

Disclosure in accordance with the CRR	Credit risk adjustments	
Risk management objectives and strategies	Encumbered assets	
<b>Own funds</b>	Use of ECAs	
<b>Key components</b>	Exposure to market risk	
Reconciliation of items of own funds	Operational risk	
Items not deducted from own funds	Exposures in equities	
Own Funds and the EU Commission Regulation	Exposure to interest rate risk	
Capital requirements	Exposure to securitisation positions	
Exposure to counterparty credit risk	Remuneration policy	
Capital buffers	Leverage	
	Qualifying requirements	
	Declaration of the Management Board	

## Description of key components of own funds

### Details of items from Table no. 1 (in full PLN)

1.1.1.1.1	Paid-for capital instruments						1 213 117
This item is equal to the company's share capital, which comprises the following components (nominal value of one share = PLN 1):							
Series / issue	Share type	Privilege type	Number of shares	Series / issue value	Payment of capital	Registration date	Right to dividend
A	registered founding	x2 voting rights	106.850	106.850	cash	30.06.1989	30.06.1989

registered

B1	registered ordinary		150.000	150.000	cash	13.06.1990	01.01.1990
B2	registered ordinary		150.000	150.000	cash	13.12.1990	01.01.1990
C	bearer ordinary		4.693.150	4.693.150	cash	17.05.1991	01.01.1991
D1	bearer ordinary		1.700.002	1.700.002	cash	31.12.1991	01.01.1992
D2	bearer ordinary		2.611.366	2.611.366	cash	31.01.1992	01.01.1992
D3	bearer ordinary		1.001.500	1.001.500	cash	10.03.1992	01.01.1992
E	bearer ordinary		6.000.000	6.000.000	cash	28.05.1993	01.01.1992
F	bearer ordinary		9.372.721	9.372.721	cash	10.12.1993	01.01.1993
G	bearer ordinary		8.000.000	8.000.000	cash	30.05.1994	01.10.1993
H	bearer ordinary		7.082.129	7.082.129	cash	24.10.1994	01.10.1994
Increase of nominal share value from PLN 1 to 4				122.603.154	Reserve capital	24.11.1994	
1:4 share split			122.603.154			05.12.1994	
I	bearer ordinary		65.000.000	65.000.000	cash	12.08.1997	01.10.1996
J	bearer ordinary		196.120.000	196.120.000	Capitals of Bank Gdański S.A.	12.09.1997	01.10.1996
K	bearer ordinary		424.590.872	424.590.872	cash	31.12.2001	01.01.2001
L	bearer ordinary		363.935.033	363.935.033	cash	26.02.2010	01.01.2009
<b>Total number of shares</b>			<b>1.213.116.777</b>				
<b>Total stock capital</b>				<b>1.213.116.777</b>			

### 1.1.1.1.3 Agio

**1.147.502**

Agio is the capital from sale of shares above their nominal value. It is created with the issue premium generated from an issue of shares less direct related costs incurred.

### 1.1.1.2.2.1 Profit or loss attributable to owners of the parent entity

**650.920**

This item is equal to 2014 consolidated net result.

**1.1.1.2.2.2 (-) Part of not recognised current profit or not recognised annual profit -490.888**

This is the amount of net result, which cannot be included in own funds for purposes of calculation of prudential standards as of reporting date. As for the remaining amount (PLN 160 031 770) the Bank obtained consent of the Polish Financial Supervision Authority for its inclusion in Tier I. This amount constitutes net profit of the Group in the 1<sup>st</sup> half of 2014 (PLN 320 063 540) less the amount of initially planned dividend (50% of net profit of Bank Millennium S.A. Capital Group).

**1.1.1.3 Accumulated other total income -112.911**

This item comprises revaluation capital, which arose in result of recognition of:

- Effect of measurement (at fair value) of financial assets available for sale in the net amount i.e. after deduction of deferred tax. These amounts are removed from revaluation capital is done when all or part of the valuated assets are taken out of the books or when impairment is recognised (the valuation effect is then taken to the P&L Account). Amount of PLN 55 028 939
- Effect of measurement (at fair value) of derivative instruments hedging cash flows in the net amount i.e. after deduction of deferred tax. Revaluation capital carries part of profit or loss involved with the instrument hedging cash flows, which constitutes an effective hedge, while the ineffective part of profit or loss involved with this hedging instrument is carried in P&L. Amount of PLN -165 799 015
- Actuarial profit / (loss) in the net amount i.e. after deferred tax. Revaluation capital carries profit or loss resulting from discounting of future liabilities arisen on account of a provision created for retirement severance pay. These values are not eligible for moving to P&L. the amount is PLN -2 140 810.

**1.1.1.4 Additional reserve capital 2.637.949**

This capital arose in result of annual resolutions of the Shareholders' Meeting on distribution of profit. These resolutions decided to retain part of profit generated in the Bank and in Companies of the Group. According to the Articles of Association the GSM decides about use of additional reserve capital and it may be used in particular to cover any future losses or for payment of dividend.

**1.1.1.5 General banking risk fund 228.902**

The General Banking Risk Fund in the Bank was created with profit after tax in keeping with provisions of Banking Law of 29 August 1997 as amended.

**1.1.1.9.2 Provision for instruments hedging cash flows 165.799**

This amount with a negative mark is a component of item 1.1.1.3 and in accordance with article 33 of Regulation No. 575/2013 the Bank does not include it in own funds.

**1.1.1.11.1 (-) Gross amount of other intangible assets -59.119**

This amount comprises mainly the value of software purchased by the Bank and companies of the Group.

**1.1.1.13 (-) Shortage of credit risk corrections in view of expected losses according to IRB approach -335.764**

Deductions under art. 36 CRR concern portfolios of retail residential real estate (RRE) mortgages and renewable retail exposures (QRRE), with respect to which the Group has permission to apply the IRB approach. The method of carrying the amounts of expected losses is consistent with CRR art. 128 and 159.

**1.1.1.26 Other interim corrections in Tier I 77.642**

These corrections comprise following amounts:

- Transfer of 40% of item 1.1.1.13 to item 1.2.10 in keeping with article 472 and 478 of Regulation No.575/2013. Correction amount PLN +134.405.680
- Correction of measurement (at fair value) of financial assets available for sale, reported in item 1.1.1.3 by 100% of unrealised gains in keeping with article 468 of Regulation No. 575/2013. Correction amount PLN -57.072.340
- Correction of measurement (at fair value) of financial assets available for sale, reported in item 1.1.1.3 by 20% unrealised gains in keeping with article 467 of Regulation No. 575/2013. Correction amount PLN +408.680

**1.2.1.1 Paid-for equity instruments and subordinated loans 380.104**

The Bank (and Group) includes in supplementary funds the liabilities from issue of securities with maturities in December 2017. The nominal amount of the liability is EUR 150 000 000. After using daily depreciation the amount included in Tier II is EUR 89 178 082 i.e. PLN 380 103 740

**1.2.10 Other interim corrections in Tier II -38.131**

Correction for transfer of 40% of the item 1.1.1.13 in keeping with article 472 and 478 of Regulation No. 575/2013.