Extended Interim Financial Statement of
Bank Millennium S.A. Capital Group
Prepared in accordance with the International Financial Reporting Standards for the 3rd Q 2006

MAIN FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	3 quarters / period from 1.01.2006 - 30.09.2006	3 quarters / period from 1.01.2005 - 30.09.2005*	3 quarters / period from 1.01.2006 - 30.09.2006	3 quarters / period from 1.01.2005 - 30.09.2005*
I. Interest income	936 175	898 455	238 997	221 387
II. Fee and commission income	290 532	218 081	74 170	53 737
III. Operating income	896 160	814 740	228 781	200 759
IV. Operating profit / (loss)	263 478	239 825	67 264	59 095
V. Gross profit / (loss)	263 478	239 825	67 264	59 095
VI. Net profit (loss)	211 914	189 559	54 100	46 709
VII. Net cash flows from operating activities	-2 453 272	602 035	-626 298	148 347
VIII. Net cash flows from investing activities	1 884 419	-773 570	481 075	-190 614
IX. Net cash flows from financing activities	-458 558	-1 163 897	-117 066	-286 794
X. Net cash flows, total	-1 027 411	-1 335 432	-262 289	-329 062
XI. Total assets	24 571 366	22 151 139	6 168 286	5 738 934
XII. Deposits from banks	1 283 075	1 067 345	322 097	276 529
XIII. Deposits from customers	15 215 113	13 994 416	3 819 534	3 625 684
XIV. Total equity	2 117 942	2 390 823	531 679	619 416
XV. Share capital	849 182	849 182	213 175	220 007
XVI. Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
XVII. Book value per share (in PLN/EUR)	2.49	2.82	0.63	0.73
XVIII. Diluted book value per share (in PLN/EUR)	2.49	2.82	0.63	0.73
XIX. Capital adequacy ratio	14.50%	19.07%	14.50%	19.07%
XX. Basic earnings (losses) per ordinary share (in PLN/EUR)	0.25	0.22	0.06	0.06
XXI. Diluted earnings (losses) per ordinary share (in PLN/EUR)	0.25	0.22	0.06	0.06
XXII. Pledged or paid dividend per share (in PLN/EUR)	0.54	0.28	0.13	0.06

* Comparable balance sheet data (items XI-XIX and XXII) are presented, as required by IFRS, at 31.12.2005. Other comparable data are presented for the period from 1.01.2005 till 30.09.2005.

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I. INTRODUCTION AND ACCOUNTING PRINCIPLES

The below extended financial report, containing data of the Capital Group of Bank Millennium S.A. (the Group) and of Bank Millennium S.A. (the Bank) for the third quarter 2006, composed of the balance sheet, income statement, reports on changes to equities and cash flows, and additional explanatory notes, has been issued based on the International Financial Reporting Standards/ International Accounting Standards (the IFRS). The Group has implemented the IFRS as the financial reporting basis, pursuant to the Regulation of the European Parliament and Council no. 1606/2002/WE, and the guidelines of the amended Accounting Act, as of January 1, 2005, whilst the solo report of the Bank has been based on IFRS, as of January 1, 2006, pursuant to the decision of the General Shareholders Meeting of April 6, 2006. The financial report complies with the European Community-adopted IFRS, described in detail in the 2005 consolidated report of the Group, published on March 10, 2006, and shall be considered a mid-year report under IAS 34.

Following provisions of IFRS 1 regulating the process of IFRS adaptation, the accounting principles binding on the reporting day should be applied to the opening balance sheet and to the presented comparable data. In result, the factual moment of the IFRS adoption was January 1, 2004, for the Group, and January 1, 2005, for the Bank.

For the requirements of the solo financial report, the Bank fully adjusted the 2005 comparable data to ensure compliance with the IFRS.

The most material changes implemented in the Bank (standalone report) in result of the IFRS implementation were as follows:

1. Equity method valuation

In accordance with the amended version of IAS 27 (in force since 1 January 2005) in a standalone report shares and stocks held by a reporting entity in subsidiaries must not be valued by equity method.

As they stand now the Polish Accounting Standards (Decree of the Minister of Finance dated 10 December 2001 concerning Special Principles of Accounting at Banks, as later amended) impose the obligation of employing such valuation methodology with respect to shares in subsidiaries.

Consequently, at moment of IFRS implementation in the preparation of the standalone financial statement the Bank discontinued equity method valuation introducing instead – with respect to shares in subsidiaries - the principle of valuation at cost in accordance with IAS 27 principles with impairment deductions, if any, pursuant to IAS 36

2. IAS 39 - Impairment of credit exposures and other financial assets carried at amortized cost

In accordance with IAS 39, a financial asset or a group of financial assets is impaired (and losses are incurred) only if there is objective evidence for impairment due to one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows regarding this asset or group of assets.

If an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at original effective interest rate (economic value). For the purposes of the calculation of the provision against balance sheet exposures analysed collectively, inter alia, the probability of default (PD) method is applied. Such an approach is to facilitate the identification of: 1) incurred losses and 2) losses incurred but not reported (incurred but not reported provision – IBNR).

As at 1 January 2005, as a result of introducing the IFRS, the Bank identified the following adjustments:

- adjustment in the level of impairment provisions between the level of loan impairment provisions under IFRS and provisions under PAS (Polish Accounting Standards);
- loan impairment provisions for exposures analysed on a collective basis have been created, including provisions for losses incurred but not reported (IBNR) - which decrease the carrying amount of the loan exposures;
- general risk provisions under the Polish Accounting Standards has been released;
- the deferred tax effect adjustment was calculated on the difference between the amount of the general risk provisions and IBNR provision at the moment of IFRS implementation. This adjustment applies to banks preparing their financial statement under IFRS and follows from the fact that according to tax regulations being in force, the excess of the released or decreased general risk provision above IBNR provision made under IFRS cannot be treated as taxable income.
- interest on non-performing loans accrued, in accordance with the Polish Accounting Standards, on gross exposure amount and recognized as suspended interest in the balance sheet (at the moment of repayment recognized in the profit and loss) have been removed from the balance sheet, (as in accordance with IAS 39 interests on irregular exposures accrued by the Bank on net exposure values are recognised in the profit and loss), unsettled discount from receivables as well as unsettled part of credit commissions decrease of balance sheet value of credit exposures.

3. Separation of the balance-sheet category „non-current assets held for sale”

In accordance with IFRS 5 the Bank classifies as non-current assets held for sale such non-current assets whose carrying value will be recovered first of all by way of sale and not through their further use. This is the case when a particular asset (or their group) is available for immediate sale in its current state taking into account only the normal and customarily accepted terms of sale for this type of assets or its sale is highly likely, i.e. it was decided to carry out the plan of selling the given asset, an active programme was started to find a buyer and complete the selling plan. Moreover, such asset component is offered for sale at a price which is reasonable with respect to its current fair value and it is expected that the sale will be recognised as a sale completed within one year from the day of classifying a given asset in such category.

Non-current assets held for sale are recognised as the lower of the two: carrying value and fair value less the cost of selling such assets. Depreciation is not included in this category of assets.

4. Writing off goodwill

The Bank tested the value of goodwill disclosed in balance sheet estimating it for impairment. Consequently, impairment losses revaluing such assets were charged against the opening balance equity. The event had no impact on the consolidated report, because such goodwill items were recognised in the Bank's balance sheet as a result of group internal transactions and as such were eliminated from the Group's report.

Impact of IFRS implementation on the Bank's equity

In accordance with the adopted methodology for IFRS implementation adjustments resulting form the Bank's adoption of new standards are recognised in the opening balance of equity as of 1 January 2005.

It should be noted that this description does not incorporate changes in the Bank's equity resulting from the implementation of the effective interest rate methodology, which was also performed on 1 January 2005, but in accordance with the Polish Accounting Standards (this issue is given broader treatment in the Bank's financial statement for 2005, published on 10 March 2006). The requirement of using the EIR methodology also follows from IFRS provisions.

The adjustments as of 1 January 2005 are as follows (numbers of adjustments correspond to descriptions presented above).

Changes of Accounting Principles resulting from IFRS Implementation at the Bank.

Data in PLN thous.

	(1) Discontinuation of equity rights valuation of shares in subsidiaries	(2) Loan impairment	(3) Effect of valuation of asset recognized as 'non current assets held for sale'	(4) Revaluation write-offs of goodwill	**TOTAL**
Gross adjustment value	- 596 076	+ 21 509	- 5 499	- 5 805	**- 585 871**
Net adjustment value (including the deferred tax effect)	- 596 076	+ 19 575	- 5 499	- 5 805	**- 587 805**

II. INFORMATION ABOUT THE ACTIVITY OF THE GROUP AFTER THIRD QUARTER 2006

On 19 October, 2006 the Management Board of Bank Millennium ("Bank") informed that after 3rd quarter of 2006, the consolidated net profit of Bank Millennium Capital Group totaled PLN 211.9 million, showing a growth of 41% in recurrent terms and 12% in accounting terms versus the homologous period of 2005 (PLN 189,6 million).

After the third quarter of 2006 the Bank is growing in a solid trend already observed in previous quarters' results. Positive financial results after 3rd quarter 2006 can be summarized by the following figures:

- ROE annualized increased from 10.2% to 12.8%
- Net interest income: +9.2%
- Net commissions income: +28.1%
- Total costs: + 6.9 % (or 2.1% if excluding re-branding and expansion projects)
- Cost to income ratio dropped from 73.4% to 67.1%
- Impaired to total loans ratio dropped to 6.6%
- Solvency ratio at 14.5%

As far as business development is concerned, the third quarter 2006 also brought the continuation of a very dynamic and positive trends, in particular:

Total loans:	51% growth y/y
Mortgage loans:	126% growth y/y; 13,7% market share in new sales (9,2% market share in total portfolio)
Credit cards:	131% growth y/y, 3,8% market share in total number of cards
Other retail loans:	156% growth y/y
Mutual funds:	118% growth y/y, 3% market share
Customer Funds:	20% growth y/y
Leasing:	28% growth in new contracts, market share around 6%
Internet:	399 ths. individual customers registered
Cross-selling:	2.92 products per customer in Retail

In the 3rd Quarter of 2006, the Bank continued the earlier announced programme of branch network expansion. As at 30.09.2006 Bank had already opened 31 branches of which 14 Financial Centers, 12 Retail & Business branches and 5 pure retail and credit centers. Among them there were 8 new and 23 branches transformed according to the new standards. For the needs of newly opened or adjusted to the new standards branches, Bank recruited 450 employees..

During 3rd Quarter 2006, Bank Millennium was awarded with few prestigious titles:

- Bank Millennium offer for small and medium-sized companies was recognized as the best on the market and won the first place in the annual "Bank for you and your company" ranking prepared by "Forbes" magazine.

- Consumer Internet Banking of Bank Millennium – Millenet – for second consecutive year has been named "Best Consumer Internet Bank" in Poland in a competition run by "Global Finance", the independent international finance magazine.

1 – FINANCIAL RESULTS AFTER 3rd Q 2006

Operating Income (PLN million)	**1-3Q 2006 pro-forma**	**1-3Q 2005 pro-forma**	**Change**
Net Interest Income *	504.1	461.7	+9.2%
Net Commissions Income	251.6	196.4	+28.1%
Other Non-Interest Income	140.5	156.6	-10.3%
Operating Income	**896.2**	**814.7**	**+10.0%**
Of which one-off results		*48.5*	
Operating Income without one-off	**896.2**	**766.2**	**+17.0%**

(*) includes margin from all derivatives which hedge FX loan portfolio. From 1st January 2006 the Bank started to treat under hedge accounting principles the combination of mortgage floating rate foreign currency loans, floating rate PLN deposits and related cross currency interest rate swaps. The margin from these operations is reflected in Net Interest Income since aforementioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, and additionally having in mind that until the end of 2005 the Bank has not applied formal hedge accounting (all interest from derivatives used to be shown in Result on Financial Operations then), the Bank provides pro-forma data. The pro-forma statement presents all interest from derivatives included in Net Interest Income which allows better understanding of the real evolution of this item from economic point of view.

Net interest income (on a pro-forma basis) of Bank Millennium Group in the first 9 months of 2006 amounted to PLN 504.1 million and was 9.2% higher than last year's (PLN 461.7 million). Growing business volumes compensated for lower net interest margin.

Net commissions income grew strongly by 28.1% y/y mainly thanks to mutual funds, asset management/ bancassurance products and brokerage services.

Other non-interest income decreased versus last year due to one-off result of PLN 48.5 mln connected with PZU dividend recognized in 2005. Foreign exchange results grew strongly from PLN 66.5 mln to 127.4 mln in 1-3Q 2006, partly driven by FX denominated mortgage loans.

Net operating income reached PLN 896.2 million, which means an increase of 17% compared with 1-3Q 2005 if one-off result from PZU dividend settlement would be excluded in 2005 (or 10% increase on an accounting basis).

Operating Costs (PLN million)	1-3Q 2006	1-3Q 2005	Change
Personnel Costs	284.2	239.6	+18.6%
Other Administrative Costs	271.7	256.8	+5.8%
Depreciation & impairment of fixed assets	45.5	66.2	-31.3%
Total Operating Costs	**601.3**	**562.7**	**+6.9%**
Of which expansion and new image	*26.8*		
Operating costs without expansion	**574.5**	**562.7**	**+2.1%**

Total Costs of Bank Millennium Group in 1-3Q 2006 were influenced by the branch expansion project and new image implementation (completed in 2Q 2006). If not the costs connected with these items (PLN 26.8 mln, of which 10.6 mln personnel costs), total costs would grow only 2.1%. Branch expansion was the main driver of the increase of personnel number by 476 employees during the year. At the end of September 2006, Bank Millennium Group employed 4 878 persons.

Despite additional cost of the expansion, the Bank improved **cost to income ratio** from 73.4% year ago (excluding one-off profit) to 67.1% level.

In the first 9 months of 2006, the Group created **net provisions** of PLN 31.4 million. This value includes a positive impact of PLN 14.7 million due to recovery of written-off receivables.

Pre-tax profit of Bank Millennium Group in 1-3Q 2006 stood at PLN 263.5 million (+9.9% y/y), with net profit at PLN 211.9 million.

2 - BUSINESS RESULTS

As at 30 September 2006, **Total Assets** of the Group were PLN 24 571 million, growing 13.3% versus September last year.

Key Balance Sheet Volumes (PLN million)	30.09.2006	30.09.2005	Change
Total Assets	**24 571**	**21 694**	**+13.3%**
Total Customer Funds (1)	17 777	14 869	+19.6%
- where Deposits	*15 215*	*13 602*	*+11.9%*
- where Mutual Funds	*2 562*	*1 177*	*+118%*
Total Loans to Customers	13 557	9 008	+51%
- where Mortgage loans	*6 563*	*2 904*	*+126%*
Equity	**2 118**	**2 034**	**+4.1%**

(1) include Customers' deposits, mutual funds and retail bonds

The net value of **Loans to Customers** jumped 51% as compared with one year before, and stood at PLN 13 557 million. The increase in loans was driven mainly by mortgage loans, which grew 126% y/y to the level of PLN 6 563 million. Despite new regulatory recommendation introduction in July, Bank Millennium sold in 3Q more mortgages (PLN 1 357 million) than in 2Q (PLN 1 150 million). After eight months of 2006, Bank's market share in new mortgages sold was 13.7% and in total stock 9.2%. Other retail loans (including loans in cards) also strongly grew by 156% y/y reaching PLN 1 061 million. On the companies side, corporate loans already showed growth (4.7% quarterly). After 9 months 2006 new leasing contracts amounted to PLN 814 million (28% increase versus 1-3Q 2005) and factoring invoices turnover reached PLN 889 million (118% growth y/y).

The number of **credit cards** sold by the Bank after 3Q 2006 reached 228 thousand, which means a strong 131% growth versus last year. The Bank increased its market share from 3% in December 2005 to 3.8% in June 2006 showing the path to reach announced market share target of 8%.

Bank is going to achieve its goals by improving its credit cards offer. Bank Millennium introduced new credit cards: Millennium MasterCard and Millennium MasterCard Gold, thus becoming the only bank in Poland to offer to individual customers cards in all three leading systems – Visa, MasterCard and American Express. The offer of Bank Millennium now also includes a flat credit card: the Blue Millennium Visa, targeted at persons with lower income – starting from PLN 650 net monthly income. Customers can also enjoy the "Inspirations" benefits programme which permits cardholders to enjoy discounts from over 550 merchants managed by 30 partners (hotels, restaurants, jewellery shops, domestic appliances shops, sport clubs) as well as insurance, assistance in crisis situations (Assistance Gold package) and services (Concierge Gold package). In September 2006, "Sephora" Millennium VISA was recognized as the best co-branded card with loyalty program by "*Gazeta Prawna*" magazine.

Total **Customers' Funds**, including mutual funds and bonds as at 30 September 2006, totalled PLN 17 777 million, which means an increase of 19.6% y/y. As previously, the strongest growth came from mutual funds – increase by 118% to the amount of PLN 2 562 million. Total customer funds do not include PLN 357 million of third parties saving products sold to Bank's affluent customers.

The number of individual Customers using the bank's services via internet reached 399 thousand growing strongly by 64% y/y. Additionally there were 21 thousand users among companies.

3 – LOANS QUALITY AND SOLVENCY

The quality of the Group's loan portfolio (calculated using International Financial Reporting Standards) as at 30.09.2006 improved versus previous periods. Value of impaired to total loans ratio dropped to

6.6%. This improvement was due to the drop in total impaired loans by PLN 85 million since December 2005 and an increase of the loan portfolio. Impaired loans coverage by provisions grew to 75%.

Loan quality indicators (IFRS)	**30.09.2006**	**30.06.2006**	**31.12.2005**
Total impaired loans (PLN million)	938	1 039	1 023
Impaired Loans over Total Loans	6,6%	8,2%	10,0%
Total Provisions over Impaired Loans	75%	67%	65%

The **solvency ratio** of the Bank Millennium Group stood at a strong level of 14.5% against 18.8% one year before. It dropped versus last year (and quarter) as a consequence of a strong loans growth.

Preparation to introduce new capital adequacy directive (Basel II) is being conducted in strict cooperation with Millenniumbcp Bank.

4 – BRANCH NETWORK EXPANSION

In the 3 rd Quarter 2006, Bank Millennium continued earlier planned implementation of branch expansion project. It assumes open 158 new branches (including 36 transformed) in 3 years as well as combining the existing branches in one branch network servicing 3 segments of Customers.
New branch network structure consists of:

- Financial Centers (retail branch + prestige "branch in branch", and dedicated Small Business Advisors positions)
- Retail and Business branches (retail branch plus dedicated Small business Advisors positions)
- Pure retail branch (small retail branch with space for advisors positions)

and permits service of several groups of customers in a single outlet. First remarks and experiences shows that implementation of financial Centers is very well received and new model of branches and their business scope met affirmative acceptation among customers.

As at 30th September 2006, the Bank opened 31 new branches (8 newly built and 23 transformed) of which: 14 Financial Centers, 12 Retail and business branches and 5 Pure retail and Credit Centers. Plans for 4Q stipulate opening more 26 branches (13 new and 13 transformed to new model of service). Branch expansion project - managed by selected group of managers - is estimated to be finished till summer 2008 that is 6 months earlier than planned. Increasing number and size of branches caused an employment growth by 450 persons (as at 30 September 2006) and development of training programs for new employees (22 training groups finished, 7 in progress).

Total expenditures till 30 September 2006 for branch expansion project (and finishing re-branding activities) totalled 52.6 million PLN including investment of 25.8 million PLN. Forecasts for 4Q 2006 will total 60 million PLN including investment expenditures of 35 million PLN.

5 - SHARE PRICE INDICATORS:

	29.09.2006	**30.06.2006**
Shares outstanding – period end	849 181 744	849 181 744
Closing price – period end (PLN)	6.40	6.00
Book value per share (PLN)	2.49	2.40
Earnings per share (PLN)	0.25	0.16
Return on equity (ROE)	12.8%	12.5%

III. CONSOLIDATED FINANCIAL DATA (GROUP)

ASSETS

Amount '000 PLN	**30.09.2006**	**31.12.2005**
I. Cash, balances with the Central Bank	605 076	510 805
II. Loans and advances to banks	1 888 208	2 602 815
III. Financial assets valued at fair value through profit and loss	3 163 506	3 304 175
IV. Hedging derivatives	66 512	14 826
V. Loans and advances to customers	13 556 691	9 591 642
VI. Investment financial assets	3 739 292	4 910 529
- available for sale	3 739 292	4 831 893
- held to maturity	0	78 636
VII. Investments in associates	1 926	1 926
VIII. Receivables from securities bought with sell-back clause	75 947	311 127
IX. Property, plant and equipment	233 388	232 123
X. Intangible assets	18 601	26 998
XI. Non current assets held for sale	60 015	239 512
XII. Deferred income tax assets	118 140	157 485
XIII. Other assets	1 044 064	247 176
Total Assets	**24 571 366**	**22 151 139**

LIABILITIES

Amount '000 PLN	**30.09.2006**	**31.12.2005**
I. Deposits from banks	1 283 075	1 067 345
II. Financial liabilities valued at fair value through profit and loss	576 955	503 660
III. Hedging derivatives	22 851	22 273
IV. Deposits from customers	15 215 113	13 994 416
V. Liabilities from securities sold with buy-back clause	4 005 865	3 061 037
VI. Debt securities	32 883	69 436
VII. Provisions	18 391	16 468
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	2 924	132 186
X. Other liabilities	971 996	583 991
XI. Subordinated debt	323 371	309 504
Total Liabilities	**22 453 424**	**19 760 316**

EQUITY

I. Share capital	849 182	849 182
II. Share premium	471 709	471 709
III. Revaluation reserve	1 375	27 612
IV. Retained earnings	795 676	1 042 320
Total equity attributable to equity holders of the parent	2 117 942	2 390 823
Minority interests	0	0
Total Equity	**2 117 942**	**2 390 823**
Total Liabilities and Equity	**24 571 366**	**22 151 139**

Capital adequacy ratio	**14.50%**	**19.07%**

Book value	**2 117 942**	**2 390 823**
Number of shares	**849 181 744**	**849 181 744**
Book value per share (in PLN)	**2.49**	**2.82**

OFF-BALANCE SHEET ITEMS

Amount '000 PLN	**30.09.2006**	**31.12.2005**
Contingent liabilities granted and received	**6 651 317**	**5 854 949**
1. Liabilities granted:	6 123 934	5 159 311
a) financial	5 183 683	4 424 112
b) guarantees	940 251	735 199
2. Liabilities received:	527 383	695 638
a) financial	66 709	43 379
b) guarantees	460 674	652 259

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.07.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**	**1.07.2005 - 30.09.2005**
I. Interest income	936 175	319 913	898 455	296 581
II. Interest expense	-450 875	-156 243	-544 581	-184 724
III. Net interest income	**485 300**	**163 670**	**353 874**	**111 857**
IV. Fee and commission income	290 532	101 798	218 081	82 052
V. Fee and commission expense	-38 956	-14 606	-21 693	-7 069
VI. Net fee and commission income	**251 576**	**87 192**	**196 388**	**74 983**
VII. Dividend income	2 573	0	2 078	183
VIII. Result on investment financial assets	1 829	-1 296	80 530	22 909
IX. Result on financial instruments valued at fair value through profit and loss	22 057	18 683	115 778	38 999
X. Result on other financial instruments	-7 754	-3 020	-2 529	-2 796
XI. Foreign exchange profit	127 442	45 340	66 465	23 779
XII. Other operating income	57 385	9 440	40 358	14 045
XIII. Other operating expenses	-44 248	-10 638	-38 202	-16 754
XIV. Operating income	**896 160**	**309 371**	**814 740**	**267 205**
XV. General and administrative expenses	-555 818	-190 782	-496 442	-163 279
XVI. Impairment losses on financial assets	-31 404	-12 619	-12 241	-9 808
XVII. Impairment losses on non financial assets	-352	-290	-8 123	418
XVIII. Depreciation and amortization	-45 108	-14 732	-58 109	-18 214
XIX. Operating expenses	**-632 682**	**-218 423**	**-574 915**	**-190 883**
XX. Operating profit	**263 478**	**90 948**	**239 825**	**76 322**
XXI. Share of profit of associates	0	0	0	0
XXII. Gross profit / (loss)	**263 478**	**90 948**	**239 825**	**76 322**
XXIII. Corporate income tax	-51 564	-18 711	-50 266	-15 808
XXIV. Net profit / (loss)	**211 914**	**72 237**	**189 559**	**60 514**
Attributable to:				
Equity holders of the parent	211 914	72 237	189 559	60 514
Minority interests	0	0	0	0
Weighted average number of ordinary shares	849 181 744	849 181 744	849 181 744	849 181 744
Basic earnings per ordinary share (in PLN)	**0.25**	**0.09**	**0.22**	**0.07**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2006	**2 390 823**	**849 182**	**471 709**	**27 612**	**0**	**1 042 320**
Changes in adopted accounting policies	0	0	0	0	0	0
Equity at the beginning of the period (opening balance) as restated to comparable data	**2 390 823**	**849 182**	**471 709**	**27 612**	**0**	**1 042 320**
- purchase/sale and valuation of available for sale financial assets	-26 558	0	0	-26 558	0	0
- effect of valuation of derivatives designated for future cash flows hedge	321	0	0	0	321	0
Net profit / (loss) not recognized in consolidated income statement	-26 237	0	0	-26 558	321	0
- net profit / (loss) of the period	211 914	0	0	0	0	211 914
Total net profit / (loss) of 2006	185 677	0	0	-26 558	321	211 914
- dividend payment	-458 558	0	0	0	0	-458 558
Equity at the end of the period (closing balance)30.09.2006	**2 117 942**	**849 182**	**471 709**	**1 054**	**321**	**795 676**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Total consolidated equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2005	**1 986 840**	**849 182**	**507 460**	**21 367**	**0**	**608 831**
Changes in adopted accounting policies	68 455	0	0	0	0	68 455
Equity at the beginning of the period (opening balance) as restated to comparable data	**2 055 295**	**849 182**	**507 460**	**21 367**	**0**	**677 286**
- purchase/sale and valuation of available for sale financial assets	27 275	0	0	27 275	0	0
Net profit / (loss) not recognized in consolidated income statement	27 275	0	0	27 275	0	0
- net profit / (loss) of the period	189 559	0	0	0	0	189 559
Total net profit / (loss) of 2005	216 834	0	0	27 275	0	189 559
- dividend payment	-237 771	0	0	0	0	-237 771
- loss covered from share premium	0	0	-35 752	0	0	35 752
Equity at the end of the period (closing balance) 30.09.2005	**2 034 358**	**849 182**	**471 709**	**48 642**	**0**	**664 825**

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**
I. Net profit (loss)	**211 914**	**189 559**
II. Adjustments for:	**-2 665 186**	**412 476**
1. Minority profit (loss)	0	0
2. Interests in net profit / (loss) of associated companies	0	0
3. Depreciation and amortization	45 108	58 109
4. Foreign exchange (gains) / losses	9 896	-16 911
5. Dividends	-2 573	-2 078
6. Changes in provisions	1 923	-11 628
7. Result on sale and liquidation of investing activity assets	-14 853	-6 848
8. Change in financial assets valued at fair value through profit and loss	-1 084 799	-582 162
9. Change in loans and advances to banks	152 844	-145 169
10. Change in loans and advances to customers	-3 971 023	-1 894 123
11. Change in receivables from securities bought with sell-back clause	235 180	37 066
12. Change in liabilities valued at fair value through profit and loss	73 873	58 540
13. Change in deposits from banks	200 344	1 370 551
14. Change in deposits from customers	1 220 697	209 053
15. Change in liabilities from securities sold with buy-back clause	944 828	1 249 915
16. Change in debt securities	-36 553	-8 291
17. Change in income tax settlements	66 181	46 771
18. Income tax paid	-149 944	-107 636
19. Change in other assets and liabilities	-359 788	153 886
20. Other	3 473	3 431
III. Net cash flows from operating activities	**-2 453 272**	**602 035**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**
I. Inflows:	**1 922 318**	**61 606**
1. Proceeds from sale of property, plant and equipment and intangible assets	143 847	59 353
2. Proceeds from sale of shares in associates	0	175
3. Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds from sale of investment financial assets	1 775 898	0
5. Other	2 573	2 078
II. Outflows:	**-37 899**	**-835 176**
1. Acquisition of property, plant and equipment and intangible assets	-37 899	-19 831
2. Acquisition of shares in associates	0	0
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	0	-815 345
5. Other	0	0
III. Net cash flows from investing activities	**1 884 419**	**-773 570**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**
I. Inflows:	**0**	**0**
1. Long-term bank loans	0	0
2. Issue of debt securities	0	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	**-458 558**	**-1 163 897**
1. Repayment of long-term bank loans	0	-793 053
2. Redemption of debt securities	0	-133 073
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	-458 558	-237 771
7. Other	0	0
III. Net cash flows from financing activities	**-458 558**	**-1 163 897**

D. NET CASH FLOWS, TOTAL (A III+B III+C III)	**-1 027 411**	**-1 335 432**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**3 555 653**	**4 536 011**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	**2 528 242**	**3 200 579**

ADDITIONAL EXPLANATIONS TO THE FINANCIAL DATA

HEDGE ACCOUNTING

Since January 1, 2006 the Bank (and consequently the Group) set up a formal hedging relationship (hedge accounting) against the risk of cash flow fluctuations. In this cash flow hedging, the FX-denominated mortgage portfolio and PLN deposit portfolio that finances the previous one were set as hedged items, whereas derivatives are hedging instruments. Importantly, since implementation of IFRS, pursuant to IAS 39, the effect of valuation of all and any derivative instruments, even those concluded for non-speculative, hedging purpose, for which the Bank (Group) does not apply formal hedge accounting (so automatically, the Bank classifies them to the portfolio of financial instruments held for trading), is presented in result on trading activities. Application of such methodology resulted in lack of consistency in presentation of the above instruments in the income statement as the interest result on derivative instruments concluded to secure FX liquidity – from the economic point of view – constitutes an interest margin component (it allows to match interest income from FX loans with the cost of financing resulting from the PLN deposit portfolio). Implementation of formal hedge accounting allowed presentation of the majority transactions in question in the income statement pursuant to their economic sense.

Importantly, formal implementation of hedge accounting occurred at the beginning of the year so in the income statement for the three quarters of 2005, both for the Bank and the Group, (comparable data) the total effect of valuation of derivative instruments (accrued interest included) is presented in the result on trading activities (to ensure comparability of data for the purpose of description of financial results contained in Chapter II a pro-forma income statement was developed, capturing all the income and cost of interest resulting from derivative instruments in the interest margin).

NON-CURRENT ASSETS HELD FOR SALE

Decrease in the balance of non-current assets held for sale, which was observed in the analyzed period, results mostly from the Bank's execution of the transaction to sell right of perpetual usufruct of the land in Wilanów, whereas the net value of this asset item in the consolidated statement totalled PLN 170 613 thousand.

RATES APPLIED FOR CONVERSION OF FINANCIAL DATA INTO EURO

The following rates were applied for conversion into EURO:

- For balance sheet items 3.9835 PLN/EURO exchange rate of September 30, 2006 (for comparable data: 3.9166 PLN/EURO),
- For income statement items, period from January 1 – September 30, 2006 – 3.9171 PLN/EURO, the rate calculated as average of rates as at the end of months covered by the statement (for comparable data 4.0583 PLN/EURO).

IV. STANDALONE FINANCIAL DATA (BANK)

ASSETS

Amount '000 PLN	**30.09.2006**	**31.12.2005**
I. Cash, balances with the Central Bank	605 055	510 785
II. Loans and advances to banks	1 888 207	2 602 777
III. Financial assets valued at fair value through profit and loss	3 163 332	3 302 666
IV. Hedging derivatives	66 512	14 826
V. Loans and advances to customers	12 745 525	8 979 683
VI. Investment financial assets	3 730 481	4 909 751
- available for sale	3 730 481	4 831 115
- held to maturity	0	78 636
VII. Investments in associates	95 393	94 142
VIII. Receivables from securities bought with sell-back clause	75 947	331 155
IX. Property, plant and equipment	222 579	233 575
X. Intangible assets	17 890	26 352
XI. Non current assets held for sale	44 686	222 349
XII. Deferred income tax assets	64 089	89 121
XIII. Other assets	1 583 863	256 862
Total Assets	**24 303 559**	**21 574 044**

LIABILITIES

Amount '000 PLN	**30.09.2006**	**31.12.2005**
I. Deposits from banks	1 283 075	1 067 404
II. Financial liabilities valued at fair value through profit and loss	576 955	504 185
III. Hedging derivatives	22 851	22 273
IV. Deposits from customers	15 325 211	14 084 704
V. Liabilities from securities sold with buy-back clause	4 054 959	3 472 115
VI. Debt securities	32 883	32 587
VII. Provisions	18 391	15 843
VIII. Deferred income tax liabilities	0	0
IX. Current tax liabilities	0	0
X. Other liabilities	892 734	422 767
XI. Subordinated debt	323 371	309 504
Total Liabilities	**22 530 430**	**19 931 382**

EQUITY		
I. Share capital	849 182	849 182
II. Share premium	472 343	472 343
III. Revaluation reserve	1 375	27 617
IV. Retained earnings	450 229	293 520
Total Equity	**1 773 129**	**1 642 662**
Total Liabilities and Equity	**24 303 559**	**21 574 044**

Capital adequacy ratio	**12.64%**	**10.67%**

Book value	**1 773 129**	**1 642 662**
Number of shares	**849 181 744**	**849 181 744**
Book value per share (in PLN)	**2.09**	**1.93**

OFF-BALANCE SHEET ITEMS

Amount '000 PLN	**30.09.2006**	**31.12.2005**
Contingent liabilities granted and received	**6 824 853**	**6 003 562**
1. Liabilities granted:	6 222 988	5 238 436
a) financial	5 282 068	4 466 171
b) guarantees	940 920	772 265
2. Liabilities received:	601 865	765 126
a) financial	66 709	43 379
b) guarantees	535 156	721 747

INCOME STATEMENT

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.07.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**	**1.07.2005 - 30.09.2005**
I. Interest income	835 134	287 427	860 399	323 175
II. Interest expense	-462 654	-158 063	-591 219	-197 205
III. Net interest income	**372 480**	**129 364**	**269 180**	**125 970**
IV. Fee and commission income	231 364	82 533	178 709	69 742
V. Fee and commission expense	-33 001	-12 946	-17 059	-6 129
VI. Net fee and commission income	**198 363**	**69 587**	**161 650**	**63 613**
VII. Dividend income	503 711	5 117	221 284	3 117
VIII. Result on investment financial assets	1 828	-1 297	32 268	747
IX. Result on financial instruments valued at fair value through profit and loss	28 992	20 331	120 916	39 660
X. Result on other financial instruments	-7 754	-3 020	-2 529	-1 060
XI. Foreign exchange profit	121 795	45 243	58 978	22 707
XII. Other operating income	30 276	4 665	14 059	3 178
XIII. Other operating expenses	-16 630	-1 785	-6 144	-2 157
XIV. Operating income	**1 233 061**	**268 205**	**869 662**	**255 775**
XV. General and administrative expenses	-507 962	-174 379	-447 459	-147 334
XVI. Impairment losses on financial assets	-32 636	-14 956	-166	-15 504
XVII. Impairment losses on non financial assets	-3 061	-2 699	-4 500	1 535
XVIII. Depreciation and amortization	-42 985	-12 453	-55 874	-17 919
XIX. Operating expenses	**-586 644**	**-204 487**	**-507 999**	**-179 222**
XX. Operating profit	**646 417**	**63 718**	**361 663**	**76 553**
XXI. Share of profit of associates	0	0	0	0
XXII. Gross profit / (loss)	**646 417**	**63 718**	**361 663**	**76 553**
XXIII. Corporate income tax	-31 148	-11 842	-31 610	-14 587
XXIV. Net profit / (loss)	**615 269**	**51 876**	**330 053**	**61 966**
Attributable to:				
Equity holders of the parent	615 269	51 876	330 053	61 966
Minority interests	0	0	0	0
Weighted average number of ordinary shares	849 181 744	849 181 744	849 181 744	849 181 744
Basic earnings per ordinary share (in PLN)	**0.72**	**0.06**	**0.39**	**0.07**

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2006	**1 642 662**	**849 182**	**472 343**	**27 617**	**0**	**293 520**
Changes in adopted accounting policies	0	0	0	0	0	0
Equity at the beginning of the period (opening balance) as restated to comparable data	**1 642 662**	**849 182**	**472 343**	**27 617**	**0**	**293 520**
- purchase/sale and valuation of available for sale financial assets	-26 563	0	0	-26 563	0	0
- effect of valuation of derivatives designated for future cash flows hedge	321	0	0	0	321	0
Net profit / (loss) not recognized in income statement	-26 242	0	0	-26 563	321	0
- net profit / (loss) of the period	615 269	0	0	0	0	615 269
Total net profit / (loss) of 2006	589 027	0	0	-26 563	321	615 269
- dividend payment	-458 558	0	0	0	0	-458 558
Equity at the end of the period (closing balance)30.09.2006	**1 773 129**	**849 182**	**472 343**	**1 054**	**321**	**450 229**

STATEMENT OF CHANGES IN EQUITY

	Total equity	Share capital	Share premium	Revaluation reserve on available for sale financial assets	Revaluation reserve on derivatives designated for future cash flows hedge	Retained earnings
Equity at the beginning of the period (opening balance) 01.01.2005	**1 986 840**	**849 182**	**508 095**	**21 367**	**0**	**608 196**
Changes in adopted accounting policies - EIR implementation*	48 880	0	0	0	0	48 880
Changes in adopted accounting policies - IFRS implementation**	-587 805	0	0	0	0	-587 805
Equity at the beginning of the period (opening balance) as restated to comparable data	**1 447 915**	**849 182**	**508 095**	**21 367**	**0**	**69 271**
- purchase/sale and valuation of available for sale financial assets	27 275	0	0	27 275	0	0
Net profit / (loss) not recognized in income statement	27 275	0	0	27 275	0	0
- net profit / (loss) of the period	330 053	0	0	0	0	330 053
Total net profit / (loss) of 2005	357 328	0	0	27 275	0	330 053
- dividend payment	-237 771	0	0	0	0	-237 771
- loss covered from share premium	0	0	-35 752	0	0	35 752
Equity at the end of the period (closing balance) 30.09.2005	**1 567 472**	**849 182**	**472 343**	**48 642**	**0**	**197 305**

* EIR – effective interest rate approach in force in the identical form both according to PAS and IFRS, implemented at the Bank as of January 1 2005 by the virtue of the national laws (for 2005 the Bank prepared its financial statements on a standalone basis according to PAS)

** For description of the adjustments to the opening balance of the Bank's equity following implementation of IFRS see Chapter I

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**
I. Net profit (loss)	**615 269**	**330 053**
II. Adjustments for:	**-3 068 918**	**298 904**
1. Minority profit (loss)	0	0
2. Interests in net profit / (loss) of associated companies	0	0
3. Depreciation and amortization	42 985	55 874
4. Foreign exchange (gains) / losses	9 745	-16 911
5. Dividends	-503 711	-221 284
6. Changes in provisions	2 550	-10 878
7. Result on sale and liquidation of investing activity assets	-8 260	-32 268
8. Change in financial assets valued at fair value through profit and loss	-1 086 135	-538 518
9. Change in loans and advances to banks	152 807	60 462
10. Change in loans and advances to customers	-3 759 452	-1 750 959
11. Change in receivables from securities bought with sell-back clause	255 208	-117 752
12. Change in liabilities valued at fair value through profit and loss	73 348	-29 381
13. Change in deposits from banks	200 334	1 162 875
14. Change in deposits from customers	1 240 507	-989 255
15. Change in liabilities from securities sold with buy-back clause	582 844	2 504 153
16. Change in debt securities	296	3 188
17. Change in income tax settlements	31 139	31 743
18. Income tax paid	0	0
19. Change in other assets and liabilities	-306 651	175 630
20. Other	3 528	12 185
III. Net cash flows from operating activities	**-2 453 649**	**628 957**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**
I. Inflows:	**1 921 745**	**49 855**
1. Proceeds from sale of property, plant and equipment and intangible assets	112 082	4 959
2. Proceeds from sale of shares in associates	0	175
3. Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
4. Proceeds from sale of investment financial assets	1 783 973	1 367
5. Other	25 690	43 354
II. Outflows:	**-36 950**	**-851 554**
1. Acquisition of property, plant and equipment and intangible assets	0	-8 157
2. Acquisition of shares in associates	-950	0
3. Acquisition of financial assets valued at fair value through profit and loss	0	0
4. Acquisition of investment financial assets	0	-843 397
5. Other	-36 000	0
III. Net cash flows from investing activities	**1 884 795**	**-801 699**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	**1.01.2006 - 30.09.2006**	**1.01.2005 - 30.09.2005**
I. Inflows:	**0**	**0**
1. Long-term bank loans	0	0
2. Issue of debt securities	0	0
3. Increase in subordinated debt	0	0
4. Net proceeds from issues of shares and additional capital paid-in	0	0
5. Other	0	0
II. Outflows:	**-458 558**	**-1 163 897**
1. Repayment of long-term bank loans	0	-793 053
2. Redemption of debt securities	0	-133 073
3. Decrease in subordinated debt	0	0
4. Issue of shares expenses	0	0
5. Redemption of shares	0	0
6. Dividends paid and other payments to owners	-458 558	-237 771
7. Other	0	0
III. Net cash flows from financing activities	**-458 558**	**-1 163 897**

D. NET CASH FLOWS, TOTAL (A III+B III+C III)	**-1 027 412**	**-1 336 639**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**3 555 633**	**4 535 216**
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	**2 528 221**	**3 198 577**

ADDITIONAL EXPLANATIONS TO THE FINANCIAL DATA

HEDGE ACCOUNTING

On January 1, 2006 a hedging relationship was established at the Bank hedging against fluctuations of cash flows and it is presented in the additional explanations to the financial data in Chapter III.

WRITE-OFF OF UNCOLLECTIBLE RECEIVABLES AGAINST PROVISIONS

In the period between January 1 and September 30, 2006 the Bank wrote-off uncollectible receivables against provisions in the amount of PLN 3 892 thousand.

TRANSFORMATION OF COMPARABLE DATA RESULTING FROM IMPLEMENTATION OF IFRS

Bank's balance sheet as of December 31, 2005 –PAS – IFRS conversion

The table below shows the changes made in the last published report of the Bank prepared in accordance with the Polish Accounting Standards as of 31 December 2005 in order to ensure data comparability for the needs of this report.

ASSETS

Amount '000 PLN	**31.12.2005 PAS**	**Number of adjustment(s)**	**Value of adjustment(s)**	**31.12.2005 IFRS**
Cash, balances with the Central Bank	510 785			510 785
Loans and advances to banks	2 602 777			2 602 777
Financial assets valued at fair value through profit and loss	3 504 760	(5) (7)	-202 094	3 302 666
Hedging derivatives	14 826			14 826
Loans and advances to customers	9 370 870	(2) (4)	-391 187	8 979 683
Investment financial assets	4 909 751			4 909 751
- available for sale	4 831 115			4 831 115
- held to maturity	78 636			78 636
Investments in associates	854 091	(1)	-759 949	94 142
Receivables from securities bought with sell-back clause	331 155			331 155
Property, plant and equipment	466 578	(3)	-233 003	233 575
Intangible assets	30 298	(8)	-3 946	26 352
Non current assets held for sale	0	(3)	222 349	222 349
Deferred income tax assets	270 432	(2) (5) (6)	-181 311	89 121
Other assets	198 700	(3) (7)	58 162	256 862
Total Assets	**23 065 023**		**-1 490 979**	**21 574 044**

LIABILITIES

Amount '000 PLN	31.12.2005 PAS	Number of adjustment(s)	Value of adjustment(s)	31.12.2005 IFRS
Deposits from banks	1 067 404			1 067 404
Financial liabilities valued at fair value through profit and loss	706 399	(5)	-202 214	504 185
Hedging derivatives	22 273			22 273
Deposits from customers	14 084 704			14 084 704
Liabilities from securities sold with buy-back clause	3 472 115			3 472 115
Debt securities	32 587			32 587
Provisions	224 944	(1) (2)	-209 101	15 843
Deferred income tax liabilities	184 967	(2) (5) (6)	-184 967	0
Current tax liabilities	0			0
Other liabilities	613 809	(2) (4) (7)	-191 042	422 767
Subordinated debt	309 504			309 504
Total Liabilities	**20 718 706**		**-787 324**	**19 931 382**

EQUITY

Share capital	849 182			849 182
Share premium	472 343			472 343
Revaluation reserve	58 591	(9)	-30 974	27 617
Retained earnings	966 201	(1) (2) (3) (8) (9)	-672 681	293 520
Total Equity	**2 346 317**		**-703 655**	**1 642 662**
Total Liabilities and Equity	**23 065 023**		**-1 490 979**	**21 574 044**

(1) Discontinuing equity method valuation with respect to shares in subsidiaries (as described in ***Chapter I***)

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Investments in subsidiaries	(1)	-759 949
Provisions	(1)	-23 706
Retained earnings	(1)	-736 243

(2) Adjustments resulting from the Bank's implementation of the methodology of calculating impairment of credit exposures – issue presented in ***Chapter I***

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Loans and advances to customers	(2)	-195 033
Deferred income tax assets	(2)	6 053
Provisions	(2)	-185 395
Deferred income tax liabilities	(2)	2 397
Other liabilities	(2)	-48 015
Retained earnings	(2)	42 033

(3) Distinguishing of the balance sheet category „non-current assets held for sale” as of 1 January 2005 (issue described in Chapter I), and classifying (pursuant to IAS 17) of the Bank’s land usufruct as operational leasing; in the balance sheet as other assets (previously tangible fixed assets).

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Property, plant and equipment	(3)	-233 003
Non current assets held for sale	(3)	222 349
Other assets	(3)	5 155
Retained earnings	(3)	-5 499

(4) Exclusion from the balance sheet of suspended interest calculated according to PAS, reduction of the value of receivables by a discount to be settled due to the application of IAS 39 principles for calculating and recording of loan impairment. The issue is presented in Chapter I.

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Loans and advances to customers	(4)	-196 154
Other liabilities	(4)	-196 154

(5) Presentation of derivative instruments in the balance sheet broken down into particular instruments (instruments with positive fair value are recorded in assets and with negative value in liabilities). Previously, an analogous breakdown was performed on the basis of derivative portfolios (types).

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Financial assets valued at fair value through profit and loss	(5)	-202 214
Deferred income tax assets	(5)	-38 421
Financial liabilities valued at fair value through profit and loss	(5)	-202 214
Deferred income tax liabilities	(5)	-38 421

(6) In accordance with IAS 12, the Bank offset deferred income tax assets with deferred income tax liabilities.

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Deferred income tax assets	(6)	-148 943
Deferred income tax liabilities	(6)	-148 943

(7) Implementation of the method of accounting for standardised buy and sell financial asset transactions on the day of concluding a transaction instead of the previously employed method based on the transaction settlement date.

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Financial assets valued at fair value through profit and loss	(7)	120
Other assets	(7)	53 007
Other liabilities	(7)	53 127

(8) Recording of goodwill valuation (adjustment described in Chapter I)

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Intangible assets	(8)	-3 946
Retained earnings	(8)	-3 946

(9) Reclassification of revaluation reserve for fixed assets to retained earnings. As a result of IFRS 1 adoption with regards to applying the carrying amount of real property as a deemed cost at the IFRS transition date, revaluation reserve for fixed assets was transferred to retained earnings.

Quantification:

BALANCE SHEET ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Revaluation reserve	(9)	-30 974
Retained earnings	(9)	30 974

Income statement for the three quarters of 2005 – PAS- IFRS conversion

The table below captures changes performed in the last published Income statement of the Bank prepared according to PAS for the three quarters closed on September 30, 2005 in order to ensure comparability of data for the purpose of this report.

INCOME STATEMENT

Amount '000 PLN	01.01.2005 - 30.09.2005 PAS	Number of adjustment(s)	Value of adjustment(s)	01.01.2005 - 30.09.2005 IFRS
Interest income	951 602	(2) (3) (6)	-91 203	860 399
Interest expense	-587 296	(3) (6)	-3 923	-591 219
Net interest income	**364 306**		**-95 126**	**269 180**
Fee and commission income	178 709			178 709
Fee and commission expense	-17 059			-17 059
Net fee and commission income	**161 650**			**161 650**
Dividend income	221 284			221 284
Result on investment financial assets	31 558	(6)	710	32 268
Result on financial instruments valued at fair value through profit and loss	13 847	(3) (6)	107 069	120 916
Result on other financial instruments	-2 529			-2 529
Foreign exchange profit	58 978			58 978
Other operating income	51 303	(4) (7)	-37 244	14 059
Other operating expenses	-14 232	(4) (5)	8 088	-6 144
Operating income	**886 165**		**-16 503**	**869 662**
General and administrative expenses	-444 046	(6)	-3 413	-447 459
Impairment losses on financial assets	-23 069	(2) (7)	22 903	-166
Impairment losses on non financial assets	-1 000	(5)	-3 500	-4 500
Depreciation and amortization	-56 804	(8)	930	-55 874
Operating expenses	**-524 919**		**16 920**	**-507 999**
Operating profit	**361 246**		**417**	**361 663**
Share of profit of associates	-139 570	(1)	139 570	0
Gross profit / (loss)	**221 676**		**139 987**	**361 663**
Corporate income tax	-31 707	(2)	97	-31 610
Net profit / (loss)	**189 969**	(1) (2) (8)	**140 084**	**330 053**

(1) Reflecting adjustment no (1) to the balance sheet in the income statement

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Share of profit of associates	(1)	139 570
Net profit / (loss)	(1)	139 570

(2) Reflecting adjustment no (2) to the balance sheet in the income statement

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Interest income	(2)	9 240
Impairment losses on financial assets	(2)	-9 753
Corporate income tax	(2)	97
Net profit / (loss)	(2)	-416

(3) Reclassification of the interest margin components resulting from derivatives held for trading to result from financial instruments valued at fair value through the profit and loss account. Since 1 January 2005 the Bank has recognized interest on FX SWAP and CIRS transactions in the item ‘result from financial instruments valued at fair value through the profit and loss account’. This approach relates to transactions, concluded for non-speculative purposes, i.e. to ensure liquidity in foreign currencies for FX loans granted by the Bank. For these transactions in year 2005 the Bank does not apply hedge accounting. In accordance with IAS 39 all derivative instruments, for which the Bank did not apply hedge accounting regardless of the purpose of their conclusion, are classified as ‘financial instruments held for trading’ with the change in the fair value presented in the same line in the profit and loss (in this case in the item ‘result from financial instruments valued at fair value through the profit and loss account’).

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Interest income	(3)	-98 526
Interest expense	(3)	-9 343
Result on financial instruments valued at fair value through profit and loss	(3)	107 869

(4) Through adjusting to the IFRS standards the manner of presentation of result on sale and liquidation of fixed assets and intangibles other income and expenses were reduced by the same amount (previously total income was recognized in ‘other operating income’ and the carrying amount of the assets was recognized in ‘other operating expenses’ – now the result on operations itself is accordingly recorded).

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Other operating income	(4)	-4 588
Other operating expenses	(4)	4 588

(5) Separation from other operating costs impairment of non-current assets held for sale.

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Other operating expenses	(5)	3 500
Impairment losses on non financial assets	(5)	-3 500

(6) Reclassification of the effect of the hedging transactions valuation from ‘interest margin’ to ‘general and administrative expenses’. Since 1 January 2005 net interest income on swap transactions concluded in order to hedge FX-denominated transaction of renting office space presented previously in ‘interest margin’ is recognized in ‘general and administrative expenses’

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Interest income	(6)	-1 917
Interest expense	(6)	5 420
Result on investment financial assets	(6)	710
Result on financial instruments valued at fair value through profit and loss	(6)	-800
General and administrative expenses	(6)	-3 413

(7) Reclassification of the recovered loan receivables (previously written off against provisions) presented under PAS as ‘other operating income’ to the item ‘impairment losses’.

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Other operating income	(7)	-32 656
Impairment losses on financial assets	(7)	32 656

(8) Removal of depreciation of goodwill. The Bank performed a revaluation of goodwill against shareholders’ equity (adjustment described in Chapter I).

Quantification:

INCOME STATEMENT ITEM	NUMBER OF ADJUSTMENT	VALUE OF ADJUSTMENT
Depreciation and amortization	(8)	930
Net profit / (loss)	(8)	930

V. FINANCIAL INFORMATION BROKEN DOWN INTO ACTIVITY SEGMENTS

Business Segments

The activity of Group Bank Millennium is conducted through different business lines offering specific products and services targeted to approach the following market segments:

a) Retail Segment

This segment includes the following business areas: mass market individuals, affluent individuals and micro businesses of individual entrepreneurs.

The activity of the above mentioned areas is developed through the disposal of a complete panoply of banking products, complemented by specialized products developed by the Group's subsidiary companies. In the area of credit, mortgage loans, consumer loans, credit cards loans and leasing for small business constitute the major drives of volumes increase. On the side of customer funds, the main products are: current accounts, term deposits, mutual funds and structured products. Bancassurance products are also commercialised in this segment, especially together with loans and credit cards. Offer was recently enriched with selective mutual funds of other financial companies.

b) Corporate Segment

The corporate segment includes the commercial activity made with SME, big and large corporate companies, as well as with local governments and other public entities.

The commercial activity in the corporate segment is driven by a high quality base offer of typical banking products (working capital loans, investments loans, current accounts, term deposits) complemented by a modern set of cash management products, treasury product and more sophisticated derivative products. Cross selling of leasing and trade finance products is very active for Corporate Clients.

c) Investment and treasury activities

The segment of investment activities consists of the Group activities in investment banking and brokerage, capital investment for the bank own account, including as well interbank and debt securities market operations that are not allocated to other segments.

Tax charge for the period is presented only at total level.

Geographical segments

Group Bank Millennium operates exclusively on territory of the Republic of Poland and no significant differences in risk were identified as regarding the geographical location of its outlets. Therefore, the Group does not present financial statements with a breakdown into geographical areas.

Accounting polices

Accounting policies applied in segment reporting are in accordance with the International Accounting Standard 14.

For each segment there is determined gross result, including:

- Interest result calculated on the basis of external interest from working assets and liabilities of the segment and internal interest income or cost from allocated assets / liabilities, measured using internal transfer interest rates based on market interest rates.
- Net commissions income
- Other income from financial operations and FX transactions (mostly affecting Investment and Treasury operations) like dividend income, result on investment and trading activity, income from FX transactions, result from other financial instruments including derivatives.
- Other operating cost and income
- Provisions for impairment of financial and non financial assets
- Share of the segment in personnel and administrative costs
- Share of the segment in depreciation

The segment's assets and liabilities are operational assets and liabilities used by that segment in its operating activities, allocated to a particular business segment based on rational assumptions. Gap between assets and liabilities in each business segment is covered by money market assets/liabilities and securities. Assets /liabilities of Treasury and Investment banking include money market assets /liabilities, securities and other assets/liabilities not allocated to commercial segments. Allocation of capital is based on risk weighted assets of each segment.

Other unallocated incomes/costs in the first nine months of 2005 relate to:

- Income received from the realisation of the agreement connected with sale of 10% of PZU S.A. shares (PLN 48.6 mln)
- Impairment cost of non-financial assets (PLN 8.1 mln).

As at 30th September 2005, Bank Millennium is presenting assets for resale, according with IFRS 5, at value of PLN 60.0 mln (at 31st December 2005 of PLN 239.5 mln). Profit from sale of major item (land in Wilanów - PLN 170.6 mln) is presented as other income in Treasury and Investment Banking. Other buildings and land, that as result of the optimisation process will not be used in further banking activity are shown as assets in Retail Banking. Fixed assets for resale from terminated leasing contracts are part of Corporate Banking assets.

Income statement

1.01.06 - 30.09.06 PLN thousand	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
Net interest income	277 252	145 593	62 455	0	485 300
external interest income	284 266	254 131	397 778	0	936 175
external interest cost	-171 974	-110 406	-168 495	0	-450 875
External interest income less cost	112 292	143 724	229 284	0	485 300
internal income	265 063	160 931	-425 995	0	0
internal cost	-100 104	-159 062	259 166	0	0
Internal income less cost allocated	164 959	1 869	-166 828	0	0
Net commission income	164 201	61 955	25 421	0	251 576
(Dividends), Result from financial operations and Fx transactions	83 046	29 397	33 704	0	146 147
Other operating income and cost	-193	507	12 823	0	13 137
Operating Income	**524 305**	**237 452**	**134 404**	**0**	**896 160**
Staff costs	-178 052	-74 727	-31 372	0	-284 151
Other administrative costs and net other operating costs	-192 801	-56 820	-22 046	0	-271 667
Impairment cost of financial assets	-42 827	11 423	0	0	-31 404
Impairment cost of non financial assets			0	-352	-352
Depreciation	-35 582	-8 592	-934	0	-45 108
Operating costs	**-449 262**	**-128 716**	**-54 352**	**-352**	**-632 682**
Operating Profit	**75 043**	**108 735**	**80 051**	**-352**	**263 478**
Profit before taxes	**75 043**	**108 735**	**80 051**	**-352**	**263 478**
Income taxes					-51 564
Net profit					**211 914**

Balance sheet
30.09.06

PLN thousand

Assets	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total / consolidated
Segment assets	8 827 973	5 338 483	10 404 911	0	24 571 366
Assets allocated to segment	1 030 351	4 351 911	-5 382 262	0	0
Total	9 858 324	9 690 393	5 022 649	0	24 571 366
Liabilities					
Segment Liabilities	9 190 011	9 089 536	4 173 877	0	22 453 424
Liabilities allocated to segment	136 520	124 458	-260 978	0	0
Capital allocated to segment	531 793	476 399	1 109 750	0	2 117 942
Total	9 858 324	9 690 393	5 022 649	0	24 571 366

Income statement

01.01.05 - 30.09.05 PLN thousand	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total consolidated
Net interest income	236 042	116 473	1 359	0	353 874
external interest income	189 544	229 249	479 662	0	898 455
external interest cost	-264 477	-163 701	-116 403	0	-544 581
External interest income less cost	-74 933	65 548	363 259	0	353 875
internal income	369 907	214 185	-584 092	0	0
internal cost	-58 931	-163 259	222 191	0	0
Internal income less cost allocated	310 975	50 926	-361 901	0	0
Net commission income	110 391	62 451	23 546	0	196 388
Result from financial operations and Fx transactions	31 407	28 848	153 434	48 633	262 322
Other operating income and cost	0	0	2 156	0	2 156
Operating Income	**377 840**	**207 773**	**180 494**	**48 633**	**814 740**
Staff costs	-140 733	-72 375	-26 512	0	-239 620
Other administrative costs and net other operating costs	-165 487	-70 247	-21 087	0	-256 822
Impairment cost of financial assets	-28 177	15 936	0	0	-12 241
Impairment cost of non financial assets	0	0	0	-8 123	-8 123
Depreciation	-33 723	-21 462	-2 924	0	-58 109
Operating costs	**-368 121**	**-148 149**	**-50 523**	**-8 122**	**-574 915**
Operating Profit	**9 720**	**59 624**	**129 971**	**40 510**	**239 825**
Profit before taxes	**9 720**	**59 624**	**129 971**	**40 510**	**239 825**
Income taxes					-50 266
Net profit					**189 559**

Balance sheet
31.12.05

PLN thousand

Assets	Retail Banking	Corporate Banking	Treasury and Investment Banking	Other	Total / consolidated
Segment assets	5 087 203	5 230 574	11 833 362	0	22 151 139
Assets allocated to segment	4 054 536	3 555 452	-7 609 988	0	0
Total	9 141 739	8 786 026	4 223 374	0	22 151 139
Liabilities					
Segment Liabilities	8 699 992	8 218 868	2 841 457	0	19 760 316
Liabilities allocated to segment	116 000	152 591	-268 591	0	0
Capital allocated to segment	325 747	414 567	1 650 508	0	2 390 823
Total	9 141 739	8 786 026	4 223 374	0	22 151 139

VI. DIVIDEND FOR 2005

Pursuant to Resolution no 4 of the Bank's Ordinary General Shareholder Meeting dated 6 April 2006 concerning profit distribution for 2005 the General Shareholder Meeting decided to allocate the amount of PLN 458 558 141.76 from 2005 net profit for a dividend. The amount of the Bank's share capital being PLN 849 181 744 divided into 849 181 744 shares results in a dividend payment of PLN 0.54 per share. The dividend was paid out on July 19, 2006, whereas the right to dividend served the persons who were shareholders on July 5, 2006.

VII. EARNINGS PER SHARE

Earning per share (and diluted EPS), for the three quarters of 2006 (not annualised), calculated on the basis of the consolidated profit totals 0.25 PLN.

VIII. STRUCTURE OF THE BANK'S CAPITAL GROUP

In the period from 1 January till 30 June 2006 there were no changes in the Group's structure (diagramme of the Group's structure was presented in the consolidated extended financial statement for the first half of 2006 published on 29 September 2006).

- On August 1 a transaction (agreement) was entered into with a natural person regarding the sale of 100% shares in the company MP Plaza Sp. z o.o. by the sole partner of the company – Millennium Leasing Sp. z o.o. – a subsidiary of the Bank. The object of the sale were 100 shares with nominal value of PLN 500 each in MP Plaza Limited Liability Company with its seat in Warsaw i.e. a total of PLN 50 000 These shares constituted 100% of the company's initial capital and permited exercising 100 votes, which constituted 100% of all votes at the Partner's Meeting. The selling price was PLN 41 000; the balance sheet value recorded in the books of Millennium Leasing Spółka z o.o was PLN 40 000. The transaction does not have an impact on the consolidated result of the Bank.

  Initially made investment regarding the purchase of shares of MP Plaza Sp. z o.o. was a long-term one.

  The agreement regarding sale of shares was not an agreement with a related entity.

- The Bank carried out the transaction of purchase of the company MP Leasing Spółka z o.o. ("Company") with its seat in Warsaw, Al. Jerozolimskie 123 A. The transaction concerns acquisition of 100% shares in the Company, which arose in result of the split of Millennium Leasing Spółka z o.o. with its seat in Warsaw ("Millennium Leasing") on the basis of art. 529 § 1 item 4 of the Code of Commercial Companies ("KSH") – by separating out from the assets of Millennium Leasing an organised part of the enterprise including a commercial real estate.

The Extraordinary Shareholders Meeting of Millennium Leasing on 4 August 2006 passed a resolution on splitting Millennium Leasing pursuant to the procedure in art. 529 § 1 item 4 KSH. With the decision of 31 August, 2006 the Local Court for the Capital City of Warsaw, XII Business Department of the National Court Register entered under the number KRS 0000263201 in the Register a new company under the name MP Leasing Spółka z ograniczoną odpowiedzialnością (Limited Liability Company) with its seat in Warsaw. The Company's initial capital amounts to PLN 150 000 and is divided into 1,500 equal and indivisible shares of PLN 100 each.

The Bank acquired 100% shares in the Company at face value. The Bank owns 100% shares both in Millennium Leasing (the company being split) as well as in the Company created in result of the split. The acquisition of above assets was done with the Bank's own funds.

Additionally in May and July 2006 the changes of the names of the subsidiaries of the Bank were registered (in sequence):

- the company name BEL Leasing Sp. z o.o. was changed into Millennium Leasing Sp. z o.o.,
- the company name Forin Sp. z o.o. was changed into Millennium Lease Sp. z o.o.

The above trends resulted from the efforts to introduce a coherent architecture of the Bank's brands and subsidiaries.

IX. IMPORTANT EVENTS BETWEEN THE DATE OF PREPARATION OF THE REPORT AND THE DATE OF ITS PUBLICATION

Such events did not occur.

X. SHAREHOLDERS WITH AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GSM OF THE GROUP'S PARENT - BANK MILLENNIUM S.A.

Data as of submission of the quarterly report prepared as of June 30, 2006

Shareholder	**Number of shares**	***% share in the shareholding capital***	***Number of votes***	***% share in the vote at the GSM***
Banco Comercial Portugues S.A.	424 624 072	50.00	424 624 072	50.00
Carothers Trading Limited	84 833 256	9.99	84 833 256	9.99
Priory Investments Group Corp.	84 833 256	9.99	84 833 256	9.99
M+P Holding S.A.	84 833 256	9.99	84 833 256	9.99

Data as of submission of the current quarterly report prepared as of September 30, 2006

Shareholder	**Number of shares**	***% share in the shareholding capital***	***Number of votes***	***% share in the vote at the GSM***
Banco Comercial Portugues S.A.	424 624 072	50.00	424 624 072	50.00
Carothers Trading Limited	84 833 256	9.99	84 833 256	9.99
Priory Investments Group Corp.	84 833 256	9.99	84 833 256	9,.99
M+P Holding S.A.	84 833 256	9.99	84 833 256	9.99

Data on numbers of shares, percentage of shareholders' equity, number of votes and their percentage share in the total number of votes at a GSM were prepared on the basis of information contained in notifications sent to the Bank by the shareholders, under art. 69 of the Act on the Public Offer and Conditions of Introducing Financial Instruments to an Organised Trading and on Public Companies.

XI. TABLE OF SHARES OF BANK MILLENNIUM S.A. HELD BY MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS (INCUMBENT AS OF SEPTEMBER 30, 2006)

Name and surname	**Function**	**Number of shares as of the day of submission of the quarterly report prepared as of June 30 2006**	**Number of shares as of the day of submission of this quarterly report prepared as of September 30 2006**
Bogusław Kott	Chairman of the Management Board	3 023 174	3 023 174
Luis Pereira Coutinho	Deputy Chairman of the Management Board	0	0
Fernando Bicho	Member of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	490 000	490 000
Wojciech Haase	Member of the Management Board	5 246	5 246
Wiesław Kalinowski	Member of the Management Board	0	0
Zbigniew Kudaś	Member of the Management Board	0	0
Joao Bras Jorge	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	94	94
Ryszard Pospieszyński	Deputy Chairman of the Supervisory Board	26 200	26 200
Christopher de Beck	Member of the Supervisory Board	95 000	95 000
Dimitrios Contominas	Member of the Supervisory Board	0	0
Pedro Teixeira Duarte	Member of the Supervisory Board	0	0
Marek Furtek	Member of the Supervisory Board	1	1
Jorge Manuel Jardim Goncalves	Member of the Supervisory Board	10 000	10 000

Andrzej Koźmiński	Member of the Supervisory Board	0	0
Francisco de Lacerda	Member of the Supervisory Board	0	0
Vasco de Mello	Member of the Supervisory Board	0	0
Paulo Teixeira Pinto	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
Zbigniew Sobolewski	Member of the Supervisory Board	0	0

XII. PENDING COURT CASES

The largest pending court cases involving Bank Millennium S.A. are as follows:

- Case instituted by the Bank with the suit dated 22.07.1998 against the State Treasury for PLN 65 613 512.20 under the responsibility of the State Treasury in connection with purchase, by former Bank Gdański S.A., of the receivables from health service providers, which contrary to the assurances proved disputable;

- Case instituted by Grzegorz Jedamski against the Bank, in connection with the suit filed to the District Court in Warsaw for awarding in his favour an amount of PLN 299 833 300 as indemnity for the illegally taken-over BIG BANK Spółka Akcyjna (former ŁBR S.A.). Proceedings suspended.

XIII. INFORMATION ON LOAN SURETIES OR GUARANTEES GRANTED BY THE BANK

In the 3rd Q 2006 the Bank did not grant to any entity a loan or cash advance surety, guarantee as a result of which the total value of the Bank's exposure towards the Client would exceed 10% of the Bank's equity.

XIV. INFORMATION ON INCOME TAX

- The due income tax

The due income tax, debiting the gross financial result, was established pursuant to the provisions of the Act on corporate income tax, dated February 15 1992. In the light of the legal regulations in force the Group does not constitute a tax group and consequently the amount debited to the consolidated gross result under both the due and deferred taxes is the total of proper fiscal values of the companies included in the consolidation.

At the end of 3 Q 2006 the Bank posted a tax income in the amount of PLN 258 769 thousand. However, the current income tax did not occur as the income was offset by deduction of the part of the tax loss posted in 2003.

The key drivers of the income were the following:

- ü Realised FX gains and losses under co-payments to capital on the concluded CIRS transactions;
- ü Realised cash income on debt securities and transactions with a buy-back clause (SBB);
- ü Bonuses received on option contracts;
- ü Valuation of financial assets.

The amount debited under the income tax of PLN 6 million captured in the consolidated income statement was mostly composed of the tax burden of the subsidiaries: Millennium Dom Maklerski S.A. and Millennium TFI S.A.

q Deferred income tax

On the grounds of the Accounting Act business entities are obliged to establish provision for deferred tax, as a result of the differences in recognition of the income as obtained and cost as incurred, following the Act on corporate income tax. Therefore, companies-members of the Group establish provision for income tax every month assuming as the basis for provisioning all the timing differences, which will certainly become tax cost or income in the following reporting periods. The application of this approach allows consistent debiting of the gross financial result and guarantees that the costs and income of the current financial year will not impact the financial result of the following years. The deferred part captured in the income statement constitutes the difference between the change in the deferred tax provision and asset. In the consolidated balance sheet the deferred tax provision and assets are offset pursuant to IAS 12.

The deferred income tax recognised in the Group's income statement for the three quarters of 2006 totalled PLN 45 478 thousand.

XV. INFORMATION ON ISSUE/REPURCHASE/REPAYMENT OF DEBT SECURITIES AND EQUITIES

In the period under review the change in the Group's liabilities from issue of debt securities was as follows (data in PLN thousands):

MOVEMENTS IN LIABILITIES FROM ISSUE OF DEBT SECURITIES

	01.01.2006-30.09.2006
Balance at the beginning of the period	**69 436**
a) increases (of which)	467

- accrued interest	467
b) decreases (of which)	37 020
- reduction of the balance of issued securities by a subsidiary	36 849
- repayment of interest	171
Balance at the end of the period	**32 883**

The decrease in the liabilities due to securities issued by Group's subsidiary (represented by the balance) concerns zero-coupon debt securities that constitute short-term form of financing (these securities were issued with maturity below two months).

XVI. DESCRIPTION OF TRANSACTIONS WITH RELATED ENTITIES

Any transactions made between the Group's entities in the three quarters of 2006 were concluded on market terms and resulted from current operations. Below please find the amounts of group-internal transactions eliminated in the process of consolidation.

MAJOR ELIMINATIONS OF INTRA-GROUP TRANSACTIONS AND CONSOLIDATION ADJUSTMENTS (PLN thousand)

	30.09.2006
ASSETS	
Accounts and deposits kept in the Bank	384 685
Loans, advances, purchased receivables between entities subject to consolidation	1 422 817
Receivables from securities bought with a sell-back clause	0
Debt securities subject to transactions with repurchase agreement	49 094
Shares in subsidiaries subject to consolidation	100 092
Other assets	67 441
Prepayments	544 690
LIABILITIES	
Liabilities from accepted deposits, loans, advances, sold receivables between entities subject to consolidation	1 855 293
Liabilities from securities sold with a buy-back clause	49 094
Subordinated debt	0
Special funds and other liabilities	512 748
Accruals	10 783

INCOME STATEMENT

	1.01.2006 - 30.09.2006
Income from:	
Interest on accounts, deposits and receivables from loans, advances, purchased receivables	56 358
Bank and brokerage commissions	26 347
Group internal dividends	510 156
Other operating income	1 436
Expense on:	
Interest on accounts, deposits and receivables on loans, advances, sold receivables	61 888
Bank and brokerage commissions	28 188
Operations of entities subject to consolidation	10 000