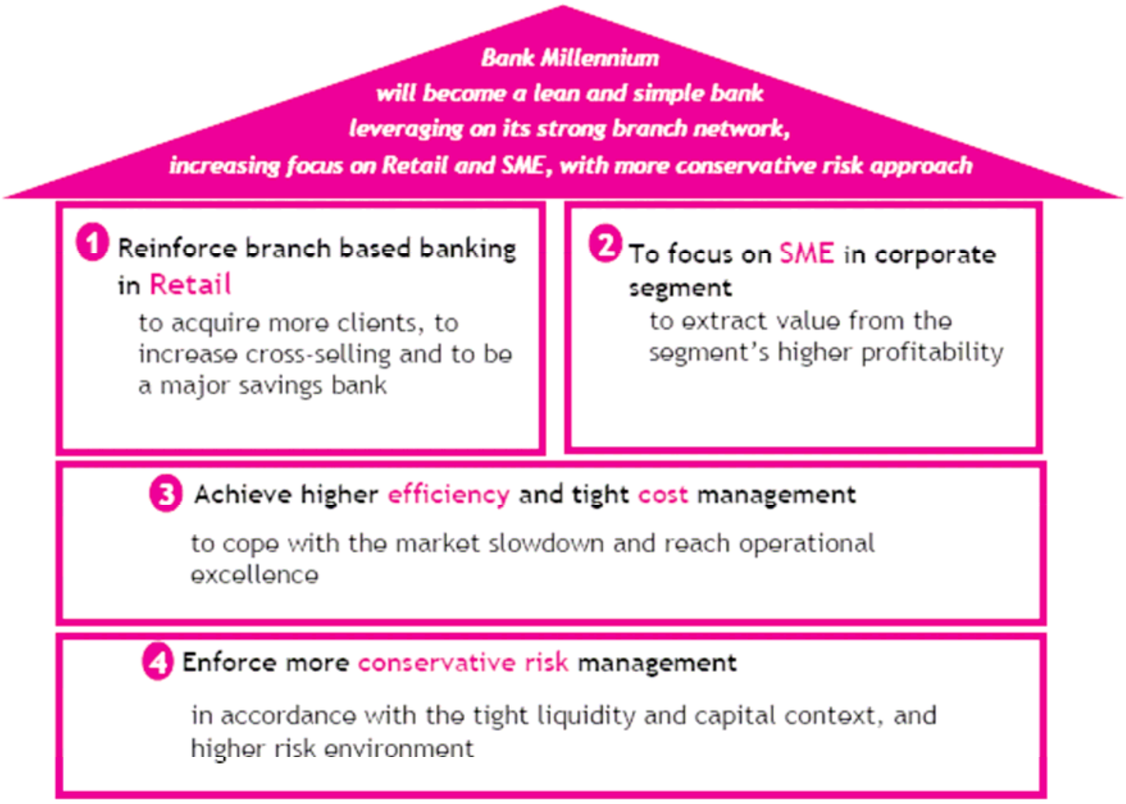
II.2. Business activity

In the first half of 2009 Bank Millennium operated in the fact of significant economic slowdown. Deteriorating main macro-economic indicators (see: „macro-economic situation") had direct impact upon deteriorating financial situation of the Bank's clients specifically in corporate segment. Concurrently, high unemployment rate and decline in real household incomes had its own impact upon evolution of operations with the Bank's individual clients.

The most important factors influencing the Bank's operations in the course of the last six months include:

- Severe "price war" on deposits, which brought margins on term deposits to negative levels and adversely affected net interest income. Some easing was observed at the end of 2Q'09, which enabled the Bank to adjust it's pricing policy on deposits in June
- High cost of funding in foreign currencies, although visible improvement in 2Q versus 1Q
- Economic slowdown in Poland, lower sales revenues and payment gridlocks translated into deterioration of financial standing of some companies, thus causing higher impairment of loans
- Additional adjustment of valuation connected with FX derivatives transactions with companies due to strong depreciation of the Polish złoty (PLN) when compared to the same period of the last year.
- Easing of monetary policy by the Polish Monetary Council: main interest rates dropped by 1,5% during 1H'09 and mandatory reserve by 0.5% (starting effectively on June 30th)
- Very visible results of the cost savings program: 75% of entire annual cost reduction plan of PLN 101 million was already achieved

Considering the current situation and projections of economic development, in January 2009 the bank modified its medium-term operation strategy. The main objectives of the „Millennium 2010" programme, were defined in four groups presented below in graphic form:



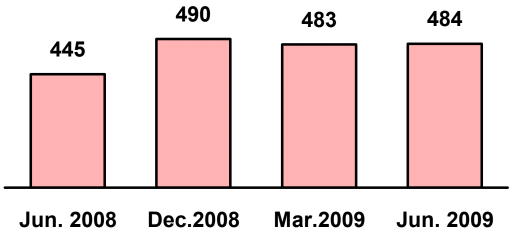
In the first half of 2009 the bank consistently implemented the modified strategy in line with its assumptions:

1. **Retail banking**

The sales network development programme

In view of unfavourable situation in the economy, the Bank decided to conclude the sales network expansion programme implemented since 2006. As at the end of 2008 the Bank outlet network included 490 branches and, as at the end of the first quarter of 2009 – 483 outlets. Decrease in number of outlets resulted from optimisation in locations of certain branches or closing of certain credit outlets. As on 30 June 2009, the Bank operated 484 Branches. According to the modified plan, the Bank's sales networks will include 500 branches. This number is expected to be reached by the Bank in 2009.

Number of Bank Millennium branches



In the retail client segment the bank has 1 145 thous. clients actively using banking products and services relative to 1043thous. as at the end of June 2008

the average number of products held i.e. the so-called cross –selling indicator increased to the value of 3,07 relative to 3 3,07 as on 30 June 2008 in spite of number of clients increse.

Offer for Individuals

Throughout the first six months of the year the bank implemented a proactive pricing policy aligning savings product offer - SuperProcent deposit, deposits available through Internet service „Millenet", „MegaZysk" product - to the needs of dynamically changing market. The Bank also promoted the use of Internet banking by offering, *inter alia,* a „deposit auction offering individual choice of interest rate even up to 10%.

The sales of „SuperProcent" were supported, in May 2009, by a media marketing campaign fostering the slogan: „Securely Invested Money" featuring a popular TV anchor, Mr. Hubert Urbański.
Sale of „Lokata Premia" deposits was promoted by marketing materials distributed in Branches featuring the slogan „Millennium Clients Gain More".

In effect, due to rational pricing policy and marketing activities, the mass - client deposits within the retail segment increased to exceed the level of 17,8 billion PLN.

Initiatives and new products in the Retail Segment

In the first half of 2009, the Bank developed and prepared implementation of new products and services to be offered in the near future to retail clients.
Personal account holders will soon be able to use new products offered together with current accounts:

- existing debit card offer will be expanded by a new Maestro debit card with function allowing the clients to control every day expenditures by use of a simple application provided, free of charge, to interested clients.

- both new and future holders of personal account limit will have an opportunity to use a seven days, interest free period in each month.

Small Business segment (micro companies)

The number of clients of the Business segment, specialising in provision of service to micro-companies, increased since the beginning of the year by more than 7% and exceeded, at the end of June 2009, 96.400.

Since the beginning of 2009 the account „Biznes Start" created for entrepreneurs starting their business operations i.e. those who manage their businesses for the period shorter than 12 months, enjoyed significant market interest. During the first half of 2009, clients opened more than 5900 Biznes Start accounts, registering an increase relative to the end of 2008 by 73%. In addition, the account „Konto Biznes Profesja", addressing the needs of professionals has also become popular. The number of "Biznes Profesja" accounts increased by more than 53% since the beginning of the year.

Offer addressing the needs of affluent individuals

During the first six months of 2009 the number of „Prestige" line clients increased by nearly 500, and „Prestige" segment recorded increase in client assets. At the same time cross-selling ratio increased from 3,91 to 4,20 products per Client.

	December 2008	June 2009	Change
Number of Clients	18 985	19 459	2,50%

During the first half of 2009 „Prestige" segment focused mainly on providing its clients with attractive deposit offers and on principal guaranteeing products.

Mortgage retail banking

Reduced interest in the Bank Millennium mortgage credit/loan offer resulted from decision of the Bank to make credit policy more stringent in the 4th quarter of 2008 (including, *inter alia,* withdrawal from offering loans indexed to foreign currencies, reduction of LTV, and shortening loan maximum maturities) due to unfavourable and rapid market changes. Nonetheless, in effect of stabilisation in the housing market, in the second half of 2009, the bank decided to make its mortgage credit offer more attractive by increasing the real property financing level to 90% of its value. Furthermore, in response to market demand regarding protection against job loss, the Bank introduced a promotional level of origination fee for clients deciding to buy insurance against loss of permanent source of income in the Bank. Actions resulted in significant increase in the interest in the Bank's mortgage product offer.
Trying to meet the needs of the Clients as well as in response to growing concerns among the clients about loosing their jobs and in order to develop a safe and profitable portfolio, the Bank expanded its job loss insurance offer to cover the clients in the portfolio. At present, mortgage borrowers have an opportunity to secure continuation of repayment in case of temporary loss of job and favourable method (entry into the insurance on the basis of declaration, attractive premium amount, extremely comfortable monthly premium payment system).

Consumer finance

The first half of 2009 was marked, despite more conservative lending policy, by increasing sales growth rate of „Pilna Pożyczka" (Urgent Loan – granted to finance any purpose of the borrower's choice). By continuation of efforts to optimise the sale process, the Bank was able to shorten the time needed for granting and disbursing the loan.

In the first half of 2009, the Bank granted 55 thous. loans to the total amount of 643.8 m PLN (relative to 541.7 m PLN a year before), achieving 19% increase in sales. Thus, the value of "Urgent Loan" portfolio grew further to reach, at the end of June 2009, the level of 1.9 bn PLN (increase by 46% y/y).

Credit cards

During the first half of 2009, the bank continued its efforts to improve credit card portfolio effectiveness. Portfolio's main features include high activation and use ratios. Average balance of debt increased, relative to the end of 2008, by 11%.
Campaigns conducted with respect to the portfolio included, *inter alia,* the offer of tax payments by card with option to spread it in instalments (a slogan was used "Podatek może poczekać" (*Your tax can wait*)), meeting a positive reaction from the clients or campaigns regarding repayment of debts due to other banks using the Bank Millennium card at attractive terms and conditions ("Z mniejszymi odsetkami żyje się lżej")(*Life is better with lower interest*).

2. Corporate

In the area of corporate and SME banking, in the first half of 2009, Bank Millennium recorded increase of volumes of key product sales. Comparing results of the end of June 2008 and the end of June 2009 the Bank recorded increase in sales of:

- Term deposits - by 30 (43 % of the total are SME deposits)
- Factoring products - by 4%
- Credits/loans - by ca. 5 %,
- Leasing products - by 15%

Furthermore, in the first quarter of 2009 the Bank attracted more than 440 new SME clients and in the second quarter of 2009 - 340 SME clients more.
Mobile sales network, established in the last year, largely contributed to the increase in number of SME clients in the 2nd quarter. More than 65% of new SME clients (i.e. 220 out of 340) were brought in by the said network RMs.

According to present data 68 % of total customers of corporate banking sector are SME.

Implementation of the „Millennium 2010" strategy in corporate banking focused, during the last six months, on increasing the number of clients (in particular in the SME area), increasing sales of key products and services (deposits, leasing and factoring) and impr4ovement of service quality and level.

II.3. Bank Millennium Group

Business activity is also conducted by other companies of Bank Millennium Capital Group: Millennium Dom Maklerski , Millennium Leasing, Millennium Lease and Millennium Towarzystwo Funduszy Inwestycyjnych.

Millennium Leasing

In effect of the economic slowdown and deterioration of business conditions in the first half of 2009 the bank recorded a decline, by 48%, of the number of Leasing Agreements concluded relative to the similar period of the preceding year. The value of agreements signed in the first half of 2009 amounted to 578,1 million PLN and was lower by 46% than the year before (1 073,5 million PLN). In spite of the above, Millennium Leasing continues to hold its position amongst the largest leasing companies in Poland.

Millennium Lease

Millennium Lease concluded new real estate leasing agreements to the total amount of 81 mln PLN generating an increase by 11% relative to the first half of 2008 against the background of estimated overall decline in the real estate leasing market by ca. 20%. This allowed the company to increase its market share to 6%.

Millennium TFI

During the first 6 months of 2009 the value of assets maintained by funds managed by Millennium TFI increased only marginally from 1 664,2 million PLN (as on 31.12.2008) to 1 686, 4 million PLN due to growth of subfunds portfolio value .

Millennium Dom Maklerski

In the first half of 2009 Millennium Dom Maklerski carried out the following primary market projects:

1. Internet Group – preparation of the Prospectus and consulting service
2. PGE Energia Odnawialna – purchase of employee shares
3. Aplisens – participation in consortium established to sale shares under IPO

In January 2009 Millennium DM introduced a service involving purchase and sale of securities in foreign markets. The service is available to Clients holding custody accounts maintained by Bank Millennium S.A.

In the first half of 2009, new principles of registration of securities were developed in Millennium DM and new version of IT system was implemented adjusted to operate under conditions determined by new regulations of KDPW SA (National Deposit of Securities). Since 1 June 2009 Millennium DM is ready to implement the new deposit-settlement system of the National Deposit of Securities.

III. FINANCIAL SITUATION OF BANK MILLENNIUM GROUP

III. 1. Group profit and loss account after 1st half 2009

Operating Income (PLN million)	1H 2009	2Q 2009	1Q 2009	1H 2008 **	Change y/y	Change q/q
Net Interest Income *	296.5	116.1	180.4	528.7	-43.9%	-35.7%
Net Commissions Income	232.5	106.6	125.9	249.1	-6.7%	-15.4%
Other Non-Interest Income ***	191.6	97.6	94.0	152.4	+25.7%	+3.8%
Operating Income	720.6	320.2	400.4	930.2	-22.5%	-20.0%

(*) Pro-forma data: Net Interest Income includes margin from all derivatives. From 1st January 2006 the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps (and from 1st of April 2009 also FX swaps). The margin from these operations is reflected in Net Interest Income since afore-mentioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides pro-forma data, which presents all margin from derivatives in Net Interest Income caption, whereas in accounting terms part of this margin (PLN 83.7 m in 1H 2009 and PLN 68.5 m in 1H 2008) is presented in Other Non-Interest Income. In the Bank's opinion, such approach allows better understanding of the real evolution of this item from economic point of view.
(**) new methodology applied which transferred FX impact on accrued interests from Net Interest Income to FX gains, according to accounting reclassification adopted since 2009
(***) includes net "other operating income and costs"

Net Interest Income of Bank Millennium Group in the 1st half 2009 was under strong pressure of the two negative factors being consequence of an unprecedented turmoil which affected financial markets in Poland since the 4th quarter of 2008. The first one is the price "war" on deposits, which started last year and is being continued throughout this year. The second factor is the unexpected high cost of FX swaps for Polish currency, which also erupted last year and only recently eased a little bit, but are still on higher level than before the financial turmoil.

Both factors had a very strong impact on the Bank's interest margin. Continued so long "war" on term deposits caused that total margin on deposits in 2Q'09 was even lower than in 1Q'09 and achieved negative level of –0.74%. The Bank responded to that with a drastic adjustment of deposit pricing enforced since June 8th. Interest rate on the main 3-months deposit was lowered from 6% to 4.5% (only for higher volumes above 100 thousand it is higher: 5.5%). However, the effect on this move could not be visible in P&L of 2Q yet, but certainly will improve the margin in the following quarters. 2Q'09 might be also the worst as far as average cost of FX funding is concerned, since the improved current prices of FX swaps will decrease average cost of FX funding only in the following periods. Two main negative factors were accompanied by lower average interest rates in PLN in 1H'09 versus 1H'08, which suppressed margin also on current accounts. All these negative effects could not be compensated by gradually increased margins on loans, especially corporate ones.

As a consequence, net interest income of the Group (on a pro-forma basis) in 2Q'09 was lower than in 1Q'09 and total NII for the 1st half 2009 was lower by 44% versus 1H'08 amounting to PLN 296.5 million.

Net Commissions Income of the Group amounted to PLN 232.5 million in the 1st half 2009, which means a 6.7% decrease compared to the corresponding period of the previous year. The main reason of this drop were lower fees related to capital market, like mutual funds and brokerage. The current level of quarterly net commissions (PLN 106.6 million) remains on the similar level to the last 3 quarters of 2008 and were lower when compared to 1Q'09, in which they were inflated by higher fees from bancassurance activity. On the other hand many groups of commission income (e.g. banking cards, brokerage, mutual funds or transfers) increased when compared to the 1st quarter.

Other non-interest income reached in 1st half 2009 the amount of PLN 191.6 million and was 26% higher than in the 1st half of 2008. The main reason were higher income from Bank's fixed income securities portfolio. On a quarterly basis other non-interest income was stable (increase by 4%) and the compound effect of problems with FX derivatives in this line of income was negligible.

Total operating income of the Group reached PLN 720.6 million in 1st half 2009 and was 22.5% lower than in the corresponding period of the previous year and 20% lower versus the previous quarter.

Operating Costs (PLN million)	1H 2009	2Q 2009	1Q 2009	1H 2008	Change y/y	Change q/q
Personnel Costs	242.4	124.4	118.0	300.1	-19.2%	+5.5%
Other Administrative Costs	237.3	117.3	120.0	242.7	-2.2%	-2.2%
Depreciation*	40.1	20.3	19.8	32.4	+23.8%	+2.6%
Total Operating Costs	519.8	262.1	257.8	575.2	-9.6%	+1.7%

(*) includes impairment of non-financial assets

Total costs in 1st half 2009 amounted to PLN 519.8 million and were lower in comparison to 1st half 2008 by 10% or PLN 55 million. This achievement is especially remarkable having in mind the fact that network of branches increased during last 12 months from 445 to 484 outlets. This level of costs means, that Bank Millennium Group already achieved, after the 1st half of this year, 75% of entire yearly plan of PLN 101 million costs savings.

Personnel costs were reduced remarkably by 19% or PLN 58 million yearly. These savings will be sustained mainly as a consequence of the lower number of employees and changes in bonuses. Total number of employees in the Group at the end of June 2009 reached 6 414 and was already lower than one year ago, when it stood at 6 761.

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

Employment structure (in FTEs)	30.06.2009	30.06.2008	Change
Bank Millennium S.A.	6 028	6 339	-311
Millennium Leasing Sp. z o.o.	233	250	-17
Millennium Dom Maklerski S.A.	109	124	-15
Millennium TFI S.A.	30	33	-3
Other subsidiaries	14	15	-1
Total Bank Millennium Group	**6 414**	**6 761**	**-347**

Other administrative costs were stable both on yearly and quarterly basis (-2% drop), despite much bigger branch network than year ago. This was possible thanks to some cost saving initiatives mainly driven by lower marketing costs, building & car fleet maintenance and business trips.

Depreciation (together with impairment charges for non-financial assets) increased by 3% quarterly and by 24% yearly.

Cost to income ratio after the 1st half 2009 increased to 72.1% as an effect of dropping income. For the 1st half 2008 cost to income ratio stood at 61.8%.

Impairment provisions were under influence of entire market trend of deterioration of loan portfolios, especially for companies. Total net impairment provisions created by the Group during the 1st half 2009 amounted to PLN 185.2 million so were much higher than the amount of PLN 36.8 million created during the 1st half 2008. In relative terms, provisions created during the 1st half 2009 represented 106 basis points of average loan portfolio (on yearly basis), which means an increase versus 31 basis points during the 1st half 2008. Net provisions created only during 2Q'09 (PLN 55.9 million) were already 57% lower than the provisioning level in 1Q'09 (PLN 129.3 million). The risk connected to FX derivatives transactions continued to be reduced and provisions were made as part of overall impairment charges for corporate exposure.

Profit before tax of Bank Millennium Group in the1st half 2009 amounted to PLN 22.6 million and **net profit** amounted to PLN 21.0 million, which means 92% drop versus the previous 1st half-year. On a quarterly basis, net profit for 2Q'09 (PLN 8.9 million) was 26% lower than net profit of PLN 12.1 million achieved during 1Q'09.

III.2. Profitability of the main business segments

Results of Bank Millennium Group broken down into main activity segments, i.e. retail (including microbusinesses), corporate and treasury & brokerage, during the 1st half of 2009 are presented below:

Segment: (PLN million)	**Retail Banking**	**Corporate Banking**	**Treasury and Brokerage**	**Total Group**
Net interest income	268.6	86.7	-142.4	212.8
Net fee and commission income	172.8	51.2	8.5	232.5
Other non-interest income	48.4	40.7	186.2	275.7
Total operating income	**489.8**	**178.6**	**52.2**	**720.6**
Change versus 1H 2008	*-20.9%*	*-15.1%*	*-48.2%*	*-22.5%*
Total operating costs*	**-393.1**	**-96.5**	**-30.1**	**-519.6**
Change versus 1H 2008	*-5.5%*	*-9.5%*	*-41.3%*	*-9.4%*
Operating Profit before provisions	**96.8**	**82.2**	**22.1**	**201.0**
Net provisions	**-5.7**	**-179.3**	**-0.4**	**-185.4**
Gross profit	**91.0**	**-97.1**	**28.7**	**22.6**

* without impairment losses on assets

Decreasing revenues of the Group, when compared to the last year, caused that all segments also registered drop of operating income. In retail area total operating income contracted by 21% versus last year. The main reasons were: deterioration of deposit spreads and less FX gains from mortgage lending. Corporate business operating income dropped by 15% y/y also due to lower deposits spreads and income from treasury products sold to customers. Treasury and Brokerage area experienced the fastest drop of operating income (48% y/y) as a consequence of higher cost of funding in foreign currencies and lower income from brokerage activity.

Drop of revenues was partially compensated by dropping costs registered in all business segments. Retail banking area, despite broader network of 484 branches (versus 445 year ago), has managed to reduce costs by 5.4% yearly. Corporate business reduced costs by 9.5% y/y whereas Treasury and Brokerage area reduced half-yearly costs by 41%.

Operating profit of each segment was then charged with provisions on credit risk, which was especially relevant in the area of corporate business. Total net provisions created in corporate area during 1st half 2009 amounted to PLN 179.3 million. This was caused by a deterioration of financial standing of some companies and additionally by extra provisioning effort on exposure to some customers involved in FX derivatives transactions. Exceptionally high provisions caused, that Corporate business area showed pre-tax loss of PLN 97.1 million for the 1st half of 2009. Retail banking area, after creating net of PLN 5.7 million provisions on credit risk, showed a pre-tax profit of

PLN 91 million for the 1st half 2009, which however was lower by 50% when compared to the 1st half 2008.

III.3. Balance sheet after 1st half 2009

ASSETS

As of 30 June 2009, Bank Millennium Group's total assets amounted to PLN 45,539 million, marking an increase of 33% in relation to the end of June 2008. Evolution of the Group's key asset items and their structure during the 12 months is presented in the table below:

ASSETS (PLN million)	30.06.2009		30.06.2008		change
	Value	Structure	Value	Structure	2009/2008
Cash and balances with Central Bank	974.0	2.1%	1 131.9	3.3%	-13.9%
Loans and advances to other banks	780.0	1.7%	1 595.5	4.7%	-51.1%
Loans and advances to Clients	34 908.4	76.7%	25 2088	73.6%	38.5%
Receivables under purchased buy-sell-back securities	193.7	0.4%	173.1	0.5%	11.9%
Financial assets carried at fair value through P&L and hedging derivatives	4 993.5	11.0%	3 212.3	9.4%	55.4%
Investment financial assets*	2 956.1	6.5%	2 156.1	6.3%	37.1%
Intangible assets, property, plant and equipment**	382.3	0.8%	375.7	1.1%	1.8%
Other assets	351.4	0.8%	399.5	1.2%	-12.0%
Total assets	**45 539.4**	**100.0%**	**34 253.0**	**100.0%**	**33.0%**

** including investments in subordinated entities, ** without non-current assets to be sold*

Loans and advances to Clients are the dominating group in the assets structure (76.7%). As of 30 June 2009, net loans and advances granted to Clients reached PLN 34,908 million, which reflects their dynamic annual growth of 38.5%. The change in this asset item in nominal terms (the increase of PLN 9,700 million) had decisive impact on the increase of the Group's total assets.

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

Loans and advances to Clients (PLN million)	**30.06.2009**		**30.06.2008**		***Change* 2009/2008**	
	Value	**Structure**	**Value**	**Structure**	**Value**	**(%)**
Loans to households	25 766.4	*73.8%*	17 273.6	*68.5%*	*8 492.8*	*49.2%*
- mortgage loans	*23 017.6*	*65.9%*	*15 188.7*	*60.3%*	*7 828.9*	*51.5%*
- other loans to households	*2 748.8*	*7.9%*	*2 084.9*	*8.3%*	*663.9*	*31.8%*
Loans to businesses	9 142.1	*26.2%*	7 935.2	*31.5%*	*1 206.9*	*15.2%*
- leasing	*3 484.4*	*10.0%*	*2 958.9*	*11.7%*	*525.5*	*17.8%*
- other loans to businesses	*5 657.7*	*16.2%*	*4 976.3*	*19.7%*	*681.4*	*13.7%*
Total loans and advances to Clients	**34 908.4**	**100.0%**	**25 208.8**	**100.0%**	**9 699.7**	**38.5%**

Loans to households remain the key growth factor for the entire loan category. During one year time ended 30 June 2009, their value increased by PLN 8,493 million to PLN 25,766 million, i.e. by 49%. Loans granted to individual Clients made 74% of total loans at the end of June 2009.

Mortgage loans account for the majority of the retail loan portfolio. They also clearly dominate the overall loan portfolio (66% at the end of the 1st half 2009). This loan category was the fastest growing in the Group's overall loan portfolio. At the end of June 2009, the value of the mortgage loan portfolio was PLN 23,018 million, increasing 51.5%, or PLN 7,829 million, from the end of June 2008. Depreciation of Polish currency vs. CHF is partly responsible for the scale of this growth – without that FX changes, the annual growth would be 15%. The Bank decided on withdrawal from offering mortgage loans in foreign currencies since 1st December 2008

The value of other loans to households (including debt in credit cards, current account overdraft limits, cash loans and other credit) reached PLN 2,749 million at the end of the reporting period, increasing 31.8% during the year. Their share in the overall portfolio was 7.9%. The balance of cash loan portfolio alone increased by 45.6% during the year (in gross terms), reaching PLN 1,902 million. The value of credit card debt increased 31.2% during the last 12 months, reaching the total value of PLN 766 million (gross).

Loans granted to companies increased by 15.2%, or PLN 1,207 million, from 30 June 2008, up to PLN 9,142 million at the end of the reporting period; their share in the total portfolio was 26%. The share of small and medium-sized enterprises segment (companies with turnover up to PLN 30 million per annum, including microbusinesses) was material and accounted for 36% of the total loans to companies (including leasing). Leasing activity, which is important part of the Group's lending to companies, recorded increase of the portfolio by 17.8% during one year period ended 30 June 2009 and other loans for companies grew by 13.7% during the same time.

The two other items having material share in total assets were, as at 30 June 2009, "Financial assets carried at fair value through profit and loss and hedging derivatives" (11% or PLN 4,993 million in nominal terms) and "Investment financial assets" (6.5% or PLN 2,956 million). In both asset items debt securities issued by the State treasury and the Central Bank play dominating role: 65% in the first and 97% in the second mentioned portfolio. Important part of "Financial assets carried at fair value through profit and loss and hedging derivatives" is the positive valuation of derivatives held for trading and hedging derivatives, which reached at the end of June 2009 PLN 1,735 million and its share in this asset group made 35%. The value of debt securities in both mentioned items of the Group's assets, was PLN 6,184 million as at the end of June 2009. Equity instruments had negligible share in both analysed groups of assets.

LIABILITIES AND EQUITY

The structure of the Group's liabilities and equity at the end of the 1st half 2009 and the 1st half 2008 is presented below:

LIABILITIES AND EQUITY (PLN million)	**30.06.2009**		**30.06.2008**		**Change**
	Value	**Structure**	**Value**	**Structure**	**2009/2008**
Deposits and loans from banks	4 120.3	9.7%	2 227.8	7.0%	84.9%
Deposits from Clients	32 925.2	77.1%	25 641.2	81.0%	28.4%
Liabilities from securities sold with buy-back clause	1 606.7	3.8%	481.4	1.5%	233.8%
Financial liabilities carried at fair value through P&L and hedging derivatives	1 513.6	3.5%	880.1	2.8%	72.0%
Liabilities on the issue of debt securities	932.3	2.2%	911.9	2.9%	2.2%
Reserves	21.7	0.1%	28.8	0.1%	-24.5%
Subordinated debt	1 029.1	2.4%	773.4	2.4%	33.1%
Other liabilities*	542.1	1.3%	699.5	2.2%	-22.5%
Total liabilities	**42 691.0**	**100.0%**	**31 644.2**	**100.0%**	**34.9%**
Total equity	**2 848.4**		**2 608.8**		**9.2%**
Total liabilities and equity	**45 539.4**		**34 253.0**		**33.0%**

(*) including tax liabilities

At the end of June 2009, liabilities represented 94% and the equity 6% of Group's total liabilities and equity.

Client deposits, which reached PLN 32,925 million at the end of June 2009, dominated the structure of liabilities (77%). The deposits increased remarkably by 28.4% (or PLN 7,284 million) during one year time and were higher compared to the end of 2008.

The structure of deposits at the end of the 1st half 2009 and the 1st half 2008, by Client type, is presented in the table below:

Client Deposits * (PLN million)	**30.06.2009**		**30.06.2008**		**Change 2009/2008**	
	Value	**Structure**	**Value**	**Structure**	**Value**	**(%)**
Deposits of individuals *	23 008.5	69.6%	17 311.1	67.4%	5 697.4	32.9%
Deposits of corporate Clients and public sector	10 059.0	30.4%	8 387.8	32.6%	1 671.1	19.9%
TOTAL	**33 067.5**	**100.0%**	**25 698.9**	**100.0%**	**7 368.6**	**28.7%**

** including retail bonds issued by the Bank and deposits in the form of insurance policies*

The deposits from individual Clients (including the Bank's bonds offered to individual Clients) recorded dynamic growth of 32.9% (or PLN 5,697 million) year-on-year reaching the total of PLN 23,008 million as at the end of the 1st half 2009. Deposits from companies and the public sector also grew visibly during the same period, i.e. by 19.9% (PLN 1,671 million) up to the amount of PLN 10,059 million.

As part of the savings entrusted by Clients to Bank Millennium Group is not reflected in the consolidated balance sheet, the additional information on total Client funds invested in savings products offered by the Group is presented in the table below.

Total entrusted Client funds	**30.06.2009**	**30.06.2008**	**Change 2009/2008**	
(PLN million)			**Value**	**(%)**
- Deposits and retail bonds	*33 067.5*	*25 698.9*	7 369	*28.7%*
- Mutual funds and private portfolios managed by Millennium TFI	*1 726.1*	*2 872.1*	-1 146	*-39.9%*
- Third party savings products distributed by the Group*	*742.4*	*880.4*	-138	*-15.7%*
TOTAL	**35 536.0**	**29 451.4**	**6 085**	**20.7%**

** insurance and investment products and mutual funds offered by companies from outside of the Bank Millennium Group*

Liabilities to banks were the second biggest item of Liabilities (9.7%). Their value increased from the end of June 2008 by 84.9% (or PLN 1,892 million) to the amount of PLN 4,120 million. The growth was caused primarily by the fact that the Bank took out in September 2008 a syndicated loan of EUR 175 million from a group of financial institutions as well as mid-term senior loan from Banco Comercial Portugues (the parent company) of EUR 200 million in March 2009.

Liabilities from securities sold with a buy-back clause (sell-buy-back) reached PLN 1,607 million, or 3.8% of all liabilities, at the end of the 1st half 2009. This item includes mainly short-term funds acquired from Clients, financial institutions and National Bank of Poland (the Central Bank) and generally is very volatile. As compared to the end of June 2008, the funds acquired through sell-buy-back transactions increased by PLN 776 million or 106.9%, largely due to increased value of transactions made with financial institutions.

Another source of the Group's external funding were liabilities from issued debt securities and subordinated liabilities. At the end of June 2009, liabilities under debt securities were 2.2% of total liabilities. During the one year period their value increased by 2.2% up to PLN 932 million. The largest component of this item are liabilities under the securitization agreement for part of the assets concluded by the Millennium Leasing subsidiary. This item comprises also the Bank's liabilities under the issue of bonds for retail Clients as part of the private issue program.

Subordinated liabilities represented 2.4% of all liabilities (PLN 1,029 million) and included debt resulting from the issue of long-term bonds with par value of EUR 80 million maturing in 2011 as well as subordinated bonds with par value of EUR 150 million maturing in 2017. The increase of that item as compared to the end of June 2008 (by 33.1%) was caused by changes in the currency exchange rate.

At the end of June 2009, the Group's equity was PLN 2,848 million, which means 9.2% up when compared to the end of June 2008.

III.4. Rating and share price main indicators

Following global financial turmoil, which hit Poland in late 2008, Warsaw stock market experienced a rapid capital outflow and major decreases of stock prices, which continued in the beginning of 2009. Later this year markets recovered but not enough to compensate for the losses of the second half of the last year.

Overall, during last 12 months WIG - the main index of WSE - lost 26%, the WIG Banks sector index was down by 38% and mWIG40 index, which comprises the shares of Bank Millennium, lost 33%. In the same period Bank Millennium share price dropped by 57%. However in the first half of 2009 main indices rebounded (WIG increased by 12%, mWiG40 grew by 17%), while banking index WIG Banks lost 15%. However, Bank Millennium shares during this period increased by 1%.

	30.06.2009	31.12.2008	Change (%) in 1H 2009	29.06.2008	Change (%) yearly
Number of shares of Bank Millennium (in ths.)	849 181,7	849 181,7		849 181,7	
Average daily trading of Bank's shares for a semester (PLN ths)	6 058	8 514*	-28.8	12 840	-52.8
Price of Bank Millennium shares (PLN)	2.92	2.88	+1.4	6.80	-57.1
Market capitalisation (PLN million)	2 480	2 446	+1.4	5 744	-57.1
WIG - main index	30 419	27 229	+11.7	41 146	-26.1
WIG Banki	3 717	4 391	-15.4	6 010	-38.2
mWIG 40	1 769	1 511	+17.1	2 650	-33.2

(*) turnover for the second half of the year

On February 9th 2009, Fitch rating agency affirmed current ratings of Bank Millennium with stable outlook. On April 7th 2009, Moody's rating agency placed the Bank's deposit ratings on review for a possible downgrade due to a possible rating action towards the Bank's parent – Millennium BCP. This rating action did not affect Bank Millennium financial strength rating (D), which kept a "stable" outlook.

Shown below is current rating assigned to the Bank by two leading agencies, which give rating to Bank Millennium.

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

III.5. Main drivers which may affect financial situation of the Bank in 3rd Quarter 2009

There are several external factors, which may affect financial situation of the Bank in the current quarter. The most important are the following:

- Further deterioration in financial situation of Polish companies following slowdown in domestic and global economies - might negatively affect quality of assets portfolio and curb demand for banking products, including loans and deposits of corporate sector.
- After seasonal improvement, continued increase in unemployment and lower wage growth - might curb demand for some retail products and erode quality of credit portfolio in a longer horizon.

- Although now improved, still wide spreads in inter-bank market, especially in foreign currencies - might cause persistence of high costs of funding.
- Although now less probable, further weakening of the Zloty - might influence liquidity and adequacy position of the Bank through revaluation of FX denominated loans.

The Bank is managing permanently all the risks including the ones coming from different scenarios of market environment and will try to mitigate the adverse influence on its financial situation. Additionally, the Bank is consistently implementing its new strategy Millennium 2010, which will have impact on financial results and standing of the Bank in the next quarters of this year and in the next year.

Looking at the recent evolution of financial markets, mainly reduction of risk premiums, recovery of bank's share prices, stronger Złoty, and taking into consideration the resilience of the Polish economy, there start to be conditions for improvement of the operating environment of the banking sector in Poland in a gradual way.

IV. RISK MANAGEMENT IN BANK MILLENNIUM GROUP

Bank Millennium Group attaches special importance to risk management, which is an essential part of the Group's growth strategy. In order that effective risk management and a consistent policy are assured in the Group, a risk management model was implemented, which integrates all types of risks that constitute the main areas of threat to the Bank's activity, i.e. credit, market, liquidity and operational risk.

The Supervisory Board and Management Board of Millennium are responsible for defining the overall risk policy, including approval of strategy and main risk management rules, as well as guaranteeing essential resources in the area of risk management. The function of risk management is supported by an organisational structure, which comprises the Risk Control Committee, responsible for monitoring all the risks, as well as four specialised Risk Committees, chaired by Management Board members and including persons responsible for main areas where specific risks originate, are monitored and managed.

During the 1st half of 2009 due to the growing crisis Bank Millennium Group implemented a number of initiatives to enhance the risk management function, presented further in this document.

IV.1. Capital management

Until supervisory consent is obtained for applying advanced approaches to calculating capital requirements, Bank Millennium Group will keep applying the standard approach to capital requirement calculation.

Capital requirements for Bank Millennium Group, calculated as at 30 June 2009 with the standard approach in line with the New Capital Accord, compared with 30.06.2008 and 31.12.2008, is presented below:

In PLN million

Capital requirements by risk type:	30.06.2009	31.12.2008	30.06.2008
Credit risk (including counterparty risk)	2 338,8	2 450,4	1 784,6
Operational risk	218,3	208,5	177,5
Market risk	49,3	112,7*	52,6
Total capital requirements	**2 606,4**	**2 771, 5**	**2 014,7**
Own funds	**3 634,9**	**3 533,7**	**3 043,9**
Consolidated solvency ratio	**11,16%**	**10,20%**	**12,09%**

* the increase of capital requirement connected with market risk recorded as at 31.12.2008 resulted mainly from increased capital requirements due to higher open FX position

As at end of June 2009 Bank Millennium Group recorded improvement of the solvency ratio by 96 basis points from end of 2008. Growth of the ratio is caused by decreasing more than two times of the market risk requirement and decreasing of credit risk requirements being partially a result of strengthening of PLN currency, with simultaneous slight increase of operational risk requirement.

Meanwhile decrease of the solvency ratio with respect to June 2008 is caused by higher capital requirements regarding all types of risk covered by the calculation, largely to do with depreciation of PLN to foreign currencies, which was the direct and indirect factor of significant increase of capital requirements to cover market and credit risk. Growth of own funds as at 30.06.2009 compared with 30.06.2008 results from assigning all of 2008 net profit to increase of these funds.

In 2009 the Group is continuing the process of internal assessment of capital adequacy based on the internal model of economic capital. Calculation of internal capital covers all major risk types, to which the Group is exposed and is based on a set of parameters, which reflect the specifics and reality of the Polish market. In the process of calculating internal capital, individual types of risk as well as the effect of diversification are subjected to stress tests. Total diversified internal capital is compared with the ability to accept risk i.e. with available financial resources and in result the Group's capital adequacy is assessed. Internal capital is divided according to individual business areas.

IV.2. Credit risk

Credit risk means the uncertainty regarding meeting by the customer of his contractual commitments to the Group regarding his financing, i.e. repayment in specific time of principal and interest, which may cause the financial loss to the Group.

Credit risk is the most important type of risk incurred by Bank Millennium Group. Capital requirement to cover credit risk was PLN 2 339 million with total requirement of PLN 2 606 million as at 30.06.2009.

Poland's macroeconomic situation, which deteriorated strongly in the first half of the year, could not remain without impact on the quality of loan portfolios of banks. This is also true with respect to Bank Millennium, although the quality of the loans portfolio and the pace of its deterioration remain better than the average for the entire market.

The key indicator of portfolio quality – share of impaired loans in total loans (calculated in keeping with International Accounting Standards) – increased from 3.1% a year ago and 3.4% at end of December to 4.8% at end of June. The same indicator for the entire market (although calculated according to Polish Accounting Standards) increased in the course of 6 months of this year from 4.4% to 6.3%.

Also the ratio of loans past-due over 90 days deteriorated in the course of the year from 0.9% to 1.8% of the whole loans portfolio. Thus it remains much lower that the ratio of impaired loans, which is proof of a very conservative approach of the bank with respect to classification of impaired loans.

The situation of Bank Millennium Group with respect to loans portfolio quality is illustrated by following figures:

Main loan quality indicators	**30.06.2009**	**31.12.2008**	**30.06.2008**
Total impaired loans (PLN million)	1 721	1 163	793
Loans past-due over 90 days (PLN million)	631	289	220
Impaired loans/total loans	4,8%	3,4%	3,1%
Past-due loans (>90 d)/total loans	1,8%	0,8%	0,9%
Total provisions/impaired loans	54%	64%	74%
Total provisions/past-due loans (>90 d)	147%	259%	269%

Increase of the share of impaired loans in total loans portfolio came on the one hand from growth of such loans (by 558 million PLN during half-year) and on the other hand slower growth of loans or even the nominal decrease, which came in the second quarter of the year (mainly owing to the FX effect). Growth of impaired loans was strongly attributable to exposure to corporate customers who have FX derivatives. This group accounted for 36% of semi-annual increase of total impaired loans portfolio (or 44% growth of impaired loans to companies).

Deterioration of the financial situation of some companies made the impaired corporate loans ratio grow to 14.2%. Meanwhile quality of loans to households remains much better. The share of impaired loans is 1,3% and in mortgage loans this ratio is even lower at 0,46% (with the ratio of past-due loans over 90 days for these loans being merely 0,19% of total mortgage loans portfolio).

Fall of theCoverage ratio of impaired loans with total provisions (including generic IBNR provisions) from 64% at end of December to 54% at end of June was caused mostly by:

- Increase of impairment credit portfolio in I half 2009;
- recognition as a part of impaired credit portfolio receivables from closed FX transactions, in case of aforementioned transactions coverage ratio is smaller than in the whole credit portfolio due to fact that for that kind of transactions recognition of credit risk is done for the first time as adjustment to fair value of derivative.

The Group modified parameters (PD and LGD) used for impairment calculation in collective analysis of receivables in I half of 2009. These changes were preceded by a based on historical data simulation on potential delinquency of homogenous portfolios;

Bearing in mind the existence of other legal loan collateral (including mortgages written on real estate or pledges of leased property), the Group considers the level of coverage of impaired loans with total provisions to be adequate.

Corporate portfolio of Bank Millennium Group is well diversified, which is presented in the table below:

Structure of loans portfolio by industries as at 30 June 2009

Sector	value PLN million	share %
Food processing	362	3.7
Chemical	525	5.4
Other manufacturing	1 616	16.6
Construction	998	10.2
Developers	747	7.7
Wholesale trade	1 444	14.8
Retail trade	438	4.5
Transport	1 480	15.2
Real estate lease	386	4.0
Other service	829	8.5
Public sectors	182	1.9
Other sectors	731	7.5
Total corporate loans	**9 738**	**100.0**

Due to the financial crisis and the ensuing economic slowdown, the Group in the 1st half of 2009 took a series of actions regarding credit risk, aimed at adapting to the new situation and minimising potential losses.

In the retail segment the changes were applied in credit capacity assessment (e.g. stricter requirements as regards minimum income earned by the customers) and in credit worthiness assessment (e.g. stricter requirements regarding acceptable credit history of customers).

Moreover the Bank phased out products with increased risk levels. In case of distribution channels generating an increased level of risk, the Bank resigned from selling them through these channels.

In the corporate segment the tightening of criteria was also introduced to Credit capacity and creditworthiness assessment as well as to collateral policy, accepted treasury transactions and sectorial policy.

Moreover in the 1st half of 2009 the rules were amended of monitoring customers who pursue business activity, especially customers keeping accounting books in accordance with the Accounting

Law. The Bank developed and implemented a new IT tool for monitoring above customers, based on early warning triggers.

For the purpose of effective action in collection of receivables in the first half of this year specific initiatives were undertaken in the private and small business customers segment, including:

- intensifying dunning efforts during the first 30 days after appearance of past due debt aimed at restoring punctuality of debt service,
- prompt handover of case to restructuring-recovery in case of lack of customer’s reaction to dunning efforts with the purpose of taking a potential decision about termination of the agreement/repayment of the liability with collateral (loan against assets),
- a pilot programme was introduced for service of customers correctly servicing risk-based products who apply to the Bank for a change of the original contractual terms and conditions due to deterioration of personal financial; situation,

In the corporate segment restructuring – collection efforts, apart from performance of day-to-day actions resulting from the lending business, focused on activities to do with treasury (FX options) transactions and involved first of all:

- Restructuring of liabilities resulting from treasury transactions with use of a full range of restructuring tools.
- Leading to clarification of divergent views in disputable situations and approximating positions amicably.
- Pursuing of the Bank’s due and payable claims in situations of permanent cessation of payment of liabilities by the Customer,
- Pursuing disputes in court when no amicable solution was found.

IV.3. Market risk

Market risk covers current or potential impact on results or capital, coming from changes of the value of the Group’s portfolios in result of unfavourable changes of prices of bonds, shares or commodities, interest or FX rates. The Bank controls market risk and manages it in a centralised way, with use of the concepts and measures that are used in all companies of the Millennium BCP Group.

The main measure of estimating market risk used in the Group is a parametric VaR (Value at Risk) model based on a variance-covariance matrix – expected loss, which may arise in the portfolio over a specific time horizon (holding period) with defined probability (confidence level) in result of unfavourable changes of market parameters. Values of exposures are calculated daily, individually for each portfolio in areas, which are responsible both for taking risk positions as well as managing them. In order to ensure adequacy of the applied VaR model for assessing risks generated by open positions, the process of back-testing was established, which is done daily.

In parallel to VaR calculations, for the purpose of estimating potential economic loss resulting from extreme changes of market risk factors, a series of stress tests for the Trading and Market Risk Strategy portfolios are carried out.

Stress test scenarios are also used for identifying most unfavourable moves on the market and for identifying actions, which can be taken to reduce the impact of these extreme changes of risk factors. In the stress test following scenarios are used: parallel shift of yield curves, change of steepness of yield curves, change of level of volatility of rates of return, changes of FX rates, changes of swap transaction spreads as well as historical scenarios.

Calculations of value at Risk are done with use of software based on Internet technology. It gives commercial areas direct access to information about risk exposures in their portfolios.

In the first half of 2009 VaR ratios reflect average exposures to market risk at approx. PLN 16.7 million.

VaR measures for market risk (PLN million)

	30.06.2009	1st half of 2009			31.12.2008
		Average	Maximum	Minimum	
General risk	10 483	16 696	41 606		40 963
Interest rate VaR	7 847	13 085	24 428	5 367	23 627
FX risk	7 258	8 516	32 669	381	30 188
Effect of diversification	44%				31%

Open positions contained mainly interest rate and FX risk instruments. FX risk covers all FX exposures of the Bank, because open positions are permitted only in the Trading and Market Risk Strategy areas. Exposure to FX risk was connected with active management of the FX position by opening positions for the purpose of reducing credit risk connected with option transactions concluded with customers. In result the Bank assumed non-linear risk of these instruments, which caused excess of VaR limits for transactions on financial markets.

In the first half of 2009 VaR limits were exceeded in various sub-areas of risk, which was caused by significant fluctuations of market parameters. All exceedings of limits were authorized on proper competence levels according to binding rules of the Bank and did not cause economic losses.

In case of the bank's book, for the purpose of managing interest rate risk sensitivity analysis is carried out of non-trading portfolios, meanwhile for the purpose of mitigating it hedging strategies are used. Starting from June 2009 the Bank transfers interest rate risk from the Commercial and Structural areas of the bank's book to areas, in which this risk is managed on the operational level (ALM, Trading and Financing areas respectively).

IV.4. Liquidity risk

Liquidity risk reflects the possibility of incurring significant losses in result of deterioration of financial conditions (financial risk) and/or sale of assets below their market value (market liquidity risk) for purpose of satisfying financing needs resulting from the Group's liabilities.

Bank Millennium Group manages liquidity in a centralised way. Hence both financing requirements as well as any surplus of liquidity of subsidiaries are managed through transactions concluded with the Bank.

The Bank's planning and budgeting process comprises preparation of a detailed liquidity plan to make sure that business growth will be supported by an appropriate liquidity structure of financing. Strong growth of the loans portfolio in the first half of 2009, caused largely by PLN depreciation versus main currencies was financed by growth of the deposits base and the EUR 200 million loan from Banco Commercial Portugues. The Bank also received an unconditional non-balance sheet liability from Banco Comercial Portugues, which if needed permits additional funds in the amount of up to EUR 200 million to be acquired immediately.

Estimating the Group's liquidity risk is done both with use of indicators defined by supervisory authorities as well as proprietary measures, for which also exposure limits have been defined. Short-term (up to 3 months) evolution of the Group's liquidity situation is examined daily on the basis of two internal indicators: current and quarterly liquidity ratios. These ratios measure maximum liquidity needs (negative value), which may arise on the given day, considering cash flow projections for 3-day and 3-month periods respectively. The structural liquidity position is measured on the basis of cumulative liquidity gap calculated with use of revaluated flows.

In the first half of 2009 current ratio continued to be positive, with a growth trend in Q2, which means that the Bank during this whole period kept a long liquidity position for the short time horizon. Quarterly liquidity ratio, following the decrease in Q1 down to zero, also increased in the second quarter to a safe level.
In the first half of 2009 limits for all internal measures were observed.

In February and March 2009 short and long-term supervisory liquidity measures were exceeded. This had to do with further strong depreciation of the zloty, high volatility of FX rates as well as methodological implications of assumptions contained in PFSA Resolution No. 386/2008, which cause a strong exaggeration of unstable sources of financing that is not connected with deterioration of the Bank's liquidity position.

The main source of financing of the Bank is the large and well-diversified deposits base. The top 5 and top 20 depositors at the end of June 2009 accounted for 3.9% and 7.6% respectively (slightly more than end of last year – in December 2008 3.2% and 6.8% respectively).

Stress tests as regards structural liquidity are carried out every month to understand the Bank's liquidity risk profile, to make sure that the bank 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 Bank has contingency procedures for an increased liquidity risk situation – the Liquidity Contingency Plan, which is updated every quarter. The Liquidity Contingency Plan defines the concepts, priorities, obligations and specific measures to be applied in case of a liquidity crisis.

IV.5. Operational risk

Operational risk is defined as "risk of loss resulting from maladjustment or unreliability of internal processes, actions of people or systems or resulting from external events". Operational risk appears in every aspect of activity of the organisation and is its inalienable part.

Considering the degree of development of operational risk management as well as the scale and profile of its activity, the Group calculates capital requirement for operational risk taking the Standard Approach.

Operational risk management is based on a process structure implemented in the Bank and overlapping the traditional organisational structure. Day-to-day management of individual processes, including management of process operational risk profile, is delegated to Process Owners, who report to all other units, which take part in the risk management process and who are supported by these units. The applied structure is at present a stable foundation for the process of managing operational risk.

Following tools are used for the purpose of identifying, analysing and assessing operational risk:
- collecting loss information,
- monitoring key risk indicators,
- operational risk self-assessment.

In the first half of 2009 the Group joined the ZORO (operational risk area events) information exchange system created under the auspices of the Polish bank Association. The system provides databases with important statistical information used in the process of modelling operational risk, as well as helping prevent similar events in the Group by disseminating knowledge about events in other banks operating on the Polish market.

V. REPRESENTATIONS OF THE MANAGEMENT BOARD

Presentation of asset and financial position of the Capital Group of Bank Millennium in the financial report

According to the best knowledge, the Condensed Interim Consolidated Financial Statement of the Capital Group of Bank Millennium S.A., in 6 month period ending 30th June 2009, and the comparable data as well as the Condensed Interim Unconsolidated Financial Statement of Bank Millennium S.A. for the period of 6 month ending 30th June 2009 and the comparable data, were prepared in line with the accounting principles, and reflect, truly, reliably, and clearly, the asset and financial position of the Capital Group and its financial result. This Semi-annual Management Board Report on the Activity of Bank Millennium Group contains a true picture of development, success, and condition of the Capital Group (including description of key risks and threats).

Selection of an entity authorized to financial reports auditing

The entity authorized to audit financial reports, reviewing this Condensed Interim Consolidated Financial Statement of the Capital Group of Bank Millennium S.A. for the 6 month period ending 30th June 2009 and the comparable data as well as the Condensed Interim Unconsolidated Financial Statement of Bank Millennium S.A. for the 6 month period ending 30th June 2009 and the comparable data, was selected in accordance with the binding regulations of law. The entity and chartered accountants who performed the review, met all the conditions required to issue an unbiased and independent review report, as required by the national law.

SIGNATURES:

Date	**Name and surname**	**Position/Function**	**Signature**
30.07.2009	**Bogusław Kott**	**Chairmen of the Management Board**	....
30.07.2009	**Rui Manuel Teixeira**	**Deputy Chairmen of the Management Board**	....
30.07.2009	**Fernando Bicho**	**Member of the Management Board**	....
30.07.2009	**Julianna Boniuk-Gorzelańczyk**	**Member of the Management Board**	....
30.07.2009	**Wojciech Haase**	**Member of the Management Board**	....
30.07.2009	**Joao Bras Jorge**	**Member of the Management Board**	....
30.07.2009	**Artur Klimczak**	**Member of the Management Board**	....

III. CONDENSED INTERIM FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE 6 MONTHS ENDED 30 JUNE 2009

CONTENTS

I. 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. They 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 2008.

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

These condensed unconsolidated interim financial statements were approved by the Board of Directors on 30 July 2009.

II. BANK'S UNCONSOLIDATED FINANCIAL DATA

INCOME STATEMENT		
Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Interest income	1 109 243	1 000 617
II. Interest expense	-968 522	-606 531
III. Net interest income	**140 721**	**394 086**
IV. Fee and commission income	253 495	261 054
V. Fee and commission expense	-37 839	-41 095
VI. Net fee and commission income	**215 656**	**219 959**
VII. Dividend income	101 388	81 670
VIII. Result on investment financial assets	10 907	-8
IX. Result on financial instruments valued at fair value through profit and loss (held for trading)	225 896	75 362
X. Foreign exchange profit	22 732	128 924
XI. Other operating income	25 613	14 256
XII. Operating income	**742 913**	**914 249**
XIII. General and administrative expenses	-465 541	-511 400
XIV. Impairment losses on financial assets	-154 672	-29 426
XV. Impairment losses on non financial assets	-187	-420
XVI. Depreciation and amortization	-25 985	-22 941
XVII. Other operating expenses	-10 448	-5 153
XVIII. Operating expenses	**-656 833**	**-569 340**
XIX. Operating profit	**86 080**	**344 909**
XX. Profit / (loss) before taxes	**86 080**	**344 909**
XXI. Corporate income tax	911	-55 426
XXII. Profit / (loss) after taxes	**86 991**	**289 483**
Weighted average number of ordinary shares	849 181 744	849 181 744
Earnings (losses) per ordinary share (in PLN)	**0,10**	**0,34**

TOTAL COMPREHENSIVE INCOME STATEMENT	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
Profit / (loss) after taxes	**86 991**	**289 483**
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:		
Effect of valuation of available for sale debt securities	6 117	-2 814
Effect of valuation of available for sale shares	961	0
Hedge accounting	8 332	393
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	**15 410**	**-2 421**
Corporate income tax on other elements of total comprehensive income	-2 929	460
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	**12 481**	**-1 961**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**99 472**	**287 522**

ASSETS

Amount '000 PLN	**30.06.2009**	**31.12.2008**
I. Cash, balances with the Central Bank	973 789	1 802 402
II. Loans and advances to banks	780 004	1 580 026
III. Financial assets valued at fair value through profit and loss (held for trading)	4 747 103	6 292 722
IV. Hedging derivatives	239 044	9 977
V. Loans and advances to customers	33 869 357	32 624 259
VI. Investment financial assets	2 943 069	2 913 379
- available for sale	2 943 069	2 913 379
- held to maturity	0	0
VII. Investments in associates	262 734	232 357
VIII. Receivables from securities bought with sell-back clause (loans and advances)	193 722	61 282
IX. Property, plant and equipment	169 384	225 603
X. Intangible assets	15 490	18 002
XI. Non-current assets held for sale	0	0
XII. Receivables from Tax Office resulting from current tax	11 277	45 656
XIII. Deferred tax assets	94 468	15 031
XIV. Other assets	163 049	186 436
Total Assets	**44 462 490**	**46 007 132**

LIABILITIES

Amount '000 PLN	**30.06.2009**	**31.12.2008**
I. Deposits from banks	4 120 276	3 060 550
II. Financial liabilities valued at fair value through profit and loss (held for trading)	1 353 428	4 402 227
III. Hedging derivatives	162 095	1 179 649
IV. Deposits from customers	33 004 888	31 877 870
V. Liabilities from securities sold with buy-back clause	1 610 193	1 506 353
VI. Debt securities	161 896	123 486
VII. Provisions	20 399	32 552
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	0	0
X. Other liabilities	438 195	400 473
XI. Subordinated debt	1 029 096	961 420
Total Liabilities	**41 900 466**	**43 544 580**

EQUITY

Amount '000 PLN	30.06.2009	31.12.2008
I. Share capital	849 182	849 182
II. Share premium	472 343	472 343
III. Revaluation reserve	52 722	40 241
IV. Retained earnings	1 187 777	1 100 786
Total Equity	**2 562 024**	**2 462 552**

Total Liabilities and Equity	**44 462 490**	**46 007 132**

Book value	**2 562 024**	**2 462 552**
Number of shares	**849 181 744**	**849 181 744**
Book value per share (in PLN)	**3,02**	**2,90**

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2009	**2 462 552**	**849 182**	**472 343**	**40 241**	**1 100 786**
- total comprehensive income of the I semester of 2009	99 472	0	0	12 481	86 991
Equity at the end of the period (closing balance) 30.06.2009	**2 562 024**	**849 182**	**472 343**	**52 722**	**1 187 777**

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2008	**2 083 986**	**849 182**	**472 343**	**-2 742**	**765 203**
- total comprehensive income of 2008	539 911	0	0	42 983	496 928
- dividend payment	-161 345	0	0	0	-161 345
Equity at the end of the period (closing balance) 31.12.2008	**2 462 552**	**849 182**	**472 343**	**40 241**	**1 100 786**

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2008	**2 083 986**	**849 182**	**472 343**	**-2 742**	**765 203**
- total comprehensive income of the I semester of 2008	287 522	0	0	-1 961	289 483
- dividend payment	-161 345	0	0	0	-161 345
Equity at the end of the period (closing balance) 30.06.2008	**2 210 163**	**849 182**	**472 343**	**-4 703**	**893 341**

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Profit (loss) after taxes	**86 991**	**289 483**
II. Adjustments for:	**-1 841 380**	**598 091**
1. Interests in net income (loss) of associated companies	0	0
2. Depreciation and amortization	25 985	22 941
3. Foreign exchange (gains) losses	186 944	-99 961
4. Dividends	-101 388	-81 670
5. Changes in provisions	-12 153	-5 729
6. Result on sale and liquidation of investing activity assets	-22 162	-6 913
7. Change in financial assets valued at fair value through profit and loss (held for trading)	1 430 286	130 123
8. Change in loans and advances to banks	777 810	-14 348
9. Change in loans and advances to customers	-1 261 417	-3 121 713
10. Change in receivables from securities bought with sell-back clause (loans and advances)	-132 440	-144 323
11. Change in financial liabilities valued at fair value through profit and loss (held for trading)	-4 066 353	294 087
12. Change in deposits from banks	26 046	-293 143
13. Change in deposits from customers	1 127 018	3 824 713
14. Change in liabilities from securities sold with buy-back clause	103 840	-245 083
15. Change in debt securities	38 410	57 673
16. Change in income tax settlements	-8 827	55 427
17. Income tax paid	-39 159	-4 745
18. Change in other assets and liabilities	59 899	205 288
19. Other	26 281	25 467
III. Net cash flows from operating activities	**-1 754 389**	**887 574**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Inflows:	**139 211**	**95 789**
1. Proceeds form sale of property, plant and equipment and intangible assets	37 823	14 119
2. Proceeds form sale of shares in associates	0	0
3. Proceeds form sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds form sale of investment financial assets		0
5. Other	101 388	81 670
II. Outflows:	**-240 275**	**-203 004**
1. Acquisition of property, plant and equipment and intangible assets	-2 282	-9 728
2. Acquisition of shares in associates	-23 000	-40 000
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	-214 993	-153 276
5. Other	0	0
III. Net cash flows from investing activities	**-101 064**	**-107 215**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	**1.01.2009 - 30.06.2009**	**1.01.2008 - 30.06.2008**
I. Inflows:	**914 960**	0
1. Long-term bank loans	914 960	0
2. Issue of debt securities	0	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	**-25 382**	**-186 636**
1. Repayment of long-term bank loans	0	0
2. Redemption of debt securities	0	0
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	0	-161 345
7. Other	-25 382	-25 291
III. Net cash flows from financing activities	**889 578**	**-186 636**

D. NET CASH FLOWS, TOTAL (A III+B III+C III)	**-965 875**	**593 723**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**2 939 493**	**2 170 610**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	**1 973 618**	**2 764 333**

ADDITIONAL EXPLANTATIONS TO FINANCIAL DATA

WRITING OFF UNCOLLECTABLE RECEIVABLES TO RESERVES

In the period from 1 January to 30 June 2009, the Bank wrote off uncollectable receivables of PLN 14,053 thousand and charged them to reserves established.

CORRECTIONS OF COMPARATIVE DATA, RECLASSIFICATION OF DEBT SECURITIES

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

III. SEASONALITY AND BUSINESS CYCLES

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

IV. DESCRIPTION OF NON-STANDARD FACTORS AND EVENTS

The Bank's unconsolidated profit and loss account includes dividends received from subsidiaries, which, for the purposes of the Group's consolidated statements are eliminated as intra-group transactions. The value of such dividends for the first half of 2009 and the first half of 2008 (comparative data) was PLN 99,287 thousand and PLN 80,576 thousand, respectively.

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

During the 6 months ended 30 June 2009, the Bank's liabilities on account of a debt securities issues increased by PLN 38,410 thousand as a result of commercial bond issues. The bonds were issued under the Banks' Bond Issue Scheme, under which the Bank may issue multiple bond series (private placement issues) in the total nominal value not exceeding PLN 2,000,000,000 or its equivalent in EUR, USD, CHF.

VI. DIVIDEND FOR 2008

Considering the need to maintain the Bank's strong capital base in deteriorating market conditions and significant depreciation of the zloty vis-a-vis principal foreign currencies, which in practice meant an increase of capital requirements, on 27 March 2009 the Bank's Shareholder Meeting resolved to use all the net profit earned by the Bank in 2008 in the amount of PLN 496,927,275.92 to increase the Bank's additional reserve capital.

VII. OFF-BALANCE SHEET LIABILITIES

As at 30 June 2009 and 31 December 2008, the structure of off-balance sheet liabilities was as follows:

OFF-BALANCE ITEMS

Amount '000 PLN	**30.06.2009**	**31.12.2008**
Off-balance conditional commitments granted and received	**7 792 615**	**9 203 270**
1. Commitments granted:	7 088 881	8 486 330
a) financial	5 723 922	6 765 024
b) guarantee	1 364 959	1 721 306
2. Commitments received:	703 734	716 940
a) financial	0	23 532
b) guarantee	703 734	693 408

VIII. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in 2008 were concluded on the arm's length basis and resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities, which were eliminated in the data consolidation process:

- BANK MILLENNIUM S.A.,
- MILLENNIUM LEASING Sp. z o.o.,
- MILLENNIUM LEASE Sp. z o.o.,

– MILLENNIUM DOM MAKLERSKI S.A.,
– MILLENNIUM TFI S.A.,
– BBG FINANCE B.V.,
– MB FINANCE A.B.,
– ORCHIS Sp. z o.o.
– MILLENNIUM SERVICE Sp. z o.o.,
– TBM Sp. z o.o.

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2009

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits		24 605
Loans and advances to customers	2 446 578	
Receivables from securities bought with sell-back clause		
Investments in associates	252 380	
Hedging derivatives		36 051
Financial assets valued at fair value through profit and loss (held for trading)	4 448	2 036
Other assets	15 014	
LIABILITIES		
Deposits from banks		894 779
Deposits from customers	203 926	
Liabilities from securities sold with buy-back clause	3 503	
Debt securities		
Financial liabilities valued at fair value through profit and loss (held for trading)	1 948	1 954
Other liabilities	22 287	

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2008

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits		100 333
Loans and advances to customers	2 520 025	
Receivables from securities bought with sell-back clause		
Investments in associates	229 380	
Investment financial assets		
Financial assets valued at fair value through profit and loss (held for trading)	15 628	2 774
Other assets	88 436	

LIABILITIES		
Deposits from banks		3 375
Deposits from customers	311 317	
Liabilities from securities sold with buy-back clause	4 291	
Debt securities		
Financial liabilities valued at fair value through profit and loss (held for trading)	3 617	932
Other liabilities	21 622	

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2009

	With subsidiaries	With controlling entity
Income from:		
Interest	40 238	10 006
Commissions	18 603	
Derivatives net	0	
Dividends	99 287	
Other net operating income	1 605	
Expense from:		
Interest	3 583	15 708
Commissions	5	
Derivatives net	8 238	1 028
General and administrative expenses	45 898	

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2008

	With subsidiaries	With controlling entity
Income from:		
Interest	38 027	1 166
Commissions	49 511	0
Derivatives net	370	0
Dividends	80 576	0
Other net operating income	1 741	0
Expense from:		
Interest	10 033	213
Commissions	16	0
Derivatives net	0	982
General and administrative expenses	27 283	-1 513

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2009

	With subsidiaries	With controlling entity
Conditional commitments	291 131	331 381
Derivatives (par value)	482 187	1 840 561

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 31.12.2008

	With subsidiaries	With controlling entity
Conditional commitments	240 454	314 276
Derivatives (par value)	1 051 757	587 450

SIGNATURES:

Date	Name and surname	Position/Function	Signature
30.07.2009	Bogusław Kott	Chairmen of the Management Board	....
30.07.2009	Rui Manuel Teixeira	Deputy Chairmen of the Management Board	....
30.07.2009	Fernando Bicho	Member of the Management Board	....
30.07.2009	Julianna Boniuk-Gorzelańczyk	Member of the Management Board	....
30.07.2009	Wojciech Haase	Member of the Management Board	....
30.07.2009	Joao Bras Jorge	Member of the Management Board	....
30.07.2009	Artur Klimczak	Member of the Management Board	....