

XII. Exposures in equities not included in the trading book (CRR Article 447)

As at 31 December 2014 the Group had exposures in equities not included in the trading book with total balance-sheet value of PLN 9,723,000. The adopted methods of valuation, balance-sheet classification and effect of measurement at fair value for shares quoted on the active market are presented by the table below:

Table no 12 Exposures in equities not included in the trading book; data in PLN thous.

Balance-sheet classification	Measurement method	Balance-sheet value	Effect of pricing on active quoted market carried in revaluation capital
Investment in subordinates	Equity rights	2 762	-
Shares and stock available for sale	Fair value; in case of stock and shares not quoted on the active market fair value is assumed to be the value at cost of purchase less any impairment charges.	6 641	
Shares and stock available for sale	Fair value measured on the basis of active market quotations	320	311

Exposures in the Group's equities most significant from the point of view of balance-sheet values, as at 31 December 2014, with assignment of strategic goals, were as follows:

1. Polski Standard Płatności sp. z o.o.; balance-sheet value PLN 5 832 000 - the purpose of the equity exposure is to introduce into the Bank's offering new products and services for the Bank's customers,
2. Lubuskie Fabryki Mebli S.A.; balance-sheet value PLN 2 761 000 - the original purpose of the equity exposure in LFM SA was to generate capital gains.
3. Biuro Informacji Kredytowej S.A.; balance-sheet value PLN 400 000 - the equity exposure is connected with the banking activity;
4. Krajowa Izba Rozliczeniowa S.A.; balance-sheet value PLN 313 000 - the equity exposure is connected with the banking activity;
5. Giełda Papierów Wartościowych SA; balance-sheet value PLN 320 000. - the equity exposure is connected with activity on the capital market.

In the analysed period (2014) the Group:

- did not change accounting principles or methods of pricing for stocks and shares,

- realised profit on sale of shares from the “available for sale” book in the amount of PLN 9 826 000,

- in calculating own funds the positive effect of pricing of shares quoted on the active market from the “available for sale” book, presented in the balance-sheet in revaluation capital (shown in the table above) was not taken into account.

XIII. Exposure to interest rate risk on positions not included in the trading book (CRR Article 448)

Information on exposures to interest rate risk on positions not included in the trading book are presented in the Yearly Financial Report, in the market risk management section of the financial risk management chapter.

XIV. Exposure to securitisation positions (CRR Article 449)

Exposure to securitisation positions are not material (Explanations in the additional information to the Yearly Financial Report)

XV. Remuneration policy (CRR Article 450)

The process of defining the policy for variable remuneration components

The policy of variable remuneration components of employees holding managerial posts in Bank Millennium Group was prepared on the basis of assumptions concerning remuneration of employees in Bank Millennium Group - with consideration of the management and internal control system in use as well as requirements of resolution No. 258/2011 of Polish Financial Supervision Authority - by a project team set up for this purpose and composed of HR, Banking Law and Labour Law, risk management as well as compliance experts. The method of analysis of scopes of liability for risk-based decisions, adopted remuneration assumptions as well as assessment rules and criteria were presented for verification and acceptance to a Steering Committee appointed specifically for this purpose. Similar verification was made by the Committee of a list of positions and persons responsible for taking decisions, which significantly affect the Bank’s risk profile. The Steering Committee was composed of Chairman of Bank Millennium, Deputy Chairman, Management Board Member, Director of the Risk Department, Director of the Planning and Management Information Department.

The “Policy for variable components of remuneration of persons in management positions in Bank Millennium SA Group” (Policy) was approved at the meeting of the Supervisory Board of the Bank on 30 November 2012. The Policy has been detailed out with documents describing the rules for Policy implementation separately for Management Board Members and for remaining Risk Takers in the Group. The