Report of the
Bank Millennium S.A.
Capital Group
for 1 half 2011

MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	period from 1.01.2011 – 30.06.2011	period from 1.01.2010 – 30.06.2010*	period from 1.01.2011 – 30.06.2011	period from 1.01.2010 – 30.06.2010*
Interest income	1 271 967	1 166 370	320 613	291 287
Fee and commission income	331 593	314 915	83 582	78 646
Operating income	946 407	853 935	238 552	213 260
Operating profit	276 935	173 144	69 804	43 241
Profit (loss) before taxes	276 725	173 144	69 751	43 241
Profit (loss) after taxes	216 422	137 618	54 551	34 368
Total comprehensive income of the period	165 079	144 056	41 610	35 976
Net cash flows from operating activities	395 352	-2 423 838	99 653	-605 324
Net cash flows from investing activities	2 013 878	-612 543	507 619	-152 975
Net cash flows from financing activities	-1 132 280	1 096 274	-285 403	273 781
Net cash flows, total	1 276 950	-1 940 107	321 869	-484 518
Total Assets	48 339 959	46 984 418	12 125 611	11 863 853
Deposits from banks	1 916 004	2 084 456	480 611	526 338
Deposits from customers	36 498 813	35 395 147	9 155 374	8 937 491
Equity	4 134 739	4 090 972	1 037 159	1 032 995
Share capital	1 213 117	1 213 117	304 299	306 319
Number of shares	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Book value per share (in PLN / EUR)	3.41	3.37	0.85	0.85
Diluted book value per share (in PLN / EUR)	3.41	3.37	0.85	0.85
Capital adequacy ratio	13.81%	14.39%	13.81%	14.39%
Earnings (losses) per ordinary share (in PLN / EUR)	0.18	0.13	0.04	0.03
Diluted earnings (losses) per ordinary share (in PLN / EUR)	0.18	0.13	0.04	0.03
Pledged or paid dividend per share (in PLN/EUR)	0.10	-	0.03	-

* Comparative balance sheet data were presented, in compliance with IFRS requirements, as at 31 December 2010. Other comparative data are presented for the period from 1 January 2010 to 30 June 2010.

EXCHANGE RATES ACCEPTED TO CONVERT SELECTED FINANCIAL DATA INTO EURO

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

- for balance sheet items: 3.9866 PLN/EURO – the exchange rate of 30 June 2011 (for comparative data as at 31 December 2010: 3.9603 PLN/EURO),
- for profit and loss account items for the period from 1 January – 30 June 2011: 3.9673 PLN/EURO, the exchange rate was calculated as the average of the rates at the end of the months covered by the financial statements (for comparative data; 1 January – 30 June 2010: 4.0042 PLN/EURO).

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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 2011

CONTENTS

I. GENERAL INFORMATION ON THE ISSUER

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

Composition of the Supervisory Board of the Bank Millennium S.A. (parent company of the Group) as at 30 June 2011 was as follows:

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

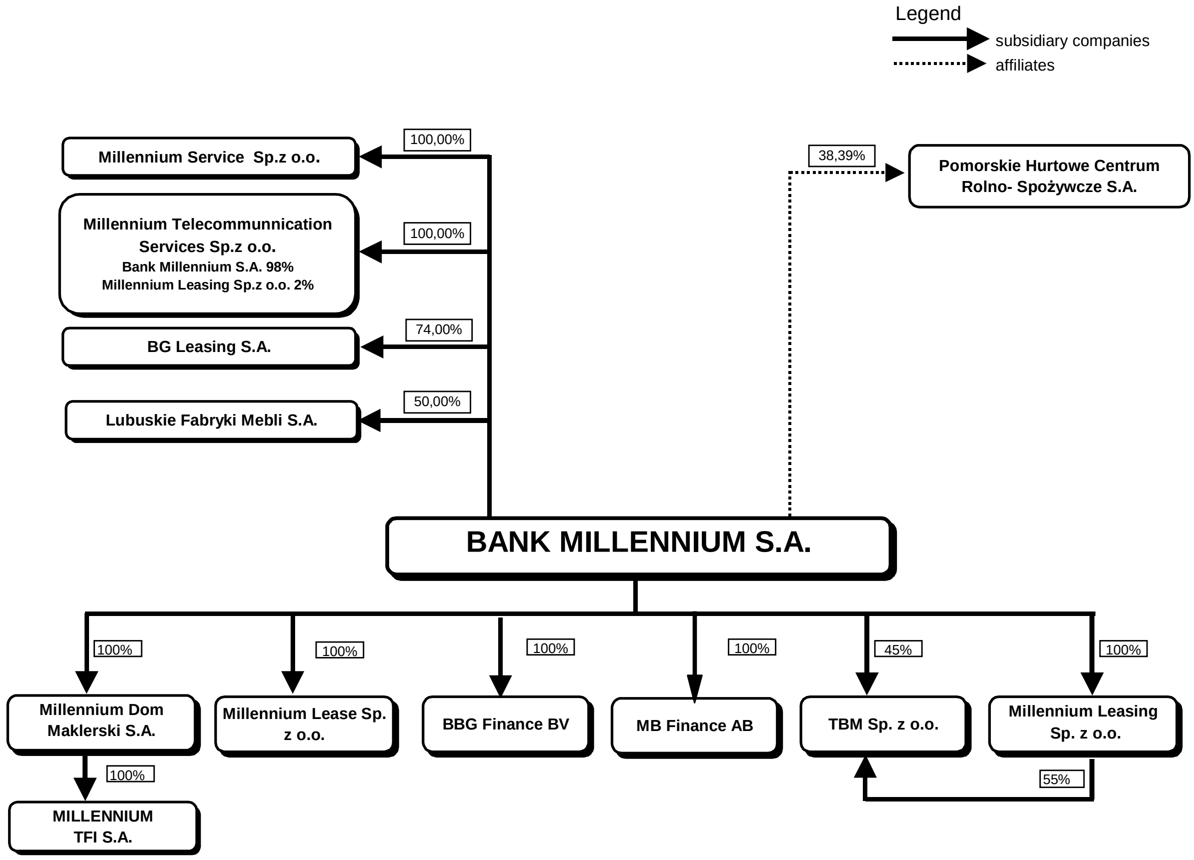
On 30 March 2011 Bank received information on the filing by Mr. Paulo Jose de Ribeiro Moita de Macedo of the resignation from the membership of Supervisory Board of Bank Millennium effective as of 31 March 2011.

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

Composition of the Management Board of the Bank Millennium S.A. as at 30 June 2011 was as follows:

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

Bank Millennium S.A. ("Bank") is the parent company of the Group Millennium S.A. ("Group"). The companies comprising the Group as at 30 June 2011 are presented below:



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

The Group does not consolidate the financial statements of BG Leasing S.A. despite holding the majority stake, due to the undergoing bankruptcy proceedings,.

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

II. INTRODUCTION AND ACCOUNTING PRINCIPLES

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

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Bank is required to publish the financial results for the six months ended 30 June 2011.

The Board of Directors approved this condensed consolidated interim financial statement on 25 July 2011.

RECLASSIFICATION OF DEBT SECURITIES

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

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

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

Data in PLN ths.	Valuation recognized in P&L (with tax effect)	Valuation recognized in revaluation reserve (with tax effect)	Total effect recognized in equity
Year 2007			
Before reclassification in “trading” portfolio	-3	-	-3
Year 2008			
Before reclassification in “trading” portfolio	-1 016	-	-1 016
After reclassification in “available for sale” portfolio		-2 509	-2 509
TOTAL 2008	***-1 016***	***-2 509***	***- 3 525***
Year 2009			
After reclassification in “available for sale” portfolio	-	- 461	- 1 477
Year 2010			
After reclassification in “available for sale” portfolio	-	274	-742
May 2011			
After reclassification in “available for sale” portfolio	-	119	-897
May 2011 (proforma)			
If the reclassification did not occur	-155	-	-897

On June 3, 2011 the Bank made the sale of aforementioned securities realizing a profit of PLN 133 thousand.

III. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2011 - 30.06.2011	1.04.2011 - 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010 - 30.06.2010
Interest income	1	1 271 967	659 527	1 166 370	590 530
Interest expense	2	-728 165	-371 689	-731 002	-372 581
Net interest income		**543 802**	**287 838**	**435 368**	**217 949**
Fee and commission income	3	331 593	166 402	314 915	153 016
Fee and commission expense	4	-37 575	-22 294	-30 896	-16 775
Net fee and commission income		**294 018**	**144 108**	**284 019**	**136 241**
Dividend income		1 171	1 154	1 918	1 699
Result on investment financial assets		2 030	968	3 389	2 905
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	81 018	46 758	100 759	44 916
Other operating income		24 368	12 910	28 482	12 450
Operating income		**946 407**	**493 736**	**853 935**	**416 160**
General and administrative expenses	6	-520 759	-265 386	-485 765	-250 265
Impairment losses on financial assets	7	-81 185	-44 129	-130 020	-46 762
Impairment losses on non-financial assets		667	919	539	336
Depreciation and amortization		-34 163	-16 858	-38 404	-18 976
Other operating expenses		-34 032	-20 757	-27 141	-12 834
Operating expenses		**-669 472**	**-346 211**	**-680 791**	**-328 501**
Operating profit		**276 935**	**147 525**	**173 144**	**87 659**
Share of profit of associates		-210	-210	0	0
Profit / (loss) before taxes		**276 725**	**147 315**	**173 144**	**87 659**
Corporate income tax	8	-60 303	-32 065	-35 526	-18 141
Profit / (loss) after taxes		**216 422**	**115 250**	**137 618**	**69 518**
Attributable to:					
Owners of the parent		216 422	115 250	137 618	69 518
Non-controlling interests		0	0	0	0
Weighted average number of ordinary shares		1 213 116 777	1 213 116 777	1 098 507 402	1 213 116 777
Earnings (losses) per ordinary share (in PLN)		**0,18**	**0,10**	**0,13**	**0,06**

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT	1.01.2011 - 30.06.2011	1.04.2011 - 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010 - 30.06.2010
Profit / (loss) after taxes	**216 422**	**115 250**	**137 618**	**69 518**
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:				
Effect of valuation of available for sale debt securities	-8 745	630	3 397	-13 791
Effect of valuation of available for sale shares	1 615	1 305	-1 765	-2 360
Hedge accounting	-56 257	11 511	6 316	3 415
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	**-63 387**	**13 446**	**7 948**	**-12 736**
Corporate income tax on other elements of total comprehensive income	12 044	-2 555	-1 510	2 420
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	**-51 343**	**10 891**	**6 438**	**-10 316**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**165 079**	**126 141**	**144 056**	**59 202**
Attributable to:				
Owners of the parent	165 079	126 141	144 056	59 202
Non-controlling interests	0	0	0	0

CONSOLIDATED BALANCE SHEET

ASSETS

Amount '000 PLN	Note	30.06.2011	31.12.2010
Cash, balances with the Central Bank		1 473 242	2 050 736
Loans and advances to banks	9	2 268 352	1 485 810
Financial assets valued at fair value through profit and loss (held for trading)	10	944 622	1 429 820
Hedging derivatives	11	65 107	80 231
Loans and advances to customers	12	38 592 929	36 738 493
Investment financial assets	13	4 083 557	4 508 430
- available for sale		4 083 557	4 508 430
- held to maturity		0	0
Investments in associates		12 000	12 000
Receivables from securities bought with sell-back clause (loans and advances)		73 233	55 085
Property, plant and equipment		213 880	242 052
Intangible assets		27 550	30 407
Non-current assets held for sale		6 663	599
Receivables from Tax Office resulting from current tax		3 410	6 176
Deferred tax assets		170 132	146 014
Other assets		405 282	198 565
Total Assets		**48 339 959**	**46 984 418**

LIABILITIES

Amount '000 PLN		30.06.2011	31.12.2010
Deposits from banks	14	1 916 004	2 084 456
Financial liabilities valued at fair value through profit and loss (held for trading)	15	576 932	804 331
Hedging derivatives	16	1 807 621	1 315 321
Deposits from customers	17	36 498 813	35 395 147
Liabilities from securities sold with buy-back clause		784 789	670 691
Debt securities	18	936 041	1 141 007
Provisions		19 501	21 445
Deferred income tax liabilities		0	0
Current tax liabilities		16 164	0
Other liabilities		731 219	549 060
Subordinated debt		918 136	911 988
Total Liabilities		**44 205 220**	**42 893 446**

EQUITY

Amount '000 PLN			
Share capital		1 213 117	1 213 117
Share premium		1 147 502	1 147 502
Revaluation reserve		-101 599	-50 256
Retained earnings		1 875 719	1 780 609
Total equity attributable to owners of the parent		4 134 739	4 090 972
Non-controlling interests		0	0
Total Equity		**4 134 739**	**4 090 972**
Total Liabilities and Equity		**48 339 959**	**46 984 418**

Book value		**4 134 739**	**4 090 972**
Number of shares		**1 213 116 777**	**1 213 116 777**
Book value per share (in PLN)		**3.41**	**3.37**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2011	**4 090 972**	**1 213 117**	**1 147 502**	**-50 256**	**1 780 609**
- dividend for 2010	-121 312	0	0	0	-121 312
- total comprehensive income of 2011	165 079	0	0	-51 343	216 422
Equity at the end of the period 30.06.2011	**4 134 739**	**1 213 117**	**1 147 502**	**-101 599**	**1 875 719**

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

	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2010	**2 787 336**	**849 182**	**472 343**	**11 199**	**1 454 612**
- L-shares issue	1 039 094	363 935	675 159	0	0
- total comprehensive income of 2010	144 056	0	0	6 438	137 618
Equity at the end of the period 30.06.2010	**3 970 486**	**1 213 117**	**1 147 502**	**17 637**	**1 592 230**

CONSOLIDATED CASH FLOW

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	**1.01.2011 - 30.06.2011**	**1.01.2010 - 30.06.2010**
Profit (loss) after taxes	**216 422**	**137 618**
Adjustments for:	**178 930**	**-2 561 456**
Non-controlling interests profit (loss)	0	0
Interests in net income (loss) of associated companies	210	0
Depreciation and amortization	34 163	38 404
Foreign exchange (gains)/ losses	16 126	75 581
Dividends	-1 171	-1 918
Changes in provisions	-1 944	-2 881
Result on sale and liquidation of investing activity assets	-2 354	-846
Change in financial assets valued at fair value through profit and loss (held for trading)	715 602	1 136 144
Change in loans and advances to banks	-783 486	-884 558
Change in loans and advances to customers	-1 866 007	-2 932 099
Change in receivables from securities bought with sell-back clause (loans and advances)	-18 148	-100 621
Change in financial liabilities valued at fair value through profit and loss (held for trading)	264 901	1 744 051
Change in deposits from banks	629 245	-1 482 480
Change in deposits from customers	1 103 666	1 708 390
Change in liabilities from securities sold with buy-back clause	114 098	-2 097 798
Change in debt securities	-15 553	103 127
Change in income tax settlements	51 668	35 368
Income tax paid	-53 508	-18 131
Change in other assets and liabilities	-21 965	106 112
Other	13 387	12 699
Net cash flows from operating activities	**395 352**	**-2 423 838**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	**1.01.2011 - 30.06.2011**	**1.01.2010 - 30.06.2010**
Inflows:	**2 018 516**	**4 459**
Proceeds from sale of property, plant and equipment and intangible assets	858	2 541
Proceeds from sale of shares in associates	0	0
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	2 016 487	0
Other	1 171	1 918
Outflows:	**-4 638**	**-617 002**
Acquisition of property, plant and equipment and intangible assets	-4 638	-6 329
Acquisition of shares in associates	0	0
Acquisition of financial assets valued at fair value through profit and loss	0	0
Acquisition of investment financial assets	0	-610 673
Other	0	0
Net cash flows from investing activities	**2 013 878**	**-612 543**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	**1.01.2011 - 30.06.2011**	**1.01.2010 - 30.06.2010**
Inflows:	**0**	**1 109 127**
Long-term bank loans	0	65 443
Issue of debt securities	0	4 590
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	1 039 094
Other	0	0
Outflows:	**-1 132 280**	**-12 853**
Repayment of long-term bank loans	-787 520	0
Redemption of debt securities	-189 413	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	-121 312	0
Other	-34 035	-12 853
Net cash flows from financing activities	**-1 132 280**	**1 096 274**

D. NET CASH FLOWS, TOTAL (A + B + C)	**1 276 950**	**-1 940 107**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**3 259 049**	**4 128 608**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	**4 535 999**	**2 188 501**

IV. NOTES TO CONSOLIDATED FINANCIAL DATA

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

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Balances with the Central Bank	23 528	12 654	17 063	8 817
Deposits, loans and advances to banks	7 608	2 575	9 038	7 632
Loans and advances to customers	855 461	442 105	787 466	398 424
Transactions with repurchase agreement	4 831	4 063	5 369	3 260
Hedging derivatives	241 973	131 956	170 659	82 412
Financial assets held for trading (debt securities)	17 888	6 824	64 840	34 061
Investment securities	120 678	59 350	111 935	55 924
Total	**1 271 967**	**659 527**	**1 166 370**	**590 530**

Interest income for first half 2011 includes interest accrued on loans with recognized impairment of PLN 47,852 thousand (for the comparative data for I half 2010, such interest was PLN 54,334 thousand). This interest income is calculated based on net exposure amounts, which take into account the impairment charges made.

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

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Banking deposits	-6 136	-3 436	-11 521	-3 723
Loans and advances	-36 763	-15 937	-40 723	-21 295
Transactions with repurchase agreement	-31 491	-19 919	-26 164	-11 670
Deposits from customers	-620 859	-316 063	-616 474	-317 811
Subordinated debt	-13 881	-7 072	-12 779	-6 888
Debt securities	-18 230	-8 690	-21 653	-10 492
Other	-805	-572	-1 688	-702
Total	**-728 165**	**-371 689**	**-731 002**	**-372 581**

Note (3) Fee and commission income

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Resulting from accounts service	53 922	27 325	51 258	25 653
Resulting from money transfers, cash payments and withdrawals and other payment transactions	21 743	10 947	19 628	10 504
Resulting from loans granted	31 459	15 639	23 169	12 041
Resulting from guarantees and sureties granted	9 695	4 684	8 321	4 110
Resulting from payment and credit cards	89 124	46 729	87 823	44 258
Resulting from sale of insurance products	39 900	20 554	44 515	13 682
Resulting from distribution of investment funds units and other savings products	25 321	11 774	20 908	12 149
Resulting from brokerage and custody service	17 171	7 771	15 888	8 598
Resulting from investment funds managed by the Group	37 522	18 477	38 627	19 787
Other	5 736	2 502	4 778	2 234
Total	**331 593**	**166 402**	**314 915**	**153 016**

Note (4) Fee and commission expense

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Resulting from accounts service	-694	-406	-613	-398
Resulting from money transfers, cash payments and withdrawals and other payment transactions	-1 534	-910	-820	-724
Resulting from loans granted	-8 342	-4 587	-3 859	-2 420
Resulting from payment and credit cards	-16 879	-10 184	-19 005	-9 656
Resulting from brokerage and custody service	-2 977	-1 367	-3 193	-1 638
Resulting from investment funds managed by the Group	-1 366	-785	-2065	-1167
Other	-5 783	-4 055	-1 341	-772
Total	**-37 575**	**-22 294**	**-30 896**	**-16 775**

In 2011 the Bank changed the presentation of financial data in the area of classification of the various types of commission. These changes concern the grouping of financial data and in view of the financial statements affect only the presentation of information in above note. In order to maintain comparability of financial information appropriate changes in the presentation of financial data for 2010 have been made in relation to previously published data in the consolidated financial statements for the first half of 2010.

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

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Operations on securities	-6 745	-2 956	2 975	-3 696
Operations on derivatives	26 498	28 612	50 678	29 724
Fair value hedge accounting operations	-238	-424	-5 802	-2 180
Foreign exchange result	62 402	22 258	53 444	21 441
Costs of financial operations	-899	-732	-536	-373
Total	**81 018**	**46 758**	**100 759**	**44 916**

Note (6) General and administrative expenses

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Staff costs:	**-268 900**	**-135 411**	**-255 455**	**-133 117**
Salaries	-262 040	-132 128	-249 153	-129 843
Employee benefits, including:	-6 860	-3 283	-6 302	-3 274
- provisions for unused employee holiday	-18	-9	-20	-20
- other	-6 842	-3 274	-6 282	-3 254
General administrative costs	**-251 859**	**-129 975**	**-230 310**	**-117 148**
Costs of advertising, promotion and representation	-21 219	-10 521	-18 579	-10 925
Costs of software maintenance and IT services	-10 309	-5 070	-10 460	-5 219
Costs of renting	-91 816	-46 872	-83 875	-42 112
Costs of buildings maintenance, equipment and materials	-13 379	-6 673	-13 425	-6 812
ATM and cash costs	-9 613	-4 878	-8 993	-4 603
Costs of communications and IT	-34 093	-16 960	-32 431	-16 144
Costs of consultancy, audit and legal advisory and translation	-7 526	-4 085	-7 536	-4 065
Taxes and fees	-9 073	-4 599	-8 831	-4 773
KIR clearing charges	-1 439	-734	-1 345	-665
PFRON costs	-2 936	-1 536	-2 864	-1 452
Banking Guarantee Fund costs	-15 383	-7 691	-6 811	-3 406
Financial Supervision costs	-4 784	-2 366	-4 638	-2 330
Other	-30 289	-17 990	-30 522	-14 642
Total	**-520 759**	**-265 386**	**-485 765**	**-250 265**

Note (7) Impairment losses on financial assets

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Impairment losses on loans and advances to customers	**-85 677**	**-44 308**	**-130 797**	**-45 590**
- Impairment write-offs created in the period	-303 676	-126 401	-486 878	-243 685
- Impairment write-offs released in the period	217 603	81 883	353 720	196 126
- Amounts recovered from loans written off	396	210	2 361	1 969
Impairment losses on securities	**0**	**0**	**-1 592**	**-1 592**
- Impairment write-offs created in the period	0	0	-1 592	-1 592
- Impairment write-offs released in the period	0	0	0	0
Impairment losses on off-balance sheet liabilities	**4 492**	**179**	**2 369**	**420**
- Impairment write-offs for off-balance sheet liabilities	-3 901	-688	-7 567	-2 748
- Reversal of impairment write-offs for off-balance sheet liabilities	8 393	867	9 936	3 168
Total	**-81 185**	**-44 129**	**-130 020**	**-46 762**

Note (8a) Income tax reported in income statement

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Current tax	**-72 381**	**-37 117**	**-45 875**	**-20 094**
Current year	-72 381	-37 117	-45 875	-20 094
Deferred tax:	**12 078**	**5 052**	**10 349**	**1 953**
Recognition and reversal of temporary differences	15 046	5 048	18 580	2 566
Recognition / (Utilisation) of tax loss	-2 968	4	-8 231	-613
Total income tax reported in income statement	**-60 303**	**-32 065**	**-35 526**	**-18 141**

Note (8b) Effective tax rate

	1.01.2011 - 30.06.2011	1.04.2011- 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010- 30.06.2010
Gross profit / (loss)	**276 725**	**147 315**	**173 144**	**87 659**
Statutory tax rate	19%	19%	19%	19%
Income tax according to obligatory income tax rate of 19%	**-52 578**	**-27 990**	**-32 898**	**-16 656**
Impact of permanent differences on tax charges:	**-7 725**	**-4 075**	**-2 628**	**-1 485**
- Non taxable income	927	729	524	323
Dividend income	334	334	357	318
Other	593	395	167	5
- Non tax-deductible costs	-8 652	-4 804	-3 152	-1 808
PFRON fee	-557	-291	-544	-276
Other	-8 095	-4 513	-2 608	-1 532
Total income tax reported in income statement	**-60 303**	**-32 065**	**-35 526**	**-18 141**

Note (8c) Deferred tax reported directly in equity

	30.06.2011	31.12.2010
Valuation of available for sale securities	-992	-2 347
Valuation of cash flow hedging instruments	24 824	14 135
Deferred tax reported directly in equity	**23 832**	**11 788**

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

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

Note (9) Loans and advances to banks

	30.06.2011	31.12.2010
Current accounts	111 872	110 127
Deposits in other banks	1 767 136	1 003 003
Loans	386 195	371 439
Interest	3 149	1 241
Total (gross) loans and advances to banks	**2 268 352**	**1 485 810**
Impairment write-offs	0	0
Net loans and advances to banks	**2 268 352**	**1 485 810**

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

	30.06.2011	31.12.2010
Debt securities	**564 708**	**980 360**
Issued by State Treasury	564 708	980 360
a) bills	3 213	67 486
b) bonds	561 495	912 874
Equity instruments	**2 119**	**931**
Quoted on the active market	2 119	931
a) financial institutions	369	60
b) non-financial institutions	1 750	871
Positive valuation of derivatives	**377 795**	**448 529**
Total	**944 622**	**1 429 820**

Note (10)/Note (15) Valuation of derivatives, Liabilities from short sale of securities 30.06.2011

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	**-27 841**	**178 133**	**205 974**
Forward Rate Agreements (FRA)	1 976	3 103	1 127
Interest rate swaps (IRS)	-25 052	171 994	197 046
Other interest rate contracts: volatility swap, swap with FX option	-4 765	3 036	7 801
2. FX derivatives	**-50 044**	**70 928**	**120 972**
FX contracts	38 339	41 501	3 162
FX swaps	-59 024	15 837	74 861
Other FX contracts (CIRS)	-29 470	13 397	42 867
FX options	111	193	82
3. Embedded instruments	**-69 807**	**25 694**	**95 501**
Options embedded in deposits	-38 645	25 694	64 339
Options embedded in securities issued	-31 162	0	31 162
4. Fair value measurement of items subject to hedging	**5 123**	**5 123**	**0**
Valuation of hedged consumer loans portfolio	5 123	5 123	0
5. Indexes options	**87 919**	**97 917**	**9 998**
Valuation of derivatives	**-54 650**	**377 795**	**432 445**
Liabilities from short sale of securities			**144 487**
Financial assets and liabilities valued at fair value through profit and loss (held for trading) - TOTAL		**377 795**	**576 932**

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

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	**5 061**	**279 214**	**274 153**
Forward Rate Agreements (FRA)	-304	1 346	1 650
Interest rate swaps (IRS)	8 696	274 770	266 074
Other interest rate contracts: volatility swap, swap with FX option	-3 331	3 098	6 429
2. FX derivatives	**-281 498**	**86 833**	**368 331**
FX contracts	38 974	41 873	2 899
FX swaps	-186 357	17 034	203 391
Other FX contracts (CIRS)	-134 622	27 381	162 003
FX options	507	545	38
3. Commodity derivatives	**6**	**268**	**262**
Commodity forwards	6	268	262
4. Embedded instruments	**-47 880**	**19 003**	**66 883**
Options embedded in deposits	-13 578	19 003	32 581
Options embedded in securities issued	-34 302	0	34 302
5. Fair value measurement of items subject to hedging	**8 301**	**8 301**	**0**
Valuation of hedged consumer loans portfolio	8 301	8 301	0
6. Indexes options	**51 498**	**54 910**	**3 412**
Valuation of derivatives	**-264 512**	**448 529**	**713 041**
Liabilities from short sale of securities			**91 290**
Financial assets and liabilities valued at fair value through profit and loss (held for trading) - TOTAL		**448 529**	**804 331**

The Group applies the following types of hedge accounting:

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

Note (11)/Note (16) Hedge accounting 30.06.2011

	Fair values			Adjustment to fair value of hedged items for hedged risk
	Total	Assets	Liabilities	
1. Fair value hedging derivatives connected with interest rate risk				
- IRS contracts	-18 558	1 436	19 994	5 123
2. Cash flows hedging derivatives connected with interest rate and/or FX rate				
- CIRS contracts	-1 513 740	62 245	1 575 985	x
- FX SWAP contracts	-154 231	1 426	155 657	x
- FX Forward contracts	-55 985		55 985	x
3. Total hedging derivatives	**-1 742 514**	**65 107**	**1 807 621**	**x**

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

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

Note (12) Loans and advances to customers

	30.06.2011	31.12.2010
Loans and advances	**35 265 125**	**33 365 376**
- to companies	6 048 234	5 229 190
- to private individuals	28 424 935	27 459 922
- to public sector	791 956	676 264
Receivables on account of payment cards	**881 183**	**895 822**
- due from companies	16 455	12 950
- due from private individuals	864 728	882 872
Purchased receivables	**102 387**	**61 037**
- from companies	6 738	10 031
- from public sector	95 649	51 006
Guarantees and sureties realised	637	255
Debt securities eligible for rediscount at Central Bank	19 339	32 204
Financial leasing receivables	3 388 346	3 410 340
Other	5 117	7 475
Interest	167 911	153 270
Total gross	**39 830 045**	**37 925 779**
Impairment write-offs	-1 237 116	-1 187 286
Total net	**38 592 929**	**36 738 493**

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

	30.06.2011	31.12.2010
Loans and advances to customers (gross)	**39 830 045**	**37 925 779**
- impaired	2 087 278	2 195 119
- not impaired	37 742 767	35 730 660
Impairment write-offs	**1 237 116**	**1 187 286**
- for impaired exposures	1 030 837	989 997
- for incurred but not reported losses (IBNR)	206 279	197 289
Loans and advances to customers (net)	**38 592 929**	**36 738 493**

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

	30.06.2011	31.12.2010
Loans and advances to customers (gross)	**39 830 045**	**37 925 779**
- case by case analysis	1 136 180	1 311 967
- collective analysis	38 693 865	36 613 812
Impairment write-offs	**1 237 116**	**1 187 286**
- on the basis of case by case analysis	448 939	469 231
- on the basis of collective analysis	788 177	718 055
Loans and advances to customers (net)	**38 592 929**	**36 738 493**

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

	30.06.2011	31.12.2010
Loans and advances to customers (gross)	**39 830 045**	**37 925 779**
- corporate customers	10 442 827	9 497 968
- indyviduals	29 387 218	28 427 811
Impairment write-offs	**1 237 116**	**1 187 286**
- for receivables from corporate customers	655 045	643 811
- for receivables from private individuals	582 071	543 475
Loans and advances to customers (net)	**38 592 929**	**36 738 493**

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

	01.01.2011 – 30.06.2011	01.01.2010 – 31.12.2010
Balance at the beginning of the period	**1 187 286**	**1 106 491**
Change in value of provisions:	49 830	80 795
Impairment write-offs created in the period	303 676	773 831
Amounts written off	-30 518	-158 826
Impairment write-offs released in the period	-217 603	-557 586
Changes resulting from FX rates differences	-3 229	24 055
Other	-2 496	-680
Balance at the end of the period	**1 237 116**	**1 187 286**

Note (13) Investment financial assets available for sale

	30.06.2011	31.12.2010
Debt securities	**4 071 570**	**4 496 965**
Issued by State Treasury	1 730 598	3 355 514
a) bills	97 343	245 308
b) bonds	1 633 255	3 110 206
Issued by Central Bank	2 200 000	999 708
a) bills	2 200 000	999 708
b) bonds	0	0
Other securities	140 972	141 743
a) listed	0	8 342
b) not listed	140 972	133 401
Shares and interests in other entities	**11 987**	**11 465**
Total financial assets available for sale	**4 083 557**	**4 508 430**

Note (14) Deposits from banks

	30.06.2011	31.12.2010
In current account	505 567	54 328
Term deposits	13 770	139 573
Loans and advances received	1 395 220	1 888 384
Interest	1 447	2 171
Total	**1 916 004**	**2 084 456**

Note (17) Deposits from customers by type structure

	30.06.2011	31.12.2010
Amounts due to private individuals	**21 670 184**	**20 928 083**
Balances on current accounts	7 343 089	7 241 195
Term deposits	14 045 306	13 368 776
Other	135 199	158 733
Accrued interest	146 590	159 379
Amounts due to companies	**12 029 674**	**12 424 688**
Balances on current accounts	3 278 869	2 956 393
Term deposits	8 519 012	9 257 874
Other	184 877	172 334
Accrued interest	46 916	38 087
Amounts due to public sector	**2 798 955**	**2 042 376**
Balances on current accounts	1 546 307	855 928
Term deposits	1 200 639	1 149 996
Other	45 436	31 990
Accrued interest	6 573	4 462
Total	**36 498 813**	**35 395 147**

Note (18) Change of debt securities

	01.01.2011 – 30.06.2011	01.01.2010 – 31.12.2010
Balance at the beginning of the period	**1 141 007**	**1 024 335**
- change of bonds issued in leasing portfolio securitization transaction	-189 369	-25 431
- change of bonds issued by subsidiary company	521	20 032
- change of bonds issued by the Bank	-84 470	33 957
- change of bank's securities issued	68 352	88 114
Balance at the end of the period	**936 041**	**1 141 007**

V. CHANGES IN RISK MANAGEMENT PROCESS

Risk management performs a key role in the strategy of balanced and sustainable development of the Bank Millennium Group, supporting optimisation of relationships between risk and returns within various business lines and maintenance of adequate risk profile relative to capital and liquidity.
In order to ensure effective risk management and coherent policy the Bank Millennium Group has implemented risk management model under which credit, market, liquidity and operational risks are managed in an integrated manner.

Credit risk

In the first half of 2011, activity of the Group's risk management was focused primarily on the work related with the modification of credit policies in the corporate segment.
The result of this work is in particular:

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

In the retail segment in the first half of 2011, actions taken on risk management, focused in the following areas:

- modification of the rules for granting loans for the purchase of real estate's built by developers or housing cooperatives,
- changes in the rules for verification of customers in the external credit databases,
- uniform rules for calculating the credit capacity in the retail and mortgage process for customers running business.

An important element of qualitative change in the credit process in the first half of 2011 was the establishment of the Rating Department. The main condition for establishment of this department was separation of the process of granting rating to corporate customers from credit decisions process as well as concentration in one organizational unit specialists with adequate knowledge of the methods of qualitative assessment of customers and a good knowledge of statistical models use to underwriting the risk ratings.
Significant changes also took place in Retail Recovery Department, especially there were made organisational changes, the channels responsible for contact with customers were improved, monitoring process was modified

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

In '000 PLN	30.06.2011		31.12.2010	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Not overdue and without impairment	35 875 251	2 268 352	33 682 351	1 485 810
Overdue, but without impairment	1 867 516	0	2 048 309	0
With impairment	2 087 278	0	2 195 119	0
Gross	**39 830 045**	**2 268 352**	**37 925 779**	**1 485 810**
Impairment write-offs together with IBNR	-1 237 116	0	-1 187 286	0
Net	**38 529 929**	**2 268 352**	**36 738 493**	**1 485 810**

Market risk

In the first half of 2011, the Bank continued its approach to market risk management that has been adopted since 2009. In the period under consideration VaR indicators for the Global Bank, that is Trading Book and Banking Book, remained at medium-low levels with average exposure to market risk of approx. PLN 14,3 m (13% of the limit) and approx. PLN 9,0 m (8% of the limit) as of the end of June 2011. Exposures by risk types are presented in the table below.

VaR measures for market risk ('000 PLN)

	30.06.2011		VaR (from 31 December 2010 till 30 June 2011)			31.12.2010	
	Exposure	limit consumption	Average	Maximum	Minimum	Exposure	limit consumption
Total risk	**9 016**	**8%**	**14 338**	**19 145**	**8 495**	**11 979**	**11%**
Generic risk	6 225	7%	11 603	16 376	5 752	9 247	10%
Interest Rate VaR	6 254	n.a.	11 631	16 360	5 764	9 264	n.a.
FX Risk	75	1%	425	2 010	24	152	2%
Equity risk	0	n.a.	0	0	0	0	n.a.
Diversification Effect	2%					2%	
Non-linear risk	0	0%	14	57	0	22	0%
Commodities risk	0	0%	0	0	0	0	0%
Specific risk	2 791	6%	2 721	2 791	2 680	2 710	6%

Open positions contain, mainly interest rate and FX risk instruments. FX open positions, within the set of limits, are permitted only in Trading Book, specifically in the areas of Trading and Market Risk Strategy portfolio. However, since the July 2010 there is no open position in latter portfolio which indicates that all the FX risk is concentrated in Trading areas. Exposures to the FX risk were not material in the period under consideration.

In first half 2011 Value at Risk limits were not exceeded.

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

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

Liquidity risk

In first half 2011, all the internal liquidity indicators as well as regulatory quantitative liquidity measures remain within the limits.

The main source of financing of the Bank is the large and well-diversified deposits base. Deposit base concentration, measured by share of 5 and 20 highest depositors has been maintained, for years, at levels of 5% and 10% respectively. This level of concentration does not have any negative impact on the stability of the deposit base. Despite of that, in order to prevent deposit base fluctuations, the bank maintains the reserves of liquid assets in the form of securities portfolio.
Additionally, in February 2011 the Bank prolonged the stand-by facility with BCP (amounted to EUR 200 million) for the next 12 months.
Finally, all the structural liquidity gaps were maintained within the defined limits even under stress scenarios. 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 also contingency procedures for an increased liquidity risk situation – the Liquidity Contingency Plan, which is regularly updated.

Operational risk

In the first half of 2011 there could be observed a continuous use of standards implemented for the purpose of efficient management of operational risk, which are in line with the best practice of international financial institutions.
The operational risk management model, implemented by Bank Millennium Group, codified in the general strategy of Millennium BCP is reviewed and accepted on a regular basis by the Management Board.
In keeping with the adopted solution, risk management is a process of continuous improvement as regards identification, assessment, monitoring, control/mitigating and reporting by complimentary elements:

- Gathering operational risk events,
- Self-assessment of operational risk in individual processes,
- Analysis and monitoring of risk indicators.

In the first half of 2011 the Group continued actions aiming at continuous improvement and increasing awareness about the risk among all Employees, in particular Employees having influence on the flow of business, as well as supporting processes.

VI. OPERATIONAL SEGMENTS

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

a) Retail Customer Segment

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

b) Corporate Customer Segment

The Corporate Customers Segment is based on activity targeted at Small and Medium sized Companies as well as Large Corporations. The offer is also addressed to Customers from the Public Sector.
Business in the Corporate Customers segment is pursued with use of a high quality offer of typical banking products (loans for day-to-day activity, investment loans, current accounts, term deposits) supplemented by a range of cash management products as well as treasury products (including derivatives) and leasing and factoring services.

c) Treasury and investment activity

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

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

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

Accounting principles

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

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

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

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

Income statement 01.01.2011 – 30.06.2011

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	**485 250**	**128 005**	**-69 453**	**543 802**
external income	643 387	255 739	372 841	1 271 967
external cost	-405 913	-214 091	-108 161	-728 165
External income less cost	**237 474**	**41 648**	**264 680**	**543 802**
internal income	456 917	212 837	-669 754	0
internal cost	-209 141	-126 480	335 621	0
Internal income less cost	**247 776**	**86 357**	**-334 133**	**0**
Net fee and commission income	221 676	62 334	10 008	294 018
Dividends, other income from financial operations and foreign exchange profit	44 362	23 435	16 422	84 219
Other operating income and cost	-2 162	-9 464	1 962	-9 664
Operating income	**749 126**	**204 310**	**-41 061**	**912 375**
Staff costs	-190 421	-61 470	-17 009	-268 900
Administrative costs	-199 305	-37 616	-14 938	-251 859
Impairment losses on assets	-43 716	-37 517	715	-80 518
Depreciation and amortization	-28 685	-4 259	-1 219	-34 163
Operating expenses	**-462 127**	**-140 862**	**-32 451**	**-635 440**
Share in net profit of associated companies	0	0	-210	-210
Profit / (loss) before taxes	**286 999**	**63 448**	**-73 722**	**276 725**
Income taxes	0	0	0	-60 303
Profit / (loss) after taxes	**0**	**0**	**0**	**216 422**

Balance sheet 30.06.2011 In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
ASSETS				
Segment assets	27 547 642	12 200 341	8 591 976	**48 339 959**
Assets allocated to segment	920 980	2 330 036	-3 251 016	**0**
Total	**28 468 622**	**14 530 377**	**5 340 960**	**48 339 959**
LIABILITIES				
Segment liabilities	25 777 640	13 330 732	5 096 848	**44 205 220**
Liabilities allocated to segment	-121 245	169 118	-47 873	**0**
Equity allocated to segment	2 812 227	1 030 527	291 985	**4 134 739**
Total	**28 468 622**	**14 530 377**	**5 340 960**	**48 339 959**

Income statement 01.01.2010 – 30.06.2010

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	381 998	110 722	-57 352	435 368
external income	587 170	249 462	329 738	1 166 370
external cost	-430 722	-179 305	-120 975	-731 002
External income less cost	156 448	70 157	208 763	435 368
internal income	422 823	170 117	-592 940	0
internal cost	-197 273	-129 552	326 825	0
Internal income less cost	225 550	40 565	-266 115	0
Net fee and commission income	223 588	51 110	9 321	284 019
Dividends, other income from financial operations and foreign exchange profit	-8 929	22 819	92 176	106 066
Other operating income and cost	-4 285	-4 712	10 338	1 341
Operating income	**592 372**	**179 939**	**54 483**	**826 794**
Staff costs	-180 797	-56 459	-18 199	-255 455
Administrative costs	-182 858	-32 672	-14 780	-230 310
Impairment losses on assets	-63 814	-64 115	-1 552	-129 481
Depreciation and amortization	-32 480	-4 649	-1 275	-38 404
Operating expenses	**-459 949**	**-157 895**	**-35 806**	**-653 650**
Share in net profit of associated companies	0	0	0	0
Profit / (loss) before taxes	**132 423**	**22 044**	**18 677**	**173 144**
Income taxes	0	0	0	-35 526
Profit / (loss) after taxes	**0**	**0**	**0**	**137 618**

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

VII. DATA ON ASSETS SECURING LIABILITIES

As at 30 June 2011, the Bank's following assets secured its liabilities:

In '000 PLN

No.	Type of assets	Portfolio	Secured liability	Par value of assets	Balance sheet value of assets
1.	Treasury bonds DZ0811	available for sale	Lombard credit granted to the Bank by the NBP	130 000	134 480
2.	Treasury bonds DZ0811	available for sale	Initial security deposit for bond futures	500	517
3.	Treasury bonds DZ0811	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	190 000	196 547
4.	Cash		Payment to the Futures Settlement Guarantee Fund	70	70
5.	Deposits	Deposits on other banks	Settlement on transactions entered	1 767 136	1 767 136
6.	Loans and advances to customers	Loans and advances	Loan agreement	230 106	131 055
		TOTAL		**2 317 812**	**2 229 805**

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

In '000 PLN

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

VIII. DIVIDEND FOR 2010

According to the decision of the Ordinary General Meeting held on 31 March 2011, the Bank has paid the dividend from the profit for the year ended 31 December 2010. The dividend amounted to PLN 0.1 gross per share, the Dividend Day (the day of determining the right to dividend) was at 16 May 2011, while the dividend was paid on 30 May 2011.
The Bank has not paid dividends in 2010.

IX. EARNINGS PER SHARE

Profit per share calculated for I half 2011 (and diluted profit per share) on the basis of the consolidated data amounted to PLN 0.18.

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

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

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

Shareholder	***Number of shares***	***% share in share capital***	***Number of votes***	***% share in votes at Shareholders' Meeting***
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING Otwarty Fundusz Emerytalny	60 762 472	5.01	60 762 472	5.01

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

Shareholder	***Number of shares***	***% share in share capital***	***Number of votes***	***% share in votes at Shareholders' Meeting***
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING Otwarty Fundusz Emerytalny	60 762 472	5.01	60 762 472	5.01

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

In II Q 2011, the Group did not grant any sureties or guarantees for a loan or bank loan to a single entity, which would cause the Group's exposure on this account to the Client as at 30 June 2011 to exceed 10% of the Group's equity as at the balance sheet date.

XII. DESCRIPTION OF RELATED PARTY TRANSACTIONS

(1) DESCRIPTION OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2011 to 30 June 2011 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities, which were eliminated in the data consolidation process:

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

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

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)
AS AT 30.06.2011

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits	547 424	2 179
Loans and advances to customers	2 154 407	
Receivables from securities bought with sell-back clause	3 503	
Investments in associates	310 442	
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	3 441	10 303
Hedging derivatives		56 349
Other assets	339 037	

LIABILITIES		
Deposits from banks	2 089 910	501
Deposits from customers	1 117 985	
Liabilities from securities sold with buy-back clause	3 503	
Debt securities	-547 070	
Hedging derivatives		102 622
Financial liabilities valued at fair value through profit and loss (held for trading)	1 047	2
Other liabilities	404 192	192
- including liabilities from financial leasing	66 057	

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

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits	268 347	4 728
Loans and advances to customers	2 336 578	
Receivables from securities bought with sell-back clause	3 503	
Investments in associates	311 242	
Investment financial assets	15 725	
Financial assets valued at fair value through profit and loss (held for trading)	4 120	19 216
Hedging derivatives		69 616
Other assets	5 710	528
LIABILITIES		
Deposits from banks	2 195 823	793 828
Deposits from customers	1 029 747	
Liabilities from securities sold with buy-back clause	3 503	
Debt securities	-736 438	
Financial liabilities valued at fair value through profit and loss (held for trading)	1 300	
Hedging derivatives		69 748
Other liabilities	144 969	
- including liabilities from financial leasing	138 786	

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN)

FOR THE PERIOD OF 1.01-30.06.2011

	With subsidiaries	With controlling entity
Income from:		
Interest	54 869	44 379
Commissions	25 400	
Derivatives net		4 332
Dividends	24 734	
Other net operating income	40 766	
Expense from:		
Interest	58 121	22 708
Commissions	25 570	3 943
Derivatives net	426	
General and administrative expenses	37 508	30

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2010

	With subsidiaries	With controlling entity
Income from:		
Interest	46 816	42 958
Commissions	26 575	
Derivatives net	988	14 665
Dividends	28 822	
Other net operating income	38 895	
Expense from:		
Interest	46 917	32 463
Commissions	26 395	
General and administrative expenses	39 686	50

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2011

	With subsidiaries	With controlling entity
Conditional commitments	143 776	899 530
Derivatives (par value)	175 983	5 088 206

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

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

(2) INFORMATION ON THE VALUE OF PREPAYMENTS, LOANS, ADVANCES AND GUARANTEES GRANTED

Information on total exposure towards the managing and supervising persons as at 30.06.2011:

	The managing persons	The supervising persons
Total debt limit (in '000 PLN),	1,085.0	125.0
- including an unutilized limit (in '000 PLN)	296.0	100.0
Mortgage loans and credits	3,353.6	-
Active guarantees	-	-

The Group provides standard banking services to persons related to Members of the Management Board and Members of the Supervisory Board, which services comprise i.a.: keeping bank accounts, accepting deposits or sale of financial instruments. In the Group's opinion these transactions are concluded on market terms and conditions.

Information on total exposure towards companies and groups personally related as at 30.06.2011:

Entity	Amount (PLN'000)	Relation
Company No 1	4 568	Personal with a supervising person
Company No 2	398	Personal with a supervising person
Group No 1	133 098	Personal with a supervising person
Group No 2	5 090	Personal with a supervising person

Outstanding loans granted to staff from Company Social Benefits Fund:

- In the Bank - 3,851.8 (PLN ths.)
- In Millennium Leasing - 1,370.6 (PLN ths.)

The Bank does not keep records of loans and advances granted to its employees within its regular operations, i.e. under the terms and conditions defined for the Bank's Clients.

Information on total exposure towards the managing and supervising persons as at 31.12.2010:

	The managing persons	The supervising persons
Total debt limit (in '000 PLN), - including an unutilized limit (in '000 PLN),	1,210.0 381.7	125.0 113.0
Mortgage loans and credits	3,314.5	-
Active guarantees	-	-

Information on total exposure towards companies and groups personally related as at 31.12.2009:

Entity	Amount (PLN'000)	Relation
Company No 1	5 269	Personal with a supervising person
Company No 2	395	Personal with a supervising person
Group No 1	140 465	Personal with a supervising person
Group No 2	6 465	Personal with a supervising person

Outstanding loans granted to staff from Company Social Benefits Fund:

- In the Bank - 4,349.6 (PLN ths.)
- In Millennium Leasing - 1,364.2 (PLN ths.)

(3) INFORMATION ON COMPENSATIONS AND BENEFITS OF THE PERSONS SUPERVISING AND MANAGING THE BANK

1. Remuneration costs (including accrued provisions) of the Members of the Management Board of the Bank (data in thousand PLN):

Period	Short term salaries and bonuses	Benefits	TOTAL
1.01-30.06.2011	9 373	645	**10 018**
1.01-30.06.2010	7 529	528	**8 057**

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

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

Period	Short term salaries and benefits
1.01-30.06.2011	804
1.01-30.06.2010	880

(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 reporting date for quarterly report prepared as at 31.03.2011	Number of shares as of reporting date for quarterly report prepared as at 30.06.2011
Bogusław Kott	Chairman of the Management Board	4 465 791	4 465 791
Joao Bras Jorge	Deputy Chairman of the Management Board	0	0
Fernando Bicho	Member of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	492 248	492 248
Maria Jose Campos	Member of the Management Board	-	-
Andrzej Gliński	Member of the Management Board	0	0
Wojciech Haase	Member of the Management Board	7 494	7 494
Artur Klimczak	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	134	134
Ryszard Pospieszyński	Deputy Chairman of the Supervisory Board	86 300	86 300
Carlos Jorge Ramalho dos Santos Ferreira	Deputy Chairman of the Supervisory Board	0	0
Marek Furtek	Secretary of the Supervisory Board	1	1
Luis Pereira Coutinho	Member of the Supervisory Board	0	0
Vitor Manuel Lopes Fernandes	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
António Manuel Palma Ramalho	Member of the Supervisory Board	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 2011, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 576.3 million. The total value of the largest lawsuits, in which Group companies acted as defendants was PLN 410.7 million and the total value of the largest lawsuits, in which Group companies acted as claimants was PLN 165.6 million.

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

Proceedings connected with derivatives

As of 30 June 2011 the Bank was party to 37 lawsuits connected with derivatives, where in 29 cases the Bank was the defendant, while in 8 as the plaintiff. Accordingly to the Bank's best knowledge the total disputed value in these lawsuits was PLN 303 million. The highest unit value of the dispute was PLN 71 million.

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

1. **Plaintiff:** legal person

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

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

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

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

2. **Plaintiff:** legal person

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

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

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

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

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

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

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

   Re: Ruling ineffectiveness of:

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

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

   On 4 April 2011 another hearing was held, where the court dismissed the plaintiff's petitions as well as the defendant's petition for a supplementary questioning of the expert. On 29 April 2011 the District Court in Gdańsk dismissed all complaints of plaintiff, adjudging the amount of PLN 18 million to the Millennium Leasing as return of incurred court fees. On 27 June 2011 the Court received the appeal of the plaintiff.

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

2. **Plaintiff:** legal person

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

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

   Case status: There were several hearings in this case and as a result on 21.02.2008 due to the non-implementation of the court order relating to the precisioning of the factual and legal grounds of the suit – the Court suspended the proceedings indefinitely and then issued a verdict to discontinue proceedings, The plaintiff appealed against this decision.

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

Proceedings with participation of the Chairman of UOKiK:

Proceedings before the Chairman of UOKiK concerning provisions of mortgage loans

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

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

On 14 December 2010, there was the sentence of the Court of First Instance recognizing all the clauses used by the Bank to be illegal therefore on 9 February 2011 the Bank's attorney appealed against the verdict. The answer for aforementioned appeal was delivered to Bank's attorney on 7 April 2011, no trial date has been set yet.

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

The Bank is a party in proceedings instituted by the Chairman of UOKiK against operators of the Visa and Europay systems as well as banks – issuers of Visa and Europay/Eurocard/Mastercard cards. The proceedings concern practices restricting competition on the card payments market in Poland, whereby interchange fees were said to be agreed jointly for transactions done with Visa and Europay/Eurocard/Mastercard cards and also access was restricted for entrepreneurs who did not belong to the association of card issuers against whom the proceedings were instituted.

On 29 December 2006 the Chairman of UOKiK deemed the practices consisting in jointly agreeing on interchange fees as restricting competition and ordered desisting from their use, at the same time imposing i.a. on the Bank a cash penalty of PLN 12.148.370. On 19 January 2007 the Bank appealed against the decision of the Chairman of UOKiK to SOKiK. On 25 august 2008 SOKiK gave a ruling, in which it decided to suspend enforcement of the appealed decision in the item concerning the order to desist from jointly agreeing on the interchange fees.

In the ruling of 12 November 2008 SOKiK changed the appealed decision so that it did not find use of practice restricting competition, consisting in participation by banks participants in the proceedings (including the Bank) in an agreement restricting competition on the market of outsourcing of services connected with payment of consumers' liabilities to merchants on account of payments for goods and services purchased by the consumers with use of cards in Poland, by jointly agreeing on interchange fees charged on transactions done with Visa and MasterCard cards in Poland. On 12 January 2009 the Chairman of UOKiK appealed against this ruling. Response to the appeal has been lodged by the Bank on 13 February 2009. On 22/04/2010, the appeals hearing was held, after which the Court of Appeal overturned the verdict entirely, sending the case back to the court of first instance. A copy of the Judgement of the Court of Appeals reasoned served with the Bank on 1 June 2010.
As at 30.06.2011 trial date has not yet been appointed.

OFF-BALANCE ITEMS

Amount '000 PLN	**30.06.2011**	**31.12.2010**
Off-balance conditional commitments granted and received	**9 093 892**	**9 249 386**
Commitments granted:	7 534 791	7 977 715
- financial	5 753 049	6 166 837
- guarantee	1 781 742	1 810 878
Commitments received:	1 559 101	1 271 671
- financial	1 122 585	794 880
- guarantee	436 516	476 791

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

The Supervisory Board of the Bank, at its meeting on 22 July 2011, accepted the resignation - effective as of 22 July 2011 - of Mr. Antonio Pinto Junior from the function of Member of the Bank's Management Board, for personal reasons. Moreover, the Supervisory Board changed the composition of the Management Board of the current term in office appointing Ms. Maria Jose Campos for the post of Banks Management Board Member of the current term in office.

SIGNATURES:

Date	Name and surname	Position/Function	Signature
25.07.2011	Bogusław Kott	Chairman of the Management Board	....
25.07.2011	Joao Bras Jorge	Deputy Chairman of the Management Board	....
25.07.2011	Fernando Bicho	Member of the Management Board	....
25.07.2011	Julianna Boniuk-Gorzelańczyk	Member of the Management Board	....
25.07.2011	Maria Jose Campos	Member of the Management Board	....
25.07.2011	Andrzej Gliński	Member of the Management Board	....
25.07.2011	Wojciech Haase	Member of the Management Board	....
25.07.2011	Artur Klimczak	Member of the Management Board	....

II. MANAGEMENT BOARD REPORT OF THE BANK MILLENNIUM CAPITAL GROUP FOR THE 6 MONTHS ENDED 30 JUNE 2011

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I. MARKET CONDITIONS AND GROUP STRATEGY

I.1. Macroeconomic situation

The first half of 2011 showed continuation of the economic growth in Poland. In the first quarter, the GDP growth was equal to 4.4% year-on-year, only slightly below the result of the fourth quarter of 2010. The reading was additionally supported by low statistical base effect from the beginning of 2010, when severe winter stopped some building works.

As a result, investment in fixed assets increased by 6.0% year-on-year as compared with 1.6% year-on-year in the fourth quarter of 2010 and the decline of 11.4% year-on-year in the first three months of the last year. It is worth noting that investment in metal products and machinery in the first quarter declined on the annual basis and the increase was observed in construction works and transport equipment, suggesting that private investments remained subdued. In the first three months of the year private consumption as well as restocking and abovementioned investments contributed to the economic growth. Individual consumption increased by 3.9% year-on-year only slightly below 4,0% year-on-year recorded in the fourth quarter of 2010 and almost twice the pace recorded in the same period of the previous year. The fears that the change in indirect taxes implemented since the beginning of the year could cause consumption slowdown were not confirmed. Positive trends were probably maintained in the second quarter and retail sales in the first five months of this year were higher by 12.3% than in the same period of the previous year. Part of the increase was the result of high inflation, but also real growth was sizeable, equal to 7.9% year-on-year.

Consumption growth was supported by improving labour market conditions. Registered unemployment rate declined from 13.0% in January to 11.8% in June mainly on the back of seasonal factors. The pace of labour market improvement is however hampered by the limited scale of active labour market policies as compared with the previous year. In the first half of the year employment growth in the enterprise sector hovered around 4.0% year-on-year, while average earnings increased by 4.8% year-on-year in nominal terms securing growth of disposable income from labour, without visible treat to price stability.

On the supply side of the GDP the strongest increase of value added was observed in industry and construction. In the first quarter of 2011 the value added in industry increased by 7.8% year-on-year. The growth was supported by strong external demand, confirmed by increasing external trade volumes in the first quarter of 2011. In the second quarter some deterioration of growth was observed in industrial sectors of our main trade partners. This could have been connected with one-off factors such as sharp increase of oil prices in spring and distortions in the global supply chain after the earthquake in Japan. It is not certain however if the industry sector in main global economies returns on the path of rapid growth in the second half of the year. At the end of the second quarter some negative influence on the Polish economy was observed. In the first half of the year sold industrial output increased by 7.8% year-on-year, but in June the dynamics slowed down to 2.0% year-on-year. PMI survey showed that in June new export orders registered the fastest rate of decline since June 2009. In the second half of the year the production growth may thus be not as fast as at the beginning of 2011. Gross value added in construction increased by 14.4% year-on-year in the first quarter, the dynamics was however supported by low statistical base from the previous year. Construction and assembly production in the first half of the year increased by 20.8% year-on-year, confirming high activity in infrastructural investments.

At the beginning of the year the CPI inflation exceeded the upper band of the NBP target (2.5% +/-1%) and kept increasing reaching 5.0% year-on-year in May, the highest level in 10 years. Elevated inflation was the result of VAT rate increase implemented at the beginning of the year and to greater extent high prices of food and commodities on the global markets. Demand pressure remained subdued, and core inflation excluding food and energy increased from 1.6% year-on-year in January to 2.4% year-on-year in June. Supply side factors, connected with the decline of oil price and better harvests, should support gradual decrease of inflation. In June the price growth slowed down to 4.2% year-on-year.

The Monetary Policy Council responded to CPI inflation exceeding the NBP target by increasing interest rates four times by 25 basis points. The aim of the hikes was to avoid increasing inflation expectations and the occurrence of “second round effects”. The reference rate in now equal to 4.50%. In the statement after the meeting in July, the MPC assessed that the substantial monetary policy tightening implemented since the beginning of the year should enable inflation to return to the target in the medium term. At the same time the Council did not rule out a further adjustment of monetary policy, should the outlook for inflation’s return to the target deteriorate.

When it comes to monetary aggregates, in the first half of 2011 one could observe further increase of households deposits, supported by the stable wage growth and gradual improvement of the labour market conditions. The nominal value of households’ deposits in June was by 2.0 billion zlotys higher than in March and by 14,6 billion zlotys higher compared with December 2010. The annual growth rate hovered around 10%. Corporate deposits were growing in the first half at a slower pace than deposits to households. At the end of June their nominal value was by 1.8 billion zlotys lower than in December and the annual rate was equal to 5.4% as compared with 7.6% year-on-year in December 2010. The slowdown of deposit growth was accompanied by faster growth of credit to the enterprise sector. The annual dynamics increased to 9.5% in June as compared with 0.7% year-on-year in December 2010, which is among others connected with the recovery of investment loans. The portfolio of the households' credit is still strongly influenced by FX factors. Annual dynamics of households' loans was equal to 9.4% in June as compared with 14% yoy in December 2010.

I.2. Strategy of the Group

During 1st half 2011 Bank Millennium was continuing the strategy pursued in 2010 aimed at combining sustainable growth of business with fast improvement of profitability.

In terms of business development the Group managed to keep relevant growth of volumes, both deposits (+9.6% y/y) and loans (+5.8% y/y). In the area of Customers' funds acquisition Bank Millennium launched during 1st quarter 2011 the new current account: "Dobre Konto" with very attractive features and supported by a strong marketing campaign. First results are encouraging: during first 5 months the Bank sold more than 100 thousand of these new current accounts. On the loans side the Group kept high, 4th position in leasing with 7.6% market share in movables.

First half of 2011 brought also, as assumed, a further improvement of Group's efficiency and profitability. Cost-to-income ratio reached 60.8% during 1H and in 2Q alone it was even below the Group's 2012 target of 60%. Return on equity reached already a two-digit level of 10.8% during 1H thanks to a 57% growth of net profit versus 1H 2010. Such strong improvement of the Group's net profit was possible thanks to a remarkable increase of core income, namely net interest income, and a continued decrease of cost of risk.

Lower cost of risk was possible thanks to the improvement of loan portfolio quality. The ratio of impaired loans in relation to total portfolio dropped again to the level of 5.2% mainly as a consequence of improving situation of loans to companies. Mortgage loans keep high level of quality with less than 1% impaired loans ratio.

Bank Millennium Group also fulfills strategic target regarding strong capital position, which was undertaken during the last capital increase made in 1Q 2010. As at the end of June consolidated CAR was at 13.8% and Core Tier 1 at 11.9%. This high capital base can accommodate further market volatility of FX currencies and a planned change of regulation regarding e.g. risk weight for FX loans. Strong capital base allowed also the Group to pay a dividend in the amount of PLN 121.3 million, which means PLN 0.1 per share and a 37% pay-out ratio from 2010 year consolidated net profit.

The Group maintains a stable liquidity position: loans-to-deposits ratio stood at 101% level as at the end of June 2011.

Improvement of quality of service to customers become one of the crucial elements of the Group's strategy for this and the next years. This effort should allow to increase customer satisfaction which may also help increase cross-selling potential and strengthen customer loyalty.

Bank Millennium has again qualified to the RESPECT Index - created by the Warsaw Stock Exchange the first index of socially responsible companies in the CEE region. This means that the Bank follows very high standards in the areas of corporate governance, investor relations and responsible activities towards environment, society and its own personnel.

In the upcoming years, further improvement in profitability and business growth remain the paramount objective of Bank Millennium Group, with strong emphasis on the sustainable nature of activity, which in today's volatile market conditions means a special attention brought to liquidity and risk management.

The key elements of the Group's medium term strategy, as were described in the prospectus of the 2010 capital issue, are maintained:

(i) To be among the top five Polish banks, with a leading position in retail and firm position in corporate banking;

(ii) To achieve a level of sustainable profitability, which would stand comparison with the top entities from the peer group;

(iii) To conduct highly effective activity and at the same time high quality of Customer service standards;

(iv) To maintain solid capital structure and strong risk management profile to support the future growth, and

(v) To strengthen Bank's market position, thanks to long-term co-operation with all the stakeholders.

II. FINANCIAL SITUATION OF BANK MILLENNIUM GROUP

II.1 Profit and Loss account

Operating Income (PLN million)	**1H 2011**	**1H 2010**	**Change 2011/2010**
Net Interest Income *	573,8	473,6	21,1%
Net Commissions Income	294,0	284,0	3,5%
Core income*	***867,8***	***757,7***	***14,5%***
Other Non-Interest Income ***	44,6	69,1	-35,5%
Operating Income	**912,4**	**826,8**	**10,4%**

** 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 hedge of mortgage floating rate foreign currency loans and floating rate PLN deposits financing the loans together with 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 of derivatives including the interest margin component, 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 30.0 m in 1st half 2011 and PLN 38.3 m in 1st half 2010) 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.*
*** Sum of Net Interest Income and Net Commission Income*
**** Contains all items of income, other than net interest and commissions income; including, in particular, other operating income and costs (net); on a pro-forma basis*

Net Interest Income continued its growing path of the previous year, showing quarter-on-quarter improvement. The total net interest income (pro-forma) reached PLN 573,8 million in 1 half 2011 growing by 21.1% versus 1 half 2010. At the same time net interest margin (calculated on interest earnings assets) increased from 2.2% in 1 half 2010 to 2.5% in 1 half 2011. This was possible mainly thanks to the improvement of average spread on deposits, which reached 0.39% in 2Q 2011 compared to negative value recorded a year ago. This improvement resulted from a careful management of the cost of deposits combined with higher market interest rates.

Net Commissions Income grew by 3.5% in 1 half 2011 compared to in 1 half 2010 and reached a total of PLN 294.0 million. The growth of commission income was achieved in the environment of slow growth of new loans in the Polish economy as well as still weak market of investment products. In spite of the latter, the growth of commissions from investment products and capital markets transactions helped to neutralize the negative impact of lower insurance commissions. The commissions from main banking services - such as loans, account service and cards - increased by 7% year-on-year.

Core income defined as a combination of net interest and commission income, visibly grew compared to 1 half 2010 by 14.5% to the amount of PLN 867.8 million.

Other non-interest income dropped by 35.5% versus 1 half 2010. Negative revaluation of FX swaps connected with dropping spreads, observed especially in 1Q 2011, was the main reason of this decrease. On the other hand, FX gains - being a stable part of other non-interest income and resulting mainly from transactions with Clients - grew visibly in annual terms by 16.8% to PLN 62.4 million in 1 half 2011.

Total operating income of the Group reached PLN 912.4 million in 1 half 2011, which signify a growth of 10.4% versus the previous year. Also in quarterly terms there was a remarkable 7.6% growth of total operating income: from PLN 439.4 million in 1Q 2011 to PLN 473.3 million in 2Q 2011.

Operating Costs (PLN million)	1H 2011	1H 2010	Change 2011/2010
Personnel Costs	268.9	255.5	5.3%
Administrative Costs	251.9	230.3	9.4%
Depreciation	34.2	38.4	-11.0%
Total Operating Costs	**554.9**	**524.2**	**5.9%**
Cost/ Income Ratio	**60.8%**	**63.4%**	**-2.6 p.p.**

Total costs in 1 half 2011 amounted to PLN 554,9 million, which means a growth of 5.9% versus the 1 half 2010. Total costs in 2Q 2011 reached PLN 282.2 million and were 3.5% higher than PLN 272.7 million realized in 1Q 2011.

Personnel costs grew 5.3% yearly and the growth came mostly in variable part of the compensation and was connected with increasing income and business volumes when comparing to the previous year. Total number of employees in the Group dropped slightly by 73 compared to the end of June 2010 to 6,107 persons (in Full Time Equivalents).

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

Employment structure (in FTEs)	30.06.2011	30.06.2010	Change 2011/2010
Bank Millennium S.A.	5 725	5 791	-66
Subsidiaries	381	389	-8
Total Bank Millennium Group	**6 107**	**6 180**	**-73**

Administrative costs in 1 half 2011 grew by 9.4% compared to 1 half 2010, which was caused by higher charges for Banking Guarantee Fund (connected with higher guaranteed amounts for deposits), increase in marketing costs (by 14% year-on-year) connected with intensified marketing campaigns and also higher rental costs. Moreover, the level of administrative costs was exceptionally low in 1 half 2010 (in 2 half 2010 the costs were visibly higher – PLN 250.8 million – i.e. comparable to the costs in 1 half 2011).

The main cost efficiency measure used by the Group is the **Cost-to-Income ratio,** which reached 60.8% during 1 half 2011 and was much better than the value of 63.4% presented in 1 half 2010. Cost to Income ratio in 2Q 2011 alone achieved 59.7% and was already below the target of 60% set for 2012.

Pre-tax Income and Net Income (PLN million)	**1H 2011**	**1H 2010**	**Change 2011/2010**
Operating Income	**912.4**	**826.8**	**10.4%**
Operating Costs *	**-554.9**	**-524.2**	**5.9%**
Impairment provisions	-80.5	-129.5	-37.8%
Pre-tax Income	**276.7**	**173.1**	**59.8%**
Income tax	-60.3	-35.5	-
Net Income	**216.4**	**137.6**	**57.3%**

* *without impairment provisions for financial and non-financial assets*

Impairment provisions in 1 half 2011 were lower by 37.8% versus 1 half 2010 and reached the level of PLN 80.5 million. Of the total figure, 41% of provisions were created for corporate exposures and 59% were created on retail portfolio. Impairment charges as percentage of average net loans constituted 44 bps in 1 half 2011, thus remarkably lower than 77 bps level registered during 1 half 2010.

Pre-tax Income for 1 half 2011 amounted to PLN 276.7 million which means a significant improvement (by 60%) compared to the gross income for 1 half 2010. Similarly, **Net Income** for the analysed period increased to PLN 216.4 million i.e. by 57% compared to the value of 1 half 2010. In quarterly terms net profit grew by 14% from PLN 101.2 million in 1Q 2011 to PLN 115.3 million in 2Q 2011.

II.2. Balance Sheet

ASSETS

The Group's assets as at 30 June 2011 totalled PLN 48,340 million and were 4.4% higher compared to the balance at the end of the June 2010. Main Group's assets and the changes in the values of particular components of Group's asset as on specified dates are presented in the table below:

ASSETS (PLN million)	30.06.2011		30.06.2010		Change 2011/2010
	Value	Structure	Value	Structure	(%)
Cash and operations with the Central Bank	1 473.2	3.0%	1 221.0	2.6%	20.7%
Loans and advances to banks	2 268.4	4.7%	1 756.6	3.8%	29.1%
Loans and advances to customers	38 592.9	79.8%	36 466.1	78.7%	5.8%
Receivables from securities bought with sell-back clause	73.2	0.2%	309.4	0.7%	-76.3%
Financial assets valued at fair value through P&L and hedging derivatives	1 009.7	2.1%	2 684.5	5.8%	-62.4%
Investment financial assets*	4 095.6	8.5%	3 241.8	7.0%	26.3%
Intangible assets and property, plant and equipment **	241.4	0.5%	282.4	0.6%	-14.5%
Other assets	585.5	1.2%	355.2	0.8%	64.8%
Total assets	**48 340.0**	**100.0%**	**46 317.0**	**100.0%**	**4.4%**

** including investments in associates*
*** excluding fixed assets for sale*

Higher assets level resulted primarily from growth in loans and advances to Clients by PLN 2,127 million, i.e. 5.8%. Another assets group having important impact on the annual change of the total assets were "financial assets valued at fair value through profit and loss and hedging derivatives" that decreased by PLN 1,675 million (by 62.4%) in this period.

Loans and advances to Clients constitute a dominant position in the asset structure (78.7%) and as on 30 June 2011 their net value reached PLN 38.593 million. This figure was higher by PLN 2,127 million, i.e. 5.8% compared to the value of 30 June 2010. The growth in loans was partially an effect of CHF appreciation with respect to PLN. Without the FX factor, the annual increase of loans to Clients since June 2010 would reach approximately 3.4% and quarterly by 2.7%.

Value of the **financial assets valued at fair value through profit and loss and hedging derivatives** totalled PLN 1,010 million at the end of June 2011, which signify a PLN 1,675 million decrease (i.e. 62.4%) relative to 30 June 2010 which was practically a result of a decrease of treasury debt securities. The discussed assets portfolio comprised first of all debt securities issued by the Polish Treasury (bonds and treasury bills) that constituted 55.9% share at the end of June 2011 and positive valuation of derivatives designated for trade and hedging that together accounted for 43.9% share. Equity instruments had negligible share in that portfolio of assets.

The value of **investment financial assets** (including investments in associates) equalled PLN 4,096 million at the end of June 2011 and increased by PLN 854 million i.e. 26.3% relative to the balance as on 30 June 2010. Investment financial assets portfolio was composed in 96.3% of debt securities issued by the Polish State Treasury and National Bank of Poland (the central bank).

In effect of deepened cooperation with other banks and higher interbank activity, **loans and advances to banks** increased by PLN 512 million (i.e. 29.1%) and amounted to PLN 2,268 million at the end of June 2011.

Intangible assets and property, plant and equipment decreased during 12 month period by PLN 41 million (i.e. 14.5%) and equalled PLN 241 million as at the end of June 2011. The decrease was a result of standard depreciation.

LIABILITIES

The value and structure of the Group's liabilities as at the end of June 2011 and 2010 are shown in the table below:

LIABILITIES (PLN million)	**30.06.2011**		**30.06.2010**		**Change 2011/2010**
	Value	**Structure**	**Value**	**Structure**	**(%)**
Deposits from banks	1 916.0	4.3%	3 559.2	8.4%	-46.2%
Deposits from customers	36 498.8	82.6%	33 267.1	78.6%	9.7%
Liabilities from securities sold with buy-back clause	784.8	1.8%	244.9	0.6%	220.5%
Financial liabilities valued at fair value through P&L and hedging derivatives	2 384.6	5.4%	2 549.1	6.0%	-6.5%
Liabilities from issue of debt securities	936.0	2.1%	1 132.1	2.7%	-17.3%
Provisions	19.5	0.0%	21.7	0.1%	-10.1%
Subordinated debt	918.1	2.1%	954.5	2.3%	-3.8%
Other liabilities*	747.4	1.7%	618.2	1.5%	20.9%
Total liabilities	**44 205.2**	**100.0%**	**42 346.6**	**100.0%**	**4.4%**
Total equity	**4 134.7**		**3 970.5**		**4.1%**
Total liabilities and equity	**48 340.0**		**46 317.0**		**4.4%**

** including tax liabilities*

As at the end of June 2011, liabilities accounted for 91.4%, while the Group's equity accounted for 8.6% of the total liabilities and equity. Deposits from customers, financial liabilities valued at fair value through profit and loss and hedging derivatives and deposits from banks constituted the Group's main liability items accounting for, respectively, 82.6%, 5.4% and 4.3% of the Group's total liabilities.

As on 30 June 2011, Group's liabilities amounted PLN 44,205 million and increased by PLN 1,859 million i.e. 4.4% relative to PLN 42,347 million as on 30 June 2010. The increase resulted, primarily, from a considerable growth in customer deposits that offset the decrease of deposits from banks.

Deposits from customers provide the main source of financing of the Group's activities and include, mainly, customer funds deposited on current and term deposit accounts. As on 30 June 2011 deposits from customers amounted to PLN 36,499 million and recorded an increase of PLN 3,232 million i.e. 9.7% relative to the balance as on 30 June 2010.

Deposits from banks, as on 30 June 2011, amounted to PLN 1,916 million accounting for 4.3% of the Group's liabilities. Their value decreased considerably by PLN 1,643 million (i.e. 46.2%) relative to the balance as on 30 June 2010 in effect, mainly, of a higher value of amounts repaid by the Bank throughout the year (primarily, repayment of a EUR 175 million syndicated loan and EUR 200 million bilateral loan from the Parent).

As on 30 June 2011, credits and loans received by the Group included, primarily, as follows:

- medium-term credit granted to the Bank to the total amount of EUR 100 million by European Bank for Reconstruction and Development (EBRD), on 30 November 2009;
- medium-term credit granted to the Bank to the total amount of EUR 35 million by European Bank for Reconstruction and Development (EBRD), on 1 December 2010;
- long-term credit granted to the Bank up to the total amount of EUR 100 million by European Investment Bank (EBI), on 9 December 2010.

Under its liquidity management activity, the Group concludes short-term **transactions with buy-back clause** both with banking and non-banking customers. The transactions are based on the State Treasury debt securities. As on 30 June 2011, liabilities from securities sold with buy-back clause amounted to PLN 785 million increasing by PLN 540 million relative to the balance as on 30 June 2010 due to the increase of transactions with Clients.

Financial liabilities valued at fair value through profit and loss and hedging derivatives included, primarily, negative valuation of derivatives designated for trading or hedging. The value of this item amounted to, as on 30 June 2011, PLN 2,385 million and decreased by 6.5% relative to the balance of 30 June 2010.

As on 30 June 2011 liabilities from **issue of debt securities** amounted to PLN 936 million recording a decrease by PLN 165 million relative to 30 June 2010 in effect of partly repayment of liabilities from leasing securitisation (their balance amounted to PLN 547 million at the end of June 2011). Besides the above-mentioned liabilities, the debt securities item also includes bonds issued by the Bank in connection with structured saving products offered to individual Clients of the Bank, which balance as on 30 June 2011 amounted to PLN 368 million and showed slight increase (by 0.8%) compared to the end of June 2010.

The value of **subordinated debt** amounted to PLN 918 million as on 30 June 2011 and differences with respect to 30 June 2011 are the result of FX changes. These liabilities included subordinated ten-year bonds of the total nominal value of EUR 80 million, issued by the Bank in December 2001 and subordinated ten-year bonds of nominal value of EUR 150 million, issued by the Bank in December 2007.

As on 30 June 2011, **equity** capitals amounted to PLN 4,135 million and recorded a growth by 4.1% relative to the end of 30 June 2010. This was mainly a result of profit earned, which exceeded the amount of dividend paid from the last year profit.

The main capital ratios of the Group were the following:

Capital ratios	30.06.2011	30.06.2010	Change 2011/2010
Total consolidated equity (in PLN m)	4 135	3 970	4.1%
Book Value Per Share	3.41	3.27	4.3%
Capital Adequacy Ratio (consolidated)	13.8%	14.0%	- 0.2 p.p.
Tier 1 ratio (consolidated)	11.9%	11.6%	+ 0.3 p.p.

II.3. Share price main indicators and ratings

The main indexes of the Warsaw Stock Exchange remained on 30 June 2011 on similar level as on 31 December 2010: WIG index gained 1.9%, the WIG Banks sector index was down -1.7% and mWIG40 index, which comprises the shares of Bank Millennium, grew 1.6%. In the same period Bank Millennium share price outperformed the market growing by 10.2% and in yearly comparison by 26.2%.

	30.06.2011	31.12.2010	Change (%) in 1H 2011	30.06.2010	Change (%) Yearly
Number of shares of the Bank (in ths.)	1 213 117	1 213 117	0.0	1 213 117	0.0
Daily trading (PLN ths, avg. ytd)	11 685	8 403 (*)	39.1	8 827	32.4
Price of the Bank shares (PLN)	5.40	4.90	10.2	4.28	26.2
Market cap. (PLN million)	6 551	5 944	10.2	5 192	26.2
WIG - main index	48 414	47 490	1.9	39 392	22.9
WIG Banks	6 807	6 921	-1.7	5 787	17.5
mWIG 40	2 851	2 805	1.6	2 374	20.1

* turnover for the second half of the year

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

On 12 April 2011 Moody's Investors Service downgraded the long-term domestic and foreign deposit ratings of Bank Millennium to 'Baa3' from 'Baa2' with a negative outlook, however the rating has been withdrawn from review for possible downgrade. The Bank's Financial Strength Rating remained unchanged and was affirmed at 'D' with a stable outlook. The short-term rating remained unchanged at 'P-3' as well. Additionally on 15 of June 2011 all ratings were affirmed by Moody's.

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

The table below presents the current ratings of Bank Millennium:

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

II.4. Main drivers which may affect financial situation of the Group in 2H 2011

The most important external factors that could influence financial standing of Bank Millennium Group in the second half of the year include:

- Market interest rates are likely to remain stable and MPC probably will not change interest rates or one more rate hike by 25 basis points is possible at the end of the year, if the increase of core inflation is observed.
- Solid financial standing of the companies should reduce credit risk associated with corporate loans. Expected growth of private investment may lead to higher demand for credit.
- Labour market conditions should improve driven by both seasonal factors and economic growth. Falling unemployment rate in the next quarters may limit credit risk associated with household loans. Stable wage growth and inflation along with growing employment may support demand for savings products.
- High uncertainty connected with fiscal problems of the euro area peripheries translates into higher volatility of the financial markets. The growth of risk aversion on the global markets may lead to temporarily Polish Zloty depreciation, especially against the Swiss Franc, which may increase liquidity needs of the Bank by the increased valuation of FX denominated loans and may affect a quality of this portfolio.
- Growth of industrial production and foreign trade is expected, but at a slower pace than at the beginning of the year. This may translate into continued demand for corporate banking services (factoring, export loans, etc).
- High infrastructural investment activity means stable local governments' financing needs.

III. RESULTS BY BUSINESS SEGMENTS

III.1. Introduction

Results of Bank Millennium Group for the 1st half of 2011, broken down into segments of activity, i.e. retail banking (including micro-businesses), corporate banking and treasury plus investment banking compared with the 1st half of 2010, is presented in the table below.

(PLN million)	Retail segment			Companies segment			Treasury and Investment Banking segment		
	1H 2011	1H 2010	change	1H 2011	1H 2010	change	1H 2011	1H 2010	change
Net interest income	485.2	382.0	*27.0%*	128.0	110.7	*15.6%*	-69.5	-57.4	-
Net commission income	221.7	223.6	*-0.9%*	62.3	51.1	*22.0%*	10.0	9.3	*7.4%*
Other income *	42.2	-13.2	-	14.0	18.1	*-22.8%*	18.4	102.5	*-82.1%*
Total operating income	**749.1**	**592.4**	***26.5%***	**204.3**	**179.9**	***13.5%***	**-41.1**	**54.5**	**-**
Total operating expense **	**-418.4**	**-396.1**	***5.6%***	**-103.3**	**-93.8**	***10.2%***	**-33.2**	**-34.3**	***-3.2%***
Cost/Income	55.9%	66.9%	*-11.0pp.*	50.6%	52.1%	*-1.5 pp.*	-	62.9%	-
Net provisions	-43.7	-63.8	*-31.5%*	-37.5	-64.1	*-41.5%*	0.7	-1.6	-
Pre-tax income	**287.0**	**132.4**	***116.7%***	**63.4**	**22.0**	***187.8%***	**-73.5**	**18.7**	**-**

** including FX income* *** without impairment charges*

The financial results of **Retail segment** recorded significant improvement in the 1st half of 2011 compared to 1st half of 2010. The total operating income increased by 26.5% to PLN 749.1 million mainly fuelled by fast growing net interest income (by 27%). Strong growth of operating income was associated with moderate growth of operating costs, mostly non-personnel, which resulted in better operating efficiency measured by Cost/Income ratio: improvement from 66.9% in 1st half of 2010 to 55.9% in 1st half of 2011. Cost of risk was much lower: in 1st half of 2011 risk provisions in retail segment decreased remarkably by 31.5% compared to the corresponding period of 2010. As a result of the above tendencies, pre-tax income of the retail segment more than doubled in the analysed period (increase by 117%).

Corporate segment presented in 1st half of 2011 strong annual growth of both net interest and net commissions income (by 15.6% and 22.0% respectively). As a result, the total operating income of the segment in analysed period grew by 13.5% and reached PLN 204.3 million for 1st half of 2011. Operating cost grew by 10.2% during the analysed period, so the growth was lower than the growth of operating income. As a result, Cost/Income ratio of the Corporate segment improved from 52.1% in 1st half of 2010 to 50.6% in 1st half of 2011. Risk provisions significantly decreased in 1st half of 2011 by 41.5% compared to 1st half of 2010. The above mentioned improvements led to a very strong increase of pre-tax income (by 188%) compared to 1st half of 2010 which reached PLN 63.4 million for 1st half of 2011.

Total operating income of **Treasury and Investment Banking** segment for 1st half of 2011 was negative and amounted to PLN -41.1 million, as opposite to the positive value of PLN 54.5 million recorded in 1st half of 2010. This was mainly the result of negative valuation of hedging instruments, which is assigned to this segment, and was especially visible in the 1st quarter 2011. In consequence, pre-tax profit of Treasury and Investment Banking segment was negative and amounted to PLN -73.5 million for 1st half 2011. Operating cost was relatively stable (annual decrease of 3.2% in the analysed period) and risk provisions were on negligible level, which was observed also in the previous periods.

Description of activity, along with discussion of the main products and business sub-areas, in the specific segments of operations of Bank Millennium Group is presented in the next chapters.

III.2. Retail banking

Bank Millennium Group offers to individual clients, self-employed persons as well as affluent persons (Prestige line) a broad range of financial services tailored to their diversified needs. The Bank's offer targeted at this market segment is supplemented by products offered by Bank Millennium's subsidiaries: Millennium TFI (mutual funds), Millennium Leasing (leasing for small businesses) and Dom Maklerski (brokerage services).

Retail banking remains one of the main pillars of Bank Millennium's business activity. According to 30 June 2011 data, the Bank had 1,130 ths. active retail customers and was maintaining a significant position on Polish retail banking market with 5.2% share in deposits and 6.5% in loans to individuals.

The Bank continues to expand and upgrade its offer of products and services. In February 2011 it launched "Dobre Konto" – a new free-of-charge personal account, which permits getting a 3% cashback on spending made with a debit card in supermarkets, grocery stores and at petrol stations throughout Poland (up to PLN 50 per month). The condition for waiving the fees are total monthly inflows to the account amounting to at least PLN 1000 as well as at least one shopping payment a month made with the debit card. Online transfers made from this account are free and an additional advantage of the account is the availability of free overdraft limit for as long as any seven days during a settlement month. Account operation by phone and online is free-of-charge. The account concept arose on the basis of market analyses and researching Polish preferences concerning a personal account. The Bank has already opened 100,000 „Dobre Konto" accounts since the launch of this product on 14th February 2011.

During 1st half 2011 the Bank also launched "Lokata Gorąca" with daily capitalisation of interest. The deposit permits generating an attractive yield – 4.86% per annum, which corresponds to 6% per year on a traditional deposit. The "Lokata Gorąca" deposit is available for customers who invest new money with the Bank. The deposit may be set-up for 2, 3 or 4 months.

In June 2011 it has been 20 years since Bank Millennium (Bank Inicjatyw Gospodarczych BIG SA at that time) issued Poland's first BIG VISA Business card. The Bank has since remained one of the leaders on the cards market in Poland. The Bank has issued by now 1,389,000 cards and its share in the market of credit card payments in Poland is at 9.3% (as at 31.03.2011). The cards issued by the Bank are also recognised internationally. In April 2011 the Millennium Visa Impresja credit card got the title of Best New Customer Proposition in the international Visa Europe Member Awards 2011 competition. The cards nominated for the awards this year had been selected from among over 110 candidates throughout Europe, in seven thematic categories. Winners were chosen by the competition jury, which included card experts from all Europe. Millennium Visa Impresja was seen to be the best card product for a specific group of customers. The competition jury appreciated the innovation of Impresja, which aims at meeting customer expectations as closely as possible, at the same time facing-up to the challenges of a rapidly changing cards market.

Bank Millennium customers can get its services through a nationwide network of 451 branches as well as resorting to phone service, Internet banking or multifunctional ATMs. The number of Customers using Millenet continues to grow. Millenet is Millennium's convenient online banking system. As at end of June 2011 the Bank had over 1 million registered online accounts. Bank Millennium also continues to develop mobile channels of access to bank accounts. The Bank has thus launched the dedicated „Mobile Application". In January 2011 the service was started for owners of iPhones; starting from April it has also become available to users of handsets using the Android operating system, with July bringing it also to owners of other systems. The process of expanding functionalities, to enrich the mobile access channel, is a continuous one and will also take place in coming quarters. After the mobile service has been activated, Bank Millennium customers can i.a.: check the balance and history of personal account, savings account, deposit or credit card; make internal and domestic transfers; repay credit card debt; get a credit card cash advance; terminate a deposit prematurely; download a statement of account; to-up mobile phone. The number of Customers using mobile banking exceeded 19 thousands in June 2011.

Since March 2011 Bank Millennium has re-launched its online and branch mortgage loan campaign. It the new offer the Bank's Customers may get a loan with LTV up to even 100%, with an attractive spread starting from 0.99%. The Mortgage Loan offer also includes a loan with interest subsidised by the "Family at Home" government programme, where during the first 8 years the State Treasury pays up to 50% of interest on the loan. Quarterly sales of mortgages in Q2 2011 increased 31% over the previous quarter, reaching PLN 548 million (the highest level since Q4 2008).

In line with its retail strategy, Bank Millennium is consistently upgrading its proposition striving to build long-term relationships with customers based on a broad range of products and services. The Bank wants to become the "bank of first choice" for individual customers, looking also to growing cross-selling in reliance on the product capabilities of the entire Group. According to 30 June 2011 data, the cross-selling ratio was 3.67 and has been steadily growing since many quarters.

III.3. Corporate Banking

The Bank's proposition for small businesses

Bank Millennium has been consistently developing its proposition for self-employed persons and the smallest businesses.

During the reporting period the Bank has implemented measures greatly simplifying the opening of bank accounts by this group of customers. The simplifications involve waiving the requirement for the customer to bring a REGON certificate and NIP number decision, when information about these identification numbers is contained in the registration papers of the business, or it can be found in the REGON system. These improvements apply both to existing businesses as well as start-ups.

Additionally, start-ups (with a track record of less than a year) can get the "Konto Biznes Start" account, created specifically with such businesses in mind. For a period of 18 months from account opening, the Bank charges no monthly account fees, no online banking fees, fees for debit cards or for domestic online transfers done via the Millenet system.

A business customer of the Bank can resort to the "Quick Financing Programme" for small enterprises, which can provide up to PLN 300,000 without collateral. With this programme available from Bank Millennium, a single credit decision is enough to provide the customer with as many as four ways of financing, with minimum formalities required and even no need to specify up-front which financing method is being applied for. It is enough for him to provide a relationship manager with data necessary to calculate his company's creditworthiness, to get a comprehensive proposition, comprising a current account overdraft, cash loan, charge card and credit card. The customer himself will determine what shares these products will have in the overall limit, as required.

Drawing on the many years of experience in serving small business segment, Bank Millennium and Makro Cash and Carry have started to co-operate in offering to MAKRO customers dedicated financial products. The offer covers a broad range of products for firms, their owners and employees: debit and credit cards (being also store access cards), bank accounts, various types of loans and leasing. The new project allows MAKRO offers their customers an upgraded solution that enables payment, eliminating the need to carry cash in its stores and is accepted in any point-of-sale in Poland and worldwide, which bears the MasterCard/Maestro logo.
The project is now in its pilot stage – it is available to clients of MAKRO stores in Warsaw, which are already equipped with special Bank Millennium Customer Service Desks.

The Bank's proposition for Corporate Customers

Bank Millennium Group brings to its corporate customers a comprehensive range of bank products and services. In this segment the Bank is available to small and medium enterprises (with total annual sales from PLN 5 to 30 million) as well as large companies (with annual sales in excess of PLN 30 million). As at 30 June 2011 Bank Millennium Group was serving 9159 Corporate Customer.

Corporate Customers have the availability of relationship managers operating from 33 Corporate Centres located in the largest cities in Poland and are supported by product specialists in such fields as: leasing, factoring, treasury and transactional banking. Customers from this segment can also do transactions in the whole Millennium branch network as well as via dedicated systems: "Millenet for Companies" online banking and the ESOBIG electronic banking system. Additionally to a comprehensive range of credit, deposit and transactional products, the Bank provides Customers also with information and analyses, which are useful in their day-to-day management.

During Q2 2011 Bank Millennium and Millennium Leasing, in cooperation with the National Chamber of Commerce (KIG) and representatives of local authorities, started a series of meetings with local businessmen, under the title „Regional Business Forum". The first such meeting was on 10 May in Cracow. The key task of the Forum is to build relations and exchange of experience between entrepreneurs, local authorities and the financial sector. The Regional Business Forum is a platform for discussion about the opportunities and obstacles facing local businesses, the possibilities of supporting them as well as about raising funding and the techniques of funding business projects. The "Regional Business Forum" series is planned to have over ten meetings throughout Poland.

Under a cooperation agreement with the European Bank for Reconstruction and Development, Bank Millennium and Millennium Leasing proposed to Customers the financing of projects, which will contribute to improving energy efficiency of the Polish sector of Small and Medium Enterprises. A series of free seminars in Poland has been prepared for companies that are interested in obtaining financing. “Eko Energia” is a new product available as a loan or leasing from Bank Millennium and Millennium Leasing, which is assigned for financing latest solutions to implement energy-efficient processes and sustainable energy sources. Financing is granted via Polish Sustainable Energy Financing Facility (PolSEFF).

Total volume of deposits collected by the Bank from all segments of companies reached PLN 14.8 billion, whereas loans to companies reached PLN 9.8 billion at the end of June, thus marking a significant growth of 11% since the end of 2010 year. Bank Millennium Group counts on further participation in increasing demand on Polish companies financing and keeps a high position on the Polish leasing market (4th) and in factoring (7th in Poland) with already significant market shares: 7.6% (in non real-estate) and 6.6% respectively.

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 to assure an effective risk management and a consistent policy in the Group, a comprehensive risk management model was implemented, which integrates all types of risks that constitute the main areas of threat to the Group's activity, i.e. credit, market, liquidity and operational risk.

During the 1st half of 2011 Bank Millennium Group implemented a number of initiatives to improve the risk management function, which are presented in details in the financial part of Semi-annual report.

IV.1. Capital management

Until Supervisory consent is obtained for advanced approaches to calculating capital requirements, Bank Millennium Group applies a standard approach to capital requirement calculation. Capital requirement for Bank Millennium Group, calculated as at 30.06.2011 with the standard approach in line with the New Capital Accord, compared to 30.06.2010 and 31.12.2010, is presented below:

Capital requirement (PLN million) and adequacy ratios:	30.06.2011	31.12.2010	30.06.2010
Credit risk	2 415.0	2 271.0	2 318.1
Operational risk	225.5	222.4	222.4
Market risk	48.8	48.9	64.6
Total capital requirements	**2 689.3**	**2 542.3**	**2 605.1**
Own funds	**4 642.4**	**4 573.8**	**4 545.5**
Consolidated solvency ratio	**13.8%**	**14.4%**	**14.0%**
Consolidated Core Tier 1 ratio	**11.9%**	**12.3%**	**11.6%**

As at end of June 2011 Bank Millennium Group noted slight decrease of the capital adequacy ratio by 0.2 p.p. yearly and 0.6 p.p. since December 2010. The reason was that the growth of loan portfolio was faster than the growth of own funds. Part of the loan growth was caused by a strong appreciation of the Swiss Franc. However, the Bank recorded an increase of consolidated Core Tier 1 ratio by 0.3 p.p. during the last 12 months to the level of 11.9%, which indicates a strengthening of internal composition of own funds of the Group.

Additionally, Polish Banking Supervisor (KNF) conducted stress-test simulation for part of Polish banks, which were based on similar assumptions used by EBA[1] within pan-european tests released on 15 July 2011. According to this test, Bank Millennium showed strong capital resilience keeping a Core Tier 1 ratio above 10% in a shock scenario assumed for the end of 2012.

In 2011 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. In the assessment of the Group's capital adequacy, internal capital is compared with the ability to accept risk i.e. with available financial resources.

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 a 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 2 415 million from a total requirement of PLN 2 689 million as at 30.06.2011.

The key indicator of portfolio quality – share of impaired loans in total loans (calculated in keeping with International Accounting Standards) – decreased from 5,9% a year ago to 5,2% at end of June 2011 and remained much lower than the ratio for entire market (8.6% in May 2011). The drop in volume of impaired loans by PLN 108 million along with growth of the total portfolio resulted in decrease of impaired loans ratio in the 1st half of 2011 compared to end of 2010 (5,8% as of 31.12.2010).

Mortgage loan portfolio keeps stable and very good ratio of 0.9% and loans to companies portfolio improved the most to 12.3% impaired ratio level. Only portfolio of consumer loans deteriorated its quality ratio reaching the level of 16.8% as on 30.06.2011.

The situation of Bank Millennium Group with respect to loan portfolio quality is illustrated below:

Main loan quality indicators	**30.06.2011**	**31.12.2010**	**30.06.2010**
Total impaired loans (PLN million)	2 087.2	2 195.1	2 221.8
Loans past-due over 90 days (PLN million)	1 213.6	1 099.5	982.1
Impaired loans/total loans	5.2%	5.8%	5.9%
Past-due loans (>90 d)/total loans	3.0%	2.9%	2.6%
Total provisions*/impaired loans	59.3%	54.1%	53.1%
Total provisions*/past-due loans (>90 d)	102.0%	108.0%	120.1%

** including IBNR*

[1] European Banking Authority

The ratio of loans past-due over 90 days remained generally unchanged (3,0%) when comparing to December 2010 and increased in comparison to June 2010, when it stood at 2,6% level. Thus it remains much lower that the ratio of impaired loans (other than past-due triggers of loan impairment), which indicates a prudent approach of the Bank with respect to classification of impaired loans. There were not visible changes in these ratios for particular loan portfolios: they were at 0.3%, 6.5% and 13.3% for mortgage, companies and consumer loans respectively.

Compared to June and December of 2010, the coverage level of the impaired loans portfolio by total provisions increased significantly in June 2011 to the level of 59,3%. The improvement was connected with increase of provisions for the current impaired cases. The coverage by total provisions of loans which are past-due more than 90 days remained on a solid level of 102% as at the end of June 2011.

Loan portfolio of the Group is well diversified, both from the point of view of a single transaction exposure and an industry sector. The concentration of credit exposures in 20 the largest customers (including economic groups) remains on relatively low level of 5.3%. The Group's loan portfolio to companies, broken down by sectors of activity of a borrower, is presented in the table below (as on 30.06.2011).

Sector of activity	Gross exposure (PLN mln)	% share
Food processing	308.1	3.0%
Chemicals	415.8	4.0%
Other manufacturing	1 705.0	16.3%
Construction	1 391.9	13.3%
Developers	434.9	4.2%
Real estate lease	545.8	5.2%
Wholesale trade	196.0	18.8%
Retail trade	442.0	4.2%
Transport	1 224.6	11.7%
Other services	883.8	8.5%
Public sector	720.2	6.9%
Other sectors	410.4	3.9%
Total corporate portfolio	**10 442.8**	**100.0%**

IV.3. Market risk

See the Consolidated Condensed Interim Financial statement, page 27.

IV.4. Liquidity risk

See the Consolidated Condensed Interim Financial statement, page 28.

IV.5. Operational risk

See the Consolidated Condensed Interim Financial statement, page 28.

V. IMPORTANT CORPORATE GOVERNANCE EVENTS

V.1. Ordinary General Meeting of Shareholders

On 31 March 2011 Ordinary General Meeting of Shareholders was held. 85 Shareholders took part in the meeting, representing 80.6% of Bank's share capital, including the two largest Shareholders: Millennium bcp (65.51% of share capital) and ING Otwarty Fundusz Emerytalny (5.01% of share capital). General Shareholders Meeting approved a proposal to distribute PLN 121.3 million as a dividend, which means PLN 0.1 per share and 37% pay-out ratio of 2010 consolidated profit. Dividend yield calculated to share price as on 31.12.2010 (PLN 4.90) was 2.0%. The dividend was paid on 30 May 2011.

V.2. Changes in the Bank's authorities

On 30 March 2011 Mr. Paulo Jose de Ribeiro Moita de Macedo resigned from the membership of Supervisory Board of Bank Millennium effective as of 31 March 2011. On 31 March 2011 the Ordinary General Meeting of Shareholders of the Bank elected Mr. António Manuel Palma Ramalho to the membership of the Bank Supervisory Board.

On 22 July 2011 Supervisory Board of the Bank accepted the resignation of Mr Antonio Pinto Junior from the function of Member of the Bank's Management Board, for personal reasons and changed the composition of the Management Board by appointing Ms Maria Jose Campos for the post of Banks Management Board Member of the current term in office.

VI. 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 2011 and the comparable data as well and the Condensed Interim Unconsolidated Financial Statement of Bank Millennium S.A. for the period of 6 month ending 30th June 2011 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 2011 and the Condensed Interim Unconsolidated Financial Statement of Bank Millennium S.A. for the 6 month period ending 30th June 2011 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
25.07.2011	**Bogusław Kott**	**Chairman of the Management Board**	....
25.07.2011	**Joao Bras Jorge**	**Deputy Chairman of the Management Board**	....
25.07.2011	**Fernando Bicho**	**Member of the Management Board**	....
25.07.2011	**Julianna Boniuk-Gorzelańczyk**	**Member of the Management Board**	....
25.07.2011	**Maria Jose Campos**	**Member of the Management Board**	....
25.07.2011	**Andrzej Gliński**	**Member of the Management Board**	....
25.07.2011	**Wojciech Haase**	**Member of the Management Board**	....
25.07.2011	**Artur Klimczak**	**Member of the Management Board**	....

III. CONDENSED INTERIM FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE 6 MONTHS ENDED 30 JUNE 2011

CONTENTS

I. INTRODUCTION AND ACCOUNTING PRINCIPLES

This condensed interim financial statement has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. The condensed interim financial statement does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2010 and with the condensed interim financial statements of the Bank's Millennium Capital Group for six months ended 30 June 2011.

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 30 June 2011.

The Board of Directors approved this condensed unconsolidated interim financial statement on 25 July 2011.

II. BANK'S UNCONSOLIDATED FINANCIAL DATA

INCOME STATEMENT				
Amount '000 PLN	**1.01.2011 - 30.06.2011**	**1.04.2011 - 30.06.2011**	**1.01.2010 - 30.06.2010**	**1.04.2010 - 30.06.2010**
Interest income	1 200 807	626 440	1 087 723	550 765
Interest expense	-718 525	-368 609	-716 437	-365 066
Net interest income	**482 282**	**257 831**	**371 286**	**185 699**
Fee and commission income	295 605	148 989	287 272	138 365
Fee and commission expense	-27 815	-17 247	-24 063	-12 867
Net fee and commission income	**267 790**	**131 742**	**263 209**	**125 498**
Dividend income	12 790	12 773	20 125	2 227
Result on investment financial assets	2 030	968	3 317	2 833
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	79 835	46 431	96 372	41 377
Other operating income	14 449	7 424	15 120	5 699
Operating income	**859 176**	**457 169**	**769 429**	**363 333**
General and administrative expenses	-491 446	-250 260	-458 945	-236 224
Impairment losses on financial assets	-76 102	-41 724	-78 305	-8 264
Impairment losses on non financial assets	709	891	11	72
Depreciation and amortization	-32 617	-15 994	-36 986	-18 247
Other operating expenses	-19 223	-11 734	-11 862	-6 125
Operating expenses	**-618 679**	**-318 821**	**-586 087**	**-268 788**
Operating profit	**240 497**	**138 348**	**183 342**	**94 545**
Profit / (loss) before taxes	**240 497**	**138 348**	**183 342**	**94 545**
Corporate income tax	-50 454	-27 737	-28 832	-14 529
Profit / (loss) after taxes	**190 043**	**110 611**	**154 510**	**80 016**
Weighted average number of ordinary shares	1 213 116 777	1 213 116 777	1 098 507 402	1 213 116 777
Earnings (losses) per ordinary share (in PLN)	**0,16**	**0,09**	**0,14**	**0,07**

TOTAL COMPREHENSIVE INCOME STATEMENT	1.01.2011 - 30.06.2011	1.04.2011 - 30.06.2011	1.01.2010 - 30.06.2010	1.04.2010 - 30.06.2010
Profit / (loss) after taxes	**190 043**	**110 611**	**154 510**	**80 016**
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME, INCLUDING:				
Effect of valuation of available for sale debt securities	-8 745	630	3 397	-13 791
Effect of valuation of available for sale shares	1 615	1 305	-1 765	-2 286
Hedge accounting	-56 257	11 511	6 316	3 415
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME BEFORE TAXES	**-63 387**	**13 446**	**7 948**	**-12 662**
Corporate income tax on other elements of total comprehensive income	12 044	-2 555	-1 510	2 406
OTHER ELEMENTS OF TOTAL COMPREHENSIVE INCOME AFTER TAXES	**-51 343**	**10 891**	**6 438**	**-10 256**
TOTAL COMPREHENSIVE INCOME OF THE PERIOD	**138 700**	**121 502**	**160 948**	**69 760**

BALANCE SHEET

ASSETS

Amount '000 PLN	**30.06.2011**	**31.12.2010**
Cash, balances with the Central Bank	1 473 024	2 050 515
Loans and advances to banks	2 268 346	1 485 797
Financial assets valued at fair value through profit and loss (held for trading)	943 472	1 429 543
Hedging derivatives	65 107	80 231
Loans and advances to customers	37 436 859	35 677 997
Investment financial assets	4 083 547	4 507 847
- available for sale	4 083 547	4 507 847
- held to maturity	0	0
Investments in associates	311 305	312 105
Receivables from securities bought with sell-back clause (loans and advances)	73 233	55 085
Property, plant and equipment	208 275	233 167
Intangible assets	27 078	29 798
Non-current assets held for sale	0	0
Receivables from Tax Office resulting from current tax	2 951	2 952
Deferred tax assets	125 347	102 807
Other assets	539 459	82 221
Total Assets	**47 558 003**	**46 050 065**

LIABILITIES

Amount '000 PLN	**30.06.2011**	**31.12.2010**
Deposits from banks	1 636 947	2 084 456
Financial liabilities valued at fair value through profit and loss (held for trading)	577 044	804 965
Hedging derivatives	1 807 621	1 315 321
Deposits from customers	36 912 695	35 525 839
Liabilities from securities sold with buy-back clause	788 292	674 194
Debt securities	368 419	384 537
Provisions	19 378	20 503
Deferred income tax liabilities	0	0
Current tax liabilities	12 017	0
Other liabilities	684 021	512 217
Subordinated debt	918 136	911 988
Total Liabilities	**43 724 570**	**42 234 020**

EQUITY

Amount '000 PLN	**30.06.2011**	**31.12.2010**
Share capital	1 213 117	1 213 117
Share premium	1 147 241	1 147 241
Revaluation reserve	-101 599	-50 256
Retained earnings	1 574 674	1 505 943
Total Equity	**3 833 433**	**3 816 045**

Total Liabilities and Equity	**47 558 003**	**46 050 065**

Book value	**3 833 433**	**3 816 045**
Number of shares	**1 213 116 777**	**1 213 116 777**
Book value per share (in PLN)	**3.16**	**3.15**

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2011	**3 816 045**	**1 213 117**	**1 147 241**	**-50 256**	**1 505 943**
- dividend for 2010	-121 312	0	0	0	-121 312
- total comprehensive income of the I half 2011	138 700	0	0	-51 343	190 043
Equity at the end of the period 30.06.2011	**3 833 433**	**1 213 117**	**1 147 241**	**-101 599**	**1 574 674**

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

	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2010	**2 517 625**	**849 182**	**472 343**	**11 199**	**1 184 901**
- L-shares issue	1 038 833	363 935	674 898	0	0
- total comprehensive income of the I half 2010	160 948	0	0	6 438	154 510
Equity at the end of the period 30.06.2010	**3 717 406**	**1 213 117**	**1 147 241**	**17 637**	**1 339 411**

CASH FLOWS

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	**1.01.2011 - 30.06.2011**	**1.01.2010 - 30.06.2010**
Profit (loss) after taxes	**3 672**	**154 510**
Adjustments for:	0	**-2 589 987**
Interests in net income (loss) of associated companies	32 617	0
Depreciation and amortization	16 098	36 986
Foreign exchange (gains) losses	-12 790	75 517
Dividends	-1 125	-20 125
Changes in provisions	-1 292	-2 882
Result on sale and liquidation of investing activity assets	716 475	-3 110
Change in financial assets valued at fair value through profit and loss (held for trading)	-783 493	1 134 685
Change in loans and advances to banks	-1 771 727	-884 561
Change in loans and advances to customers	-18 148	-2 959 509
Change in receivables from securities bought with sell-back clause (loans and advances)	264 379	-100 621
Change in financial liabilities valued at fair value through profit and loss (held for trading)	350 188	1 743 911
Change in deposits from banks	1 384 357	-1 482 466
Change in deposits from customers	114 098	1 722 201
Change in liabilities from securities sold with buy-back clause	-16 118	-2 097 747
Change in debt securities	46 847	103 127
Change in income tax settlements	-48 488	28 833
Income tax paid	-282 270	-11 976
Change in other assets and liabilities	14 064	114 958
Other	**193 715**	12 792
Net cash flows from operating activities	**3 672**	**-2 435 477**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	**1.01.2011 - 30.06.2011**	**1.01.2010 - 30.06.2010**
Inflows:	**2 029 189**	**20 212**
Proceeds from sale of property, plant and equipment and intangible assets	485	87
Proceeds from sale of shares in associates	0	0
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	2 015 914	0
Other	12 790	20 125
Outflows:	**-3 084**	**-616 283**
Acquisition of property, plant and equipment and intangible assets	-3 084	-5 539
Acquisition of shares in associates	0	0
Acquisition of financial assets valued at fair value through profit and loss	0	0
Acquisition of investment financial assets	0	-610 744
Other	0	0
Net cash flows from investing activities	**2 026 105**	**-596 071**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2011 - 30.06.2011	1.01.2010 - 30.06.2010
Inflows:	**0**	**1 104 276**
Long-term bank loans	0	65 443
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	1 038 833
Other	0	0
Outflows:	**-942 867**	**-12 853**
Repayment of long-term bank loans	-787 520	0
Redemption of debt securities	0	0
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	-121 312	0
Other	-34 035	-12 853
Net cash flows from financing activities	**-942 867**	**1 091 423**

D. NET CASH FLOWS, TOTAL (A + B + C)	**1 276 953**	**-1 940 125**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**3 258 828**	**4 128 408**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	**4 535 781**	**2 188 283**

ADDITIONAL EXPLANTATIONS TO FINANCIAL DATA

Further part of these condensed interim financial statements presents information and data that is important for appropriate assessment of the Bank's economic and financial situation and its financial performance, and which was not included in the condensed interim consolidated statements of Bank Millennium SA Group for the six month period ended 30 June 2011. Other information and explanations presented in the condensed interim consolidated financial statements of Bank Millennium SA Group for the six months period ended 30 June 2011 contain all important information, which also serves as explanatory data to these unconsolidated statements of the Bank.

WRITING OFF UNCOLLECTABLE RECEIVABLES TO IMPAIRMENT PROVISIONS

In the period from 1 January to 30 June 2011, the Bank wrote off uncollectable receivables of PLN 16,874 thousand and charged them to impairment provisions established.

RECLASSIFICATION OF DEBT SECURITIES

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

III. SEASONALITY AND BUSINESS CYCLES

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

IV. DESCRIPTION OF NON-STANDARD FACTORS AND EVENTS

The Bank's unconsolidated profit and loss account includes dividends received from subsidiaries, which, for the purposes of the Group's consolidated statements are eliminated as intra-group transactions. The value of such dividends for I half 2011 and I half 2010 (comparative data) was PLN 11,000 thousand and PLN 18,207 thousand, respectively.

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

During the 6 months ended 30 June 2011, the Bank's liabilities on account of a debt securities issues decreased by PLN 16.1 million. The bonds were issued under the Banks' Bond Issue Scheme, under which the Bank may issue multiple bond series (private placement issues) in the total nominal value not exceeding PLN 2,000,000,000 or its equivalent in EUR, USD, CHF. Additionally Bank offers new structured products in the form of Bank Securities, which are issued under Banking Law and are restricted to banks only.

VI. DIVIDEND FOR 2010

According to the decision of the Ordinary General Meeting held on 31 March 2011, the Bank has paid the dividend from the profit for the year ended 31 December 2010. The dividend amounted to PLN 0.1 gross per share, the Dividend Day (the day of determining the right to dividend) was at 16 May 2011, while the dividend was paid on 30 May 2011.
The Bank has not paid dividends in 2010.

VII. OFF-BALANCE SHEET LIABILITIES

As at 30 June 2011 and 31 December 2010, the structure of off-balance sheet liabilities was as follows:

OFF-BALANCE ITEMS

Amount '000 PLN	**30.06.2011**	**31.12.2010**
Off-balance conditional commitments granted and received	**9 237 668**	**9 399 510**
Commitments granted:	7 677 414	8 126 650
- financial	5 803 518	6 242 641
- guarantee	1 873 896	1 884 009
Commitments received:	1 560 254	1 272 860
- financial	1 122 585	794 880
- guarantee	437 669	477 980

VIII. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2011 to 30 June 2011 resulted from their ongoing activity. Below, we are presenting amounts of the most important intra-group transactions concluded between the following entities:

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

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

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

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2011

	With subsidiaries	With controlling entity
ASSETS		
Loans and advances to banks – accounts and deposits		2 179
Loans and advances to customers	2 083 956	
Investments in associates	300 133	
Financial assets valued at fair value through profit and loss (held for trading)	2 935	10 303
Hedging derivatives		56 349
Other assets	295 799	
LIABILITIES		
Deposits from banks		501
Deposits from customers	553 174	
Liabilities from securities sold with buy-back clause	3 503	
Hedging derivatives		102 622
Financial liabilities valued at fair value through profit and loss (held for trading)	112	2
Other liabilities	109 291	156
- including liabilities from financial leasing	65 051	

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

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

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2011

	With subsidiaries	With controlling entity
Income from:		
Interest	37 698	44 379
Commissions	25 675	
Derivatives net	295	4 332
Dividends	11 619	
Other net operating income	1 750	
Expense from:		
Interest	7 201	22 708
Commissions	14	3 943
General and administrative expenses	32 740	

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) FOR THE PERIOD OF 1.01-30.06.2010

	With subsidiaries	With controlling entity
Income from:		
Interest	29 507	42 958
Commissions	26 186	
Derivatives net	1 265	14 665
Dividends	18 206	
Other net operating income	1 657	
Expense from:		
Interest	3 296	32 463
Commissions	17	
General and administrative expenses	35 194	9

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES (DATA IN '000 PLN) AS AT 30.06.2011

	With subsidiaries	With controlling entity
Conditional commitments	143 776	899 530
Derivatives (par value)	175 983	5 088 206

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

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

SIGNATURES:

Date	**Name and surname**	**Position/Function**	**Signature**
25.07.2011	**Bogusław Kott**	**Chairman of the Management Board**	**.....................................**
25.07.2011	**Joao Bras Jorge**	**Deputy Chairman of the Management Board**	**.....................................**
25.07.2011	**Fernando Bicho**	**Member of the Management Board**	**.....................................**
25.07.2011	**Julianna Boniuk-Gorzelańczyk**	**Member of the Management Board**	**.....................................**
25.07.2011	**Maria Jose Campos**	**Member of the Management Board**	**.....................................**
25.07.2011	**Andrzej Gliński**	**Member of the Management Board**	**.....................................**
25.07.2011	**Wojciech Haase**	**Member of the Management Board**	**.....................................**
25.07.2011	**Artur Klimczak**	**Member of the Management Board**	**.....................................**