Report of the Bank Millennium S.A. Capital Group

for 3 quarter 2013

MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	Period from 1.01.2013 - 30.09.2013	Period from 1.01.2012 - 30.09.2012*	Period from 1.01.2013 - 30.09.2013	Period from 1.01.2012 - 30.09.2012*
Interest income	2 027 119	2 319 176	480 007	552 869
Fee and commission income	522 326	493 352	123 683	117 610
Operating income	1 527 405	1 482 712	361 679	353 464
Operating profit	496 445	430 193	117 555	102 554
Profit (loss) before taxes	494 704	433 991	117 142	103 459
Profit (loss) after taxes	392 762	346 316	93 003	82 558
Total comprehensive income of the period	373 104	88 463	88 348	21 089
Net cash flows from operating activities	3 256 047	2 790 937	771 009	665 333
Net cash flows from investing activities	(2 301 930)	(1 072 730)	(545 081)	(255 729)
Net cash flows from financing activities	(218 553)	2 821	(51 752)	672
Net cash flows, total	735 564	1 721 028	174 176	410 277
Total Assets	58 101 526	52 742 499	13 780 216	12 901 154
Deposits from banks	2 528 519	2 491 745	599 701	609 497
Deposits from customers	45 228 053	41 434 077	10 726 953	10 135 042
Equity	5 197 274	4 824 170	1 232 662	1 180 023
Share capital	1 213 117	1 213 117	287 721	296 736
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)	4.28	3.98	1.02	0.97
Diluted book value per share (in PLN/EUR)	4.28	3.98	1.02	0.97
Capital adequacy ratio	14.85%	14.45%	14.85%	14.45%
Earnings (losses) per ordinary share (in PLN/EUR)	0.32	0.29	0.08	0.07
Diluted earnings (losses) per ordinary share (in PLN/EUR)	0.32	0.29	0.08	0.07
Pledged or paid dividend per share (in PLN/EUR)	-	-	-	-

* - Comparative balance sheet data was presented, in compliance with IFRS requirements, as at 31.12.2012. Other comparative data is presented for the period from 1.01.2012 to 30.09.2012.

Exchange rates accepted to convert selected financial data into EURO

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

- for balance sheet items: 4.2163 PLN/EURO – the exchange rate of 30 September 2013 (for comparative data as at 31 December 2012: 4.0882 PLN/EURO),
- for profit and loss account items for the period from 1 January – 30 September 2013: 4.2231 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 September 2012: 4.1948 PLN/EURO).

INFORMATION ABOUT THE ACTIVITY OF BANK MILLENNIUM CAPITAL GROUP DURING 3RD QUARTER OF 2013

Bank Millennium Group (the “Group”) consolidated net profit amounted to PLN 392.8 million during the nine months of 2013, which is a 13.4% increase when compared to corresponding period of 2012. In the 3rd quarter, consolidated net profit reached PLN 138.5 million and continued positive trend growing by 3.2% quarterly.

The improvement of results was achieved in a challenging macro environment. During 9 months of 2013 Poland experienced a deceleration of GDP growth and steep decline of interest rates to the lowest ever level. Despite that, Bank Millennium managed to grow net interest income and achieved a solid, 3.2% yearly growth of operating income. This, accompanied by operating cost reduction and stable risk provisions, allowed to improve bottom line, as targeted in the beginning of the current year.

One year ago, on October 29th 2012, Bank Millennium announced its updated strategy together with medium-term targets. Although there are still more than two years before target horizon, the Group is well advanced in realization of some of them. For example, cost-to-income ratio improved during one year from 58% to 55% and is on a proper path to the 50% target. Also in terms of strategic asset mix change, Bank already showed a visible progress: share of loans to companies grew from 25% to 27% and share of non-mortgage retail loans increased from 7% to 9%, whereas share of mortgages dropped from 67% to 63%.

At the same time, Bank Millennium Group maintains solid liquidity and capital base with Loan-to-deposit ratio at 91.4% and Core Tier 1 at 13.4% at the end of September 2013.

Finally, Bank Millennium announced year ago to “maintain competitive advantage of exceptional convenience and quality”. A significant external recognition for this is the fact, that Bank was distinguished with the most “Friendly Bank for retail Customers” in 2013 in a ranking prepared annually by the *Newsweek* magazine. This award shows success but also determination in the quality and friendliness area, as the Bank advanced from the 3rd place two years ago and the 2nd in the last years’ competition.

On October 24th 2013 the Supervisory Board of the Bank appointed Mr.Joao Bras Jorge for the function of the Chairman of the Management Board of Bank Millennium. This decision ends the process initiated during 2012 Annual General Meeting, when a future move of Mr Bogusław Kott from the Management Board to the Supervisory Board of the Bank was approved. On the same day Mr Kott was appointed as Chairman of the Supervisory Board of the Bank.

Macroeconomic situation

Data released recently confirms that the Polish economy reached the bottom of the economic cycle in the first half of the year and a gradual acceleration of growth is taking place. Gross domestic product in the second quarter 2013 (the latest available data) was by 0.8% higher than in the corresponding period of last year after growing by 0.5% y/y in the first quarter 2013. Net exports has been the only engine of the economic growth for five quarters now. In the second quarter it added 2.5 percentage points to the year-on-year economic growth as exports kept growing, while imports declined in annual terms. The data released by the NBP confirmed that in the second quarter Poland recorded a current account surplus, for the first time in history. The decline of domestic demand accelerated to 1.7% y/y from 0.9 in the first quarter as investment outlays fell by 3.2% after falling by 2.1% y/y in the first quarter. Weak investment is especially visible in the construction sector, after the termination of big infrastructural projects. At the same private consumption time grew at the sluggish rate of 0.2%. Monthly data for Q3 suggest light improvement of the economic sentiment. Better readings of industrial production and retail sales support expectations for the improvement of economic growth. This scenario is supported by leading indicators. Despite growth acceleration Polish economy will still be developing at the pace below its potential.

Labour market conditions improved in the third quarter, but the bulk of that improvement was caused by seasonal factors. Registered unemployment rate declined from 13.2% in June to 13.0% in September and was by 0.6 percentage points higher than in the corresponding period of the previous year. Polish companies were slightly less reluctant to increase employment, especially in the manufacturing sector. According to the PMI survey, sustained growth in new orders and output led to a faster increase in manufacturing employment in September - the rate of job creation accelerated to the fastest since May 2007. Enterprise sector employment has been increasing for five months now, and in September was only by 0.3% lower than in September 2012, as compared with a 0.8% y/y decline in June. Wage dynamics in the third quarter remained at low level, but low inflation supported purchasing power of the labour income.

CPI inflation increased from the June historical low at 0.2% y/y to 1.1% y/y in July and declined to 1.0% in September. The increase in inflation was driven by regulatory factors (i.e. higher waste disposal fees), which also pushed up core inflation, as well as higher growth in the prices of vegetables and fuels. Demand and cost pressures in the economy remain low and inflation is still well below the lower band of the NBP target (2.50% +/- 1%). It is likely to remain below 1.50% till the end of the year.

In the third quarter, monetary policy remained accommodative with the reference rate at the record low of 2.50%. After a meeting in July, Monetary Policy Council gave a strong message regarding future monetary policy stating that the significant reduction of NBP interest rates by 225 basis points supports economic recovery and limits the risk of inflation running below the NBP target in the medium term. Since September the post-meeting statement contains a kind of forward guidance. In the Council's assessment interest rates should be kept unchanged at least until the end of 2013, which will support return of inflation to the target in the medium term.

In the third quarter households deposits increased only slightly, reflecting low interest rates, low disposable income dynamics and growing propensity to consume. Growth of deposits was also mitigated by the popularity of mutual funds as households facing diminishing interest on deposits are looking for more attractive forms of investment. Households deposits in September were by PLN 1.1 billion higher than in June 2013 and by PLN 36.3 billion higher as compared with the corresponding month of the previous year. Their annual dynamics decelerated to 7.2% from 8.4% in June. The annual dynamics of corporate deposits slightly accelerated to 5.5% in September from 4.6% in June, while their nominal value increased by PLN 3 billion (1.0%) during the quarter. Annual dynamics of total credit amounted to 3.7% in September as compared with 3.3% in June. Credit to households increased by 4.3% while loans to corporate sector grew by 2.8% y/y. At the same time a stabilization of portfolio quality was observed both in households and corporate sector.

Group profit and loss account in 1-3 quarters 2013

Operating Income *(PLN million)*	1-3Q 2013	1-3Q 2012	Change y/y	3Q 2013	2Q 2013	Change q/q
Net Interest Income *	925.1	919.7	0.6%	323.1	313.1	3.2%
Net Commissions Income	441.4	413.3	6.8%	141.9	157.6	-9.9%
CORE INCOME**	1 366.5	1 333.0	2.5%	465.0	470.7	-1.2%
Other Non-Interest Income ***	116.6	103.4	12.8%	30.2	39.4	-23.3%
Total Operating Income	1 483.1	1 436.5	3.2%	495.2	510.1	-2.9%

(*) Pro-forma data: Net Interest Income includes margin from all derivatives. From 1st January 2006 the Bank started to apply hedge accounting principles. Starting from that date the margin from these operations is reflected in Net Interest Income since afore-mentioned change. However, as this hedge accounting does not cover all the portfolio denominated in foreign currency, the Bank provides pro-forma data, which presents all margin from derivatives in Net Interest Income caption, whereas in accounting terms part of this margin (PLN 49.6 million in 1-3Q 2013 and PLN 40.7 million in 1-3Q 2012) 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.

(***) Includes FX results, Results on Financial Operations and net other operating income and costs.

Net Interest Income (pro-forma) reached PLN 925.1 million in 1-3 quarters 2013, which means a growth by 0.6% versus 3 quarters of 2012. This was an important achievement having in mind very steep reduction (by 225 bps) of market interest rates in Poland, which started in 4Q 2012. In quarterly terms, net interest income and margin were continuing their rebound since the bottom reached in 1Q 2013. After quarterly growth of 6.1% during 2Q 2013, net interests added another 3.2% growth to the previous quarter. Net interest margin, including deposit margin, also grew for the second consecutive quarter and reached 2.26% level during 3Q 2013.

Net Commissions Income in 1-3 quarters 2013 reached PLN 441.4 million, which means a visible 6.8% growth yearly. Fees and commissions from sale of investment products and insurances were the main growth drivers. Quarterly drop of net commission by 9.9% was due to exceptionally high insurance income realized in 2Q 2013.

Core income, defined as a combination of net interest and commission income, grew by 2.5% in 1-3 quarters 2013 versus previous year and reached the amount of PLN 1,366.5 million.

Other non-interest income grew by 12.8% yearly but reduced by 23.3% versus previous quarter, in which extra gains from bond portfolio were achieved.

Total operating income of the Group reached PLN 1,483.1 million in 1-3 quarters 2013 and increased by 3.2% yearly.

Operating Costs *(PLN million)*	1-3Q 2013	1-3Q 2012	Change y/y	3Q 2013	2Q 2013	Change q/q
Personnel Costs	(411.3)	(421.2)	-2.3%	(134.0)	(138.1)	-3.0%
Other Administrative Costs*	(404.4)	(414.2)	-2.3%	(128.7)	(142.2)	-9.5%
Total Operating Costs	(815.8)	(835.4)	-2.3%	(262.7)	(280.3)	-6.3%
Cost/Income Ratio	55.0%	58.2%	-3.2 p.p.	53.0%	54.9%	-1.9 p.p.

(*) including depreciation

Total costs in 1-3 quarters 2013 amounted to PLN 815.8 million, which means a decrease by 2.3% compared to the corresponding period of 2012. Costs fell with the same rate in both main items: personnel and other administrative costs (including depreciation). In quarterly terms, costs reduced by 6.3%, mainly in non-personnel group (-9.5% q/q).

Personnel costs decreased by 2.3% yearly and 3% quarterly. Total number of employees in the Group decreased by 2.8% compared to the end of September 2012 to the level of 5,890 persons (in Full Time Equivalents).

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

Employment structure (in FTEs)	30.09.2013	30.06.2013	30.09.2012	Change y/y
Bank Millennium S.A.	5 552	5 516	5 682	-2.3%
Subsidiaries	338	358	377	-10.3%
Total Bank Millennium Group	5 890	5 874	6 059	-2.8%

Other administrative costs (including depreciation) in 1-3 quarters 2013 fell by 2.3% yearly. The quarterly decrease of this cost group was significant (-9.5% q/q) and resulted from lower marketing costs and depreciation.

Cost-to-Income ratio improved again, both yearly (from 58.2% to 55% ytd) and quarterly (from 54.9% to 53% in 3Q'13).

Total net impairment provisions created by the Group in three quarters 2013 amounted to PLN 170.9 million and were exactly on the same level as provisions created during first three quarters of 2012 year. The structure of provisions changed during the year as in 2013 are more on retail exposures and less on companies, when comparing to 2012. In 3Q'13 alone, provisions on consolidated level reached PLN 56.6 million, which is 8% lower than in 2Q'13. In relative terms (i.e. compared to the average net loans) total provisions created in 1-3 quarters 2013 stood at 55 bps level i.e. similar to the previous year level (56 bps).

Pre-tax Income for 1-3 quarters 2013 amounted to PLN 494.7 million, which is 14% higher than gross income for 1-3 quarters 2012. **Net Income** for the analysed period amounted to PLN 392.8 million i.e. by 13.4% higher compared to the net income for three quarters 2012. The growth was supported by operating income increase by 3.2% y/y and cost reduction by 2.3% y/y.

Pre-tax Income and Net Income *(PLN million)*	1-3Q 2013	1-3Q 2012	Change y/y	3Q 2013	2Q 2013	Change q/q
Operating Income	1 483.1	1 436.5	3.2%	495.2	510.1	-2.9%
Operating Costs *	(815.8)	(835.4)	-2.3%	(262.7)	(280.3)	-6.3%
Impairment provisions	(170.9)	(170.9)	0.0%	(56.6)	(61.5)	-8.0%
Pre-tax Income	494.7	434.0	14.0%	175.9	168.1	4.6%
Income tax	(101.9)	(87.7)	-	(37.4)	(33.9)	-
Net Income	392.8	346.3	13.4%	138.5	134.2	3.2%

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

Business results after 3Q 2013

Total assets of the Group reached PLN 58,102 million as at 30 September 2013, which means an increase by 10.9% compared to the end of September 2012.

Total **customer funds** of Bank Millennium Group reached PLN 51,591 million and keep solid growth rates: 11.5% yearly and 2.2% quarterly. The growth of deposits, together with retail bonds, reached 9.2% yearly and 2.3% quarterly. Especially positive was the fact, that this solid growth of deposits during 3Q (especially in retail part of deposits, which grew by 3.2% q/q) was combined with improvement of interest margin.

Off-balance sheet investment products also grew strongly by 32% yearly and exceeded at the end of September PLN 6 billion. Millennium TFI mutual funds make the most important part and reached in September PLN 3,410 million after growing by 21% yearly.

Important for margin management is also the structure of retail deposit base, in which share of saving and current accounts exceeded 50% after strong, 84% growth during last year.

The structure and evolution of Group's customer funds is presented in the table below:

Customer Funds *(PLN million)*	30.09.2013	30.06.2013	30.09.2012	Change y/y	Change q/q
Deposits of individuals *	26 802.4	25 973.1	25 097.0	6.8%	3.2%
Deposits of Companies and public sector	18 787.2	18 587.5	16 636.2	12.9%	1.1%
Total Deposits	45 589.6	44 560.5	41 733.2	9.2%	2.3%
Investment products **	6 001.5	5 906.0	4 546.3	32.0%	1.6%
Total Customer Funds	**51 591.1**	**50 466.5**	**46 279.5**	**11.5%**	**2.2%**

(*) including retail bonds issued by the Bank and the retail saving-insurance products (PLN 664.2 million as at 30 September 2013) presented in Balance Sheet as deposits of an insurance company (corporate deposits)

(**) Millennium TFI mutual funds and other investment products of third parties sold to Group's clients

Total **loans** of Bank Millennium Group reached PLN 41,921 million (in net terms) as at the end of September 2013, which means an increase by 3.4% versus corresponding date of last year. In quarterly terms, mortgage portfolio contracted, partially due to FX effect, but other loans, including consumer and companies, grew strong enough to keep entire portfolio on stable level (drop of 0.2% q/q).

Non-mortgage consumer loans grew by 23.8% yearly, driven mainly by strong growth of cash loans (29% y/y and 6% q/q in gross terms). Sale of cash loans reached another record level of PLN 475 million quarterly. Mortgage loans sale in 3Q'13 rebounded versus weak previous two quarters and reached PLN 348 million. Within the mortgage portfolio, PLN loans grew by 9.8% yearly whereas FX loans dropped by 4.2% y/y so their share in total portfolio again reduced to 43%.

Loans to companies (including leasing) amounted to PLN 11,157 million as at 30 September 2013, which means a solid 7.4% increase yearly. Leasing exposure remained almost flat (+0.4% y/y) but other loans to companies grew better, by 10.6% yearly. Factoring quarterly turnover in 3Q reached a record level of PLN 2,603 million and leasing new sales in 3Q (PLN 504 million) was similar to previous quarter and 39% better than in 3Q 2012. Thus, Bank Millennium Group kept its strong market share in sales (YTD) both in leasing (7.8%) and in factoring (8.1%).

The structure and evolution of loans and advances to Clients is presented in the table below:

Loans and advances to Clients *(PLN million, net values)*	30.09.2013	30.06.2013	30.09.2012	Change y/y	Change q/q
Loans to households	30 763.8	30 948.7	30 156.3	2.0%	-0.6%
- mortgage loans	27 186.3	27 594.4	27 267.0	-0.3%	-1.5%
- other loans to households	3 577.6	3 354.3	2 889.3	23.8%	6.7%
Loans to companies	11 157.1	11 065.5	10 391.4	7.4%	0.8%
- leasing	3 299.4	3 279.7	3 284.8	0.4%	0.6%
- other loans to businesses	7 857.7	7 785.8	7 106.5	10.6%	0.9%
Total Loans & Advances to Clients	41 920.9	42 014.2	40 547.7	3.4%	-0.2%

Liquidity, asset quality and solvency

Continued solid growth of deposits during 3Q 2013 (by 2.3% q/q and 9.2% y/y) accompanied by quarterly reduction of loan portfolio (by 0.2% q/q, due to FX effect of stronger PLN versus CHF) brought a further improvement of liquidity of the Bank. Loan-to-deposit ratio dropped during the quarter to 91.4% level. After 3 quarter 2013 the Group maintains very good asset quality of its loan portfolio. Share of impaired loans in the consolidated portfolio dropped again to 4.5% and share of past-due more than 90 days loans is relatively stable at 2.8%. The improvement was registered in two portfolios: for non-mortgage retail loans the impaired loans ratio decreased to 13.9% (and past-due ratio to 10.1%) and for loans to companies these ratios dropped to 8.3% and 4.9% as at the end of September 2013. The quality of mortgage portfolio remains good, with impaired loans ratio at 1.31% and past due over 90 days at 0.67%.

The coverage ratio, defined as the share of total provisions in total impaired loans, improved to 67% and coverage of loans past-due over 90 days stays at high 107% level.

The evolution of main indicators of the Group’s loan portfolio quality is presented below:

Total portfolio quality indicators	30.09.2013	30.06.2013	30.09.2012
Total impaired loans (PLN million)	1 936	1 974	2 140
Loans past-due over 90 days (PLN million)	1 202	1 189	1 282
Total provisions (PLN million)	1 290	1 272	1 299
Impaired over total loans ratio (%)	4.48%	4.56%	5.11%
Past-due >90d over total loans ratio (%)	2.78%	2.75%	3.06%
Total provisions/impaired loans (%)	66.6%	64.5%	60.7%
Total provisions/Past-due 90 d loans (%)	107.3%	107.0%	101.3%

Capital position of the Group remains very solid. Consolidated equity increased by 7.4% yearly to the level of PLN 5,197 million. Total Capital Adequacy Ratio reached 14.9% and Core Tier 1 ratio 13.4% as at the end of September 2013.

Main solvency* and liquidity indicators	30.09.2013	30.06.2013	30.09.2012
Consolidated equity (PLN million)	5 197.3	5 000.1	4 674.7
Regulatory capital (PLN million)	5 459.6	5 481.0	5 200.3
Capital requirement (PLN million):	2 940.4	2 966.1	3 209.1
- Credit risk	2 667.1	2 684.9	2 953.2
- Market risk	24.5	32.3	29.5
- Operating risk	248.9	248.9	226.5
Risk Weighted Assets (PLN million)	36 755.3	37 075.8	40 113.9
Capital Adequacy Ratio (%, consolidated)	14.9%	14.8%	13.0%
Core Tier 1 ratio (%, consolidated)	13.4%	13.3%	11.4%
Loans to Deposits ratio (%)**	91.4%	93.3%	96.0%

(*) under constrained IRB approach, after approval received at the end of 2012. This constraint will be applied until the fulfilment of the conditions defined by BdP and KNF are confirmed by both regulators, but will not cease before 30 June 2014.

(**) Includes liabilities (bonds) from leasing securitisation, bonds for retail clients and sell-buy-back/ buy-sell-back transactions with customers

Share price main indicators and ratings

The progress in the results of the Bank, that was visible after 1st half of 2013, was followed by very good performance of share price on the Warsaw Stock Exchange. During the nine months of 2013 Bank Millennium shares grew significantly by 61% and in the yearly horizon even by 84%, which was the highest growth rate among top 10 Polish listed banks. At the same time main indices on the Warsaw market recorded increases from 15.0% to 39.2%.

The evolution of Bank Millennium share price versus main WSE indices is presented in the table below:

	30.09.2013	28.12.2012	Change (%) y-t-d	28.09.2012	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)	4 143	-	-	3 100	33.6%
Price of the Bank shares (PLN)	7.15	4.42	61.8%	3.88	84.3%
Market cap. (PLN million)	8 674	5 362	61.8%	4 707	84.3%
WIG - main index	50 302	47 461	6.0%	43 740	15.0%
WIG Banks	7 693	6 649	15.7%	6 280	22.5%
mWIG 40	3 276	2 553	28.3%	2 353	39.2%

As shown in the above table, not only share price but also average turnover of Bank Millennium shares grew during last year from PLN 3.1 million in 1-3Q 2012 to PLN 4.1 million in 3-1Q 2013 which is a 33.6% growth yearly.

During the nine months of 2013 there were no changes of the two basic ratings assigned to Bank Millennium.

Rating	FITCH	MOODY'S
Long-term deposit rating/IDR	BBB- (stable outlook)	Ba2 (negative outlook)
National Long-term IDR	A-(pol) (stable outlook)	-
Short-term deposit rating	F-3	NP
Viability rating / financial strength	bbb- (no outlook)	E+ (stable outlook)
Support	3	

Main external factors that could influence activity of Bank Millennium Group in the fourth quarter of 2013 include:

- The Bank will operate in the environment of record low, but stable, interest rates. It means low cost of financing on the domestic market but also low interest margins of the banking sector.
- Gradual rebound in private consumption and record low interest rates might support recovery in consumer lending.
- Improving financial results of Polish companies, their high liquidity and still low investments activity might reduce demand for corporate lending.
- The fast growth of consumer lending in the Banking sector together with high levels of unemployment and moderate growth of salaries might put some pressure on the quality of the consumer loans portfolio in the future.
- Possible Fed tapering might lead to some outflow of foreign capital from emerging markets. This could lead to increased FX and fixed income markets volatility (and somewhat decrease in Polish assets value), that could translate into the loans-to-deposits ratio and into the valuation of the portfolio of debt securities.
- Possible introduction of a new fee on banking sector stabilization fund in Poland would increase costs and reduce net profit of the Bank.

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I. CONDENSED INTERIM FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

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I. GENERAL INFORMATION ON THE ISSUER

Bank Millennium S.A. (the Bank) is a nationwide universal bank, offering its services to all market segments via a network of branches, corporate centers, individual advisors and electronic banking.

The Bank, entered under the number KRS 0000010186 in the National Court Register kept by the Local Court for the Capital City of Warsaw, 13th Business Department of the National Court Register, is seated in Warsaw, ul. Stanisława Żaryna 2A.

The Bank is listed on the Warsaw Stock Exchange since 1992, first Bank ever to float its shares on the WSE.

The Bank is parent company of a Capital Group (the Group) with almost 5,900 employees with core business comprising banking, leasing, factoring, brokerage, capital operations, and investment fund management.

Supervisory Board and Management Board of Bank Millennium S.A. as at 30 September 2013

Composition of the Supervisory Board as at 30 September 2013 was as follows:
- Maciej Bednarkiewicz – Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado – Deputy Chairman of the Supervisory Board,
- Marek Furtek –Secretary of the Supervisory Board,
- Miguel de Campos Pereira de Bragança – Member of the Supervisory Board,
- Luís Maria França de Castro Pereira Coutinho – Member of the Supervisory Board,
- Grzegorz Jedrys – Member of the Supervisory Board,
- Andrzej Koźmiński – Member of the Supervisory Board,
- Maria da Conceição Mota Soares de Oliveira Callé Lucas – Member of the Supervisory Board,
- Marek Rocki – Member of the Supervisory Board,
- Dariusz Rosati – Member of the Supervisory Board,
- Rui Manuel da Silva Teixeira – Member of the Supervisory Board.

General Meeting held on 11 April 2013 appointed Mr. Grzegorz Jędrys as a member of the Supervisory Board.

Composition of the Management Board as at 30 September 2013 was as follows:

- Bogusław Kott – Chairman of the Management Board,
- Joao Nuno Lima Bras Jorge – First Deputy Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho – Deputy Chairman of the Management Board,
- Artur Klimczak – Deputy Chairman of the Management Board,
- Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
- Wojciech Haase – Member of the Management Board,
- Andrzej Gliński – Member of the Management Board,
- Maria Jose Henriques Barreto De Matos De Campos – Member of the Management Board.

On 24 October 2013 Mr. Bogusław Kott – Chairman of the Management Board resigned from the post of the Chairman of the Management Board, with the effective date of 24 October 2013.

On the meeting on October 24, 2013 the Supervisory Board nominated Mr. Joao Nuno Lima Bras Jorge to the post of the Chairman of the Management Board of the Bank and established, that the Management Board of the Bank of the current term of office shall be composed of 7 persons.

Until now, Mr. Joao Bras Jorge kept the post of the First Deputy Chairman of the Management Board of the Bank (Polish Financial Supervision Commission on October 1, 2013 expressed its consent for nomination of Mr. Joao Bras Jorge to the post of the Chairman of the Management Board of the Bank).

As a result of filing by Mr. Bogusław Kott of his resignation from the function of the Chairman of the Management Board of the Bank, the condition has been met determining the nomination of Mr. Bogusław Kott into the composition of the Supervisory Board of the Bank of the current term of office (as set forth in the provisions of the resolution no. 19 of the Annual General Meeting of Shareholders of the Bank of April, 20, 2012), having such an effect, that as of the day of 24 October 2013 Mr. Bogusław Kott is a member of the Supervisory Board of the Bank.

During the above-said meeting of the Supervisory Board Mr. Bogusław Kott has been nominated to the post of the Chairman of the Supervisory Board. Mr. Maciej Bednarkiewicz, who occupied this post until that time, has been nominated to the post of Deputy Chairman of the Supervisory Board.

Bank Millennium S.A. Capital Group

Bank Millennium S.A. is the parent company of the Group Millennium S.A. The companies comprising the Group as at 30 September 2013 are presented in table below:

Company	Activity domain	Head office	% of the Group's capital share	% of the Group's voting share	Recognition in financial statements
MILLENNIUM LEASING Sp. z o.o.	leasing services	Warsaw	100	100	consolidated
MILLENNIUM DOM MAKLERSKI S.A.	brokerage services	Warsaw	100	100	consolidated
MILLENNIUM TFI SA	investment funds management	Warsaw	100	100	consolidated
MB FINANCE AB	funding companies from the Group	Stockholm	100	100	consolidated
MILLENNIUM SERVICE Sp. z o.o.	general construction and engineering	Warsaw	100	100	consolidated
TBM Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	consolidated
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	consolidated
LUBUSKIE FABRYKI MEBLI S.A.	furniture manufacturer	Świebodzin	50	50	equity method valuation (*)
BG LEASING S.A. under bankruptcy	leasing services	Gdańsk	74	74	historical cost (*)
PHCRS S.A.	wholesale market	Gdańsk	38,39	42,92	equity method valuation

(*) Despite having a majority shareholding of the Lubuskie Fabryki Mebli S.A., accordingly adopted an investment policy, the Group actually affect neither financial nor operational policy of the company in order to achieve the economic benefits. As a result of aforementioned lack of control the Group does not consolidate capital involvement in the Lubuskie Fabryki Mebli S.A applying equity method instead, recognizing (based on IAS 28), this involvement as associate company. Additionally under the same criterion of control the Group does not consolidate accounts of BG Leasing S.A., in view of the ongoing company bankruptcy proceedings.

Moreover, the Group is consolidating a special purpose vehicle Orchis Sp. z o.o. (SPV). The Company was created for the needs of a securitisation transaction conducted by the Group in 2007. In accordance with the provisions of IAS 27, IAS 39 and SIC 12 the Company started to be consolidated, despite the Group not having capital exposure (for this reason the Company is not included in the table presented above).

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 2012.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements of Bank Millennium S.A. Capital Group for the year ended 31 December 2012.

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 with later amendments) the Bank is required to publish the financial results for the nine months ended 30 September 2013.

Condensed consolidated financial statements of the Group prepared for the period from 1 January 2013 to 30 September 2013:

- include financial data of the Bank and its subsidiaries forming the Group, and data of associates accounted under the equity method;
- are prepared on the basis of the assumption of business continuity by the Group, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

The Board of Directors approved this condensed consolidated interim financial statement on 25 October 2013.

III. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Interest income	1	2 027 119	634 396	2 319 176	794 814
Interest expense	2	(1 151 683)	(322 591)	(1 440 154)	(504 915)
Net interest income		875 436	311 805	879 022	289 899
Fee and commission income	3	522 326	169 452	493 352	163 500
Fee and commission expense	4	(80 946)	(27 510)	(80 027)	(28 854)
Net fee and commission income		441 380	141 942	413 325	134 646
Dividend income		1 638	472	4 013	622
Result on investment financial assets		20 084	3 741	8 908	3 695
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	145 386	43 870	132 788	59 531
Other operating income		43 481	11 455	44 656	15 235
Operating income		**1 527 405**	**513 285**	**1 482 712**	**503 628**
General and administrative expenses	6	(773 989)	(249 796)	(793 682)	(262 243)
Impairment losses on financial assets	7	(170 272)	(56 572)	(170 900)	(59 333)
Impairment losses on non-financial assets		(623)	(48)	(22)	62
Depreciation and amortization		(41 775)	(12 882)	(41 668)	(13 562)
Other operating expenses		(44 301)	(18 088)	(46 247)	(14 324)
Operating expenses		**(1 030 960)**	**(337 386)**	**(1 052 519)**	**(349 400)**
Operating profit		**496 445**	**175 899**	**430 193**	**154 228**
Share of profit of associates		(1 741)	0	3 798	315
Profit / (loss) before taxes		**494 704**	**175 899**	**433 991**	**154 543**
Corporate income tax	8	(101 942)	(37 364)	(87 675)	(29 405)
Profit / (loss) after taxes		**392 762**	**138 535**	**346 316**	**125 138**
Attributable to:					
Owners of the parent		392 762	138 535	346 316	125 138
Non-controlling interests		0	0	0	0
Weighted average number of ordinary shares		1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)		0.32	0.11	0.29	0.10

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Profit / (loss) after taxes	392 762	138 535	346 316	125 138
Other elements of total comprehensive income, including:				
Effect of valuation of available for sale debt securities	(60 299)	4 930	3 730	(1 080)
Effect of valuation of available for sale shares	(6)	0	247	(11)
Hedge accounting	36 037	67 429	(322 314)	(129 876)
Other elements of total comprehensive income before taxes	(24 268)	72 359	(318 337)	(130 967)
Corporate income tax on other elements of total comprehensive income	4 610	(13 748)	60 484	24 884
Other elements of total comprehensive income after taxes	(19 658)	58 611	(257 853)	(106 083)
Total comprehensive income of the period	373 104	197 146	88 463	19 055
Attributable to:				
Owners of the parent	373 104	197 146	88 463	19 055
Non-controlling interests	0	0	0	0

CONSOLIDATED BALANCE SHEET

ASSETS

Amount '000 PLN	Note	30.09.2013	31.12.2012
Cash, balances with the Central Bank		3 493 755	2 465 879
Loans and advances to banks	9	1 934 016	1 392 424
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	927 803	662 404
Hedging derivatives	11	104 266	277 812
Loans and advances to customers	12	41 920 895	40 232 240
Investment financial assets	13	8 307 176	6 751 104
- available for sale		8 307 176	6 751 104
- held to maturity		0	0
Investments in associates		11 612	13 352
Receivables from securities bought with sell-back clause (loans and advances)		514 413	17 469
Property, plant and equipment		163 449	184 642
Intangible assets		40 925	43 694
Non-current assets held for sale		3 374	24 954
Receivables from Tax Office resulting from current tax		69 300	16 270
Deferred income tax assets	15	185 252	165 206
Other assets		425 290	495 049
Total Assets		**58 101 526**	**52 742 499**

LIABILITIES AND EQUITY

Amount '000 PLN	Note	30.09.2013	31.12.2012
LIABILITIES			
Deposits from banks	16	2 528 519	2 491 745
Financial liabilities valued at fair value through profit and loss (held for trading)	17	880 097	467 573
Hedging derivatives	18	1 119 140	1 115 202
Deposits from customers	19	45 228 053	41 434 077
Liabilities from securities sold with buy-back clause		749 326	174 788
Debt securities	20	757 957	900 016
Provisions	21	55 070	44 805
Deferred income tax liabilities	22	0	0
Current income tax liabilities		15 990	2 484
Other liabilities		933 385	674 029
Subordinated debt		636 715	613 610
LIABILITIES		52 904 252	47 918 329
EQUITY			
Share capital		1 213 117	1 213 117
Share premium		1 147 502	1 147 502
Revaluation reserve		(154 049)	(134 391)
Retained earnings		2 990 704	2 597 942
Total Equity		5 197 274	4 824 170
Total equity attributable to owners of the parent		5 197 274	4 824 170
Non-controlling interests		0	0
Total Liabilities and Equity		**58 101 526**	**52 742 499**

Book value		5 197 274	4 824 170
Number of shares		1 213 116 777	1 213 116 777
Book value per share (in PLN)		4.28	3.98

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2013	4 824 170	1 213 117	1 147 502	(134 391)	2 597 942
- total comprehensive income for III quarters 2013	373 104	0	0	(19 658)	392 762
Equity at the end of the period 30.09.2013	5 197 274	1 213 117	1 147 502	(154 049)	2 990 704

Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 586 245	1 213 117	1 147 502	99 865	2 125 761
- total comprehensive income of 2012	237 925	0	0	(234 256)	472 181
Equity at the end of the period 31.12.2012	4 824 170	1 213 117	1 147 502	(134 391)	2 597 942

Amount '000 PLN	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 586 245	1 213 117	1 147 502	99 865	2 125 761
- total comprehensive income for III quarters 2012	88 463	0	0	(257 853)	346 316
Equity at the end of the period 30.09.2012	4 674 708	1 213 117	1 147 502	(157 988)	2 472 077

CONSOLIDATED STATEMENT OF CASH FLOWS

A.CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2013 - 30.09.2013	1.01.2012 - 30.09.2012
Profit (loss) after taxes	392 762	346 316
Adjustments for:	2 863 285	2 444 621
Non-controlling interests profit (loss)	0	0
Interests in net income (loss) of associated companies	1 741	(3 798)
Depreciation and amortization	41 775	41 668
Foreign exchange (gains)/ losses	51 568	(134 186)
Dividends	(1 638)	(1 307)
Changes in provisions	10 265	(3 719)
Result on sale and liquidation of investing activity assets	(30 351)	(22 805)
Change in financial assets valued at fair value through profit and loss (held for trading)	(56 416)	(624 718)
Change in loans and advances to banks	(131 418)	967 690
Change in loans and advances to customers	(1 669 632)	783 476
Change in receivables from securities bought with sell-back clause (loans and advances)	(496 944)	(138 299)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	416 462	(1 291 494)
Change in deposits from banks	121 777	278 279
Change in deposits from customers	3 793 976	3 865 504
Change in liabilities from securities sold with buy-back clause	574 538	(1 216 794)
Change in debt securities	(48 349)	(254 723)
Change in income tax settlements	101 839	176 759
Income tax paid	(156 798)	(83 371)
Change in other assets and liabilities	329 115	91 995
Other	11 775	14 464
Net cash flows from operating activities	**3 256 047**	**2 790 937**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2013 - 30.09.2013	1.01.2012 - 30.09.2012
Inflows:	16 471	17 925
Proceeds from sale of property, plant and equipment and intangible assets	14 833	14 534
Proceeds from sale of shares in associates	0	2 084
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	0	0
Other	1 638	1 307
Outflows:	(2 318 401)	(1 090 655)
Acquisition of property, plant and equipment and intangible assets	(22 778)	(9 637)
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	(2 295 623)	(1 081 018)
Other	0	0
Net cash flows from investing activities	**(2 301 930)**	**(1 072 730)**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2013 - 30.09.2013	1.01.2012 - 30.09.2012
Inflows:	60 000	298 750
Long-term bank loans	60 000	298 750
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other	0	0
Outflows:	(278 553)	(295 929)
Repayment of long-term bank loans	(164 692)	(72 372)
Redemption of debt securities	(93 710)	(194 792)
Decrease in subordinated debt	0	0
Issue of shares expenses	0	0
Redemption of shares	0	0
Dividends paid and other payments to owners	0	0
Other	(20 151)	(28 765)
Net cash flows from financing activities	**(218 553)**	**2 821**

D. NET CASH FLOWS, TOTAL (A + B + C)	735 564	1 721 028
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	6 294 360	3 643 000
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	7 029 924	5 364 028

IV. NOTES TO CONSOLIDATED FINANCIAL DATA

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

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Balances with the Central Bank	35 286	9 858	45 385	15 893
Deposits, loans and advances to banks	3 011	680	8 212	1 545
Loans and advances to customers	1 375 270	444 390	1 515 862	518 534
Transactions with repurchase agreement	6 912	2 847	9 430	3 924
Hedging derivatives	327 351	94 349	534 677	168 482
Financial assets held for trading (debt securities)	14 633	1 277	15 578	1 803
Investment securities	264 656	80 995	190 032	84 633
Total	2 027 119	634 396	2 319 176	794 814

Interest income for III quarters 2013 includes interest accrued on loans with recognized impairment of PLN 64,294 thousand (for the comparative data for III quarters 2012, such interest was PLN 71,196 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:

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Banking deposits	(20 365)	(4 829)	(7 113)	(3 110)
Loans and advances	(43 268)	(15 146)	(45 919)	(14 440)
Transactions with repurchase agreement	(48 183)	(15 259)	(44 043)	(9 739)
Deposits from customers	(1 001 977)	(275 962)	(1 300 713)	(466 521)
Subordinated debt	(11 377)	(3 843)	(14 105)	(3 924)
Debt securities	(25 816)	(7 320)	(27 056)	(6 727)
Other	(697)	(232)	(1 205)	(454)
Total	(1 151 683)	(322 591)	(1 440 154)	(504 915)

Note (3) Fee and commission income

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Resulting from accounts service	65 227	21 740	69 909	23 417
Resulting from money transfers, cash payments and withdrawals and other payment transactions	30 231	10 385	29 306	10 196
Resulting from loans granted	51 825	16 102	52 586	16 275
Resulting from guarantees and sureties granted	10 591	3 212	13 321	3 822
Resulting from payment and credit cards	152 269	53 267	155 532	54 875
Resulting from sale of insurance products	76 993	20 611	61 929	15 405
Resulting from investment funds managed by the Group	58 845	20 140	52 221	17 574
Resulting from distribution of investment funds units and other savings products	51 449	15 739	33 116	14 459
Resulting from brokerage and custody service	14 657	4 871	14 193	4 266
Other	10 239	3 385	11 239	3 211
Total	522 326	169 452	493 352	163 500

Note (4) Fee and commission expense

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Resulting from accounts service	(1 422)	(480)	(1 347)	(448)
Resulting from money transfers, cash payments and withdrawals and other payment transactions	(1 069)	(366)	(1 134)	(366)
Resulting from loans granted	(11 373)	(3 850)	(13 195)	(4 433)
Resulting from payment and credit cards	(58 038)	(19 769)	(53 945)	(20 647)
Resulting from brokerage and custody service	(2 744)	(936)	(2 929)	(903)
Resulting from investment funds managed by the Group	(2 821)	(883)	(2 975)	(933)
Other	(3 479)	(1 226)	(4 502)	(1 124)
Total	(80 946)	(27 510)	(80 027)	(28 854)

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

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Operations on securities	(6 260)	(2 776)	627	4 072
Operations on derivatives	37 474	(2 637)	15 637	15 556
Fair value hedge accounting operations including:	2 447	511	2 349	(294)
- result from hedging derivatives	3 907	1 332	(3 657)	(7 450)
- result from items subjected to hedging	(1 460)	(821)	6 006	7 156
Foreign exchange result	113 251	49 451	115 926	41 071
Costs of financial operations	(1 526)	(679)	(1 751)	(874)
Total	**145 386**	**43 870**	**132 788**	**59 531**

Note (6) General and administrative expenses

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Staff costs:	(411 326)	(133 975)	(421 191)	(140 055)
Salaries	(343 541)	(112 848)	(353 116)	(118 417)
Surcharges on pay	(56 878)	(17 318)	(57 321)	(18 084)
Employee benefits, including:	(10 907)	(3 809)	(10 755)	(3 555)
- provisions for unused employee holiday	(23)	(12)	(29)	(14)
- other	(10 884)	(3 797)	(10 726)	(3 541)
General administrative costs:	(362 663)	(115 821)	(372 491)	(122 188)
Costs of advertising, promotion and representation	(31 965)	(9 908)	(22 972)	(8 976)
Costs of software maintenance and IT services	(16 915)	(5 467)	(16 650)	(5 528)
Costs of renting	(139 042)	(45 919)	(141 365)	(46 169)
Costs of buildings maintenance, equipment and materials	(19 449)	(6 357)	(18 830)	(6 129)
ATM and cash maintenance costs	(13 196)	(4 323)	(15 907)	(5 507)
Costs of communications and IT	(38 338)	(12 480)	(45 991)	(15 383)
Costs of consultancy, audit and legal advisory and translation	(9 656)	(3 399)	(12 630)	(5 668)
Taxes and fees	(12 195)	(4 303)	(14 781)	(5 095)
KIR clearing charges	(2 767)	(928)	(2 447)	(853)
PFRON costs	(2 929)	(1 412)	(4 460)	(1 469)
Banking Guarantee Fund costs	(25 404)	(8 468)	(25 838)	(8 613)
Financial Supervision costs	(4 658)	1 018	(4 458)	765
Other	(46 149)	(13 875)	(46 163)	(13 564)
Total	**(773 989)**	**(249 796)**	**(793 682)**	**(262 243)**

Note (7) Impairment losses on financial assets

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Impairment losses on loans and advances to customers	(164 682)	(68 246)	(183 011)	(59 397)
Impairment write-offs created in the period	(557 808)	(196 574)	(526 464)	(143 382)
Impairment write-offs released in the period	383 919	120 913	337 227	83 317
Amounts recovered from loans written off	1 659	29	1 491	348
Sale of receivables	7 548	7 386	4 735	320
Impairment losses on securities	89	0	0	0
Impairment write-offs created in the period	0	0	0	0
Impairment write-offs released in the period	89	0	0	0
Impairment losses on off-balance sheet liabilities	(5 679)	11 674	12 111	64
Impairment write-offs for off-balance sheet liabilities	(13 695)	7 231	(4 489)	(341)
Reversal of impairment write-offs for off-balance sheet liabilities	8 016	4 443	16 600	405
Total	**(170 272)**	**(56 572)**	**(170 900)**	**(59 333)**

Note (8a) Income tax reported in income statement

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Current tax	(117 374)	(52 490)	(111 588)	(25 486)
Current year	(118 740)	(53 856)	(114 478)	(28 376)
Adjustment of CIT-8 declaration	1 366	1 366	2 890	2 890
Deferred tax:	15 437	15 131	23 915	(3 919)
Recognition and reversal of temporary differences	14 671	14 961	(1 386)	(28 751)
Recognition / (Utilisation) of tax loss	766	170	765	296
Adjustment of CIT-8 declaration	0	0	24 536	24 536
Adjustment resulted from Article 38a of CIT	(5)	(5)	(2)	0
Total income tax reported in income statement	**(101 942)**	**(37 364)**	**(87 675)**	**(29 405)**

Note (8b) Effective tax rate

	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Gross profit / (loss)	494 704	175 899	433 991	154 543
Statutory tax rate	19%	19%	19%	19%
Income tax according to obligatory income tax rate of 19%	(93 994)	(33 421)	(82 458)	(29 363)
Impact of permanent differences on tax charges:	**(9 309)**	**(5 304)**	**(8 105)**	**(2 932)**
Non taxable income	556	167	1 154	514
Dividend income	310	89	362	118
Release of other provisions	225	71	380	0
Other	21	7	412	396
Non tax-deductible costs	(9 865)	(5 471)	(9 259)	(3 446)
Loss realised on the sale of receivables portfolio	(1 887)	(1 880)	(1 711)	(300)
PFRON fee	(557)	(269)	(848)	(274)
Receivables written off	(680)	(221)	(1 314)	(58)
Costs of litigations	(2 465)	(1 634)	(1 294)	(721)
Depreciation and insurance costs of cars (in excess of EUR 20,000)	(969)	(341)	(835)	(288)
Cost of provisions for factoring receivables	(1 541)	(359)	(1 110)	(520)
Other	(1 766)	(767)	(2 147)	(1 285)
Adjustment of CIT-8 declaration	1 366	1 366	2 890	2 890
Adjustment resulted from Article 38a of CIT	(5)	(5)	(2)	0
Total income tax reported in income statement	**(101 942)**	**(37 364)**	**(87 675)**	**(29 405)**

Note (8c) Deferred tax reported directly in equity

	30.09.2013	31.12.2012
Valuation of available for sale securities	3 311	(8 147)
Valuation of cash flow hedging instruments	32 824	39 671
Deferred tax reported directly in equity	36 135	31 524

On 1 January 2011 the Bank created with a subsidiary - Millennium Service 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).

Tax Inspection Office control procedures

Millennium Leasing Sp. z o.o. tax control

As a result of findings of the tax inspection carried out in 2011 in Millennium Leasing Sp. z o.o. the correctness of income tax settlements for 2006 has been challenged in the total amount of PLN 11.4 million, including namely; PLN 4.8 million due to underestimation of tax liability for the period 1.01 - 31.08.2006 and PLN 6.6 million due to an overestimation of tax loss for the period 1.09 - 31.12.2006. Company paid the tax arrears of PLN 16.7 million. Of that amount the Tax Office returned PLN 9.8 million to the Company until completion of proceedings. The Company did not agree with the decision and appealed to the Administrative Court. In Q2'2012 the Company created a provision of PLN 2.95 million to cover potential tax liabilities. On 13 November 2012, the Regional Administrative Court ruling upheld the application of the company and annulled the contested decisions about tax period 01.01.-31.08.2006. On 15 March 2013, the Regional Administrative Court ruling upheld the application of the company and annulled the contested decisions about tax period 1.09.-31.12.2006. At 4 October 2013 the Company received a letter from the Director of the Tax Chamber of the repeal the contested decision (in connection with the judgment of the Regional Administrative Court of 13 November 2012 mentioned above) of and returning the case to the Tax Office for reconsideration. As of September 30, 2013, the Board of Millennium Leasing continues to support its evaluation of the income tax settlement for 2006 as correct, while maintaining the balance of the provision at the same level.

Bank Millennium S.A. tax control procedures

As a result of the tax inspection carried out in the Bank in 2011 the Tax Control Office questioned the correctness of income tax calculation for 2005, having its consequences for subsequent tax years. The Bank fully supports the correctness of its tax calculation, nonetheless several procedural steps have been undertaken, such as: (i) adjusting tax settlements for the period 2005-2010; (ii) paying (in November 2011) the tax arrears of PLN 69 million (to avoid the risk of penalty interest burden); and (iii) raising a claim against the Tax Office for the above mentioned amount. As a result of these proceedings on 30 January 2012 the Tax Office returned to the Bank a substantial part of the amount paid (PLN 66 million).

At the same time the tax authority sustain a negative opinion in the proceedings. As a result of the different positions of the Bank and tax authorities, there are currently ongoing appeals against the decision, in particular:

1 / Proceedings in front of the Tax Chamber resulting from the Bank's appealing against the decision of the Director of the Tax Control Office (first instance) determining a tax loss in the CIT for 2005. On 27.06.2013 the Director of the Tax Chamber issued a decision upholding the decision of the first instance. On 22 July 2013 the Bank submitted a complaint to the Regional Administrative Court.

2 / Appeal proceedings against the decision of the Head of Second Mazovian Tax Office determining CIT for the year 2006. On the 22nd of August 2013 the appellate authority – the Director of the Tax Chamber issued the decision which upheld the decision of the tax office and determine Bank's income which did not cause the obligation to pay additional tax burden to the tax office. On the 25th of September 2013 Bank lodged the complaint to the Regional Administrative Court.

3 / Appeal proceedings against the decisions of the Head of Second Mazovian Tax Office – determining tax liabilities for 2007 and 2008, and refusing confirmation of tax overpayment for 2007 and 2008. On the 27th of August 2013 the Director of Tax Chamber issued the decision which upheld the decision of the tax office and determine Bank's income for 2007. On the 30th of September 2013 the Bank lodged the complaint to the Regional Administrative Court. On the 18th of September 2013 the Director of the Tax Chamber issued the decision which upheld the decision of the tax office refusing the statement of overpayment in CIT for 2007. Bank has already lodged the complaint to the Regional Administrative Court. On the 18th of September 2013 the Director of Tax Chamber issued the decision which upheld the decision of the tax office and determine Bank's income for 2008. Bank has already lodged the complaint to the Regional Administrative Court. The decision regarding statement of overpayment for 2008 has not been issued yet by the appealing authority. The Director of the Tax Chamber postponed the day for issuing this decision up to 31st of October 2013.

In summary, the Bank paid all of the claimed obligations and interest in the amount of PLN 62 million, at the same time the Management Board continues to fully support the correctness of originally made tax calculation. In the opinion of the Bank the control proceedings of the Tax Office are unfounded and the Bank expects the positive outcome of the proceedings. The positive final outcome is supported by the Bank's external tax advisor. In consequences, as at 30 September 2013, the Bank does not create provision for the amount of questioned tax settlement. The final outcome of the case depends of results of the ongoing proceedings.

Note (9) Loans and advances to banks

	30.09.2013	31.12.2012
Current accounts	611 494	211 004
Deposits in other banks	856 497	741 452
Loans	462 573	435 657
Interest	3 457	4 311
Total (gross) loans and advances to banks	1 934 021	1 392 424
Impairment write-offs	(5)	0
Net loans and advances to banks	**1 934 016**	**1 392 424**

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

	30.09.2013	31.12.2012
Debt securities	**483 654**	**46 791**
Issued by State Treasury	483 654	46 791
a) bills	0	436
b) bonds	483 654	46 355
Equity instruments	**1 932**	**138**
Quoted on the active market	1 932	138
a) financial institutions	0	0
b) non-financial institutions	1 932	138
Adjustment from fair value hedge	14 318	18 414
Positive valuation of derivatives	427 899	597 060
Total	**927 803**	**662 404**

Note (10)/Note (17) Valuation of derivatives, Adjustment from fair value hedge, and Liabilities from short sale of securities as at 30.09.2013

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	24 007	319 837	295 830
Forward Rate Agreements (FRA)	(752)	4 515	5 267
Interest rate swaps (IRS)	25 003	314 442	289 439
Other interest rate contracts: options, swap with FX option	(244)	880	1 124
2. FX derivatives	6 684	38 587	31 903
FX contracts	(319)	9 814	10 133
FX swaps	4 492	19 310	14 818
Other FX contracts (CIRS)	2 511	9 463	6 952
FX options	0	0	0
3. Embedded instruments	(43 357)	0	43 357
Options embedded in deposits	(25 658)	0	25 658
Options embedded in securities issued	(17 699)	0	17 699
4. Indexes options	53 509	69 475	15 966
Valuation of derivatives	**40 843**	**427 899**	**387 056**
Valuation of hedged position in fair value hedge accounting		14 318	
Liabilities from short sale of securities			493 041

Note (10)/Note (17) Valuation of derivatives, Adjustment from fair value hedge, and Liabilities from short sale of securities as at 31.12.2012

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	85 712	439 378	353 666
Forward Rate Agreements (FRA)	(1 733)	4 101	5 834
Interest rate swaps (IRS)	89 075	434 244	345 169
Other interest rate contracts: options, volatility swap, swap with FX option	(1 630)	1 033	2 663
2. FX derivatives	45 036	81 162	36 126
FX contracts	3 848	13 468	9 620
FX swaps	21 645	40 551	18 906
Other FX contracts (CIRS)	19 543	27 143	7 600
FX options	0	0	0
3. Embedded instruments	(64 640)	0	64 640
Options embedded in deposits	(38 725)	0	38 725
Options embedded in securities issued	(25 915)	0	25 915
4. Indexes options	63 379	76 520	13 141
Valuation of derivatives	**129 487**	**597 060**	**467 573**
Valuation of hedged position in fair value hedge accounting		18 414	
Liabilities from short sale of securities			0

In the third quarter of 2013 the Group continued to apply hedge accounting for following transactions:

	Hedging fair value of the fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables	Hedge of volatility of the cash flows generated by the portfolio of PLN mortgage loans
Description of hedge transactions	The Group hedges the risk related to changes in fair value of the fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables resulting from variation in interest rate component (margin).	The Group hedges the risk of the volatility of cash flows generated by PLN mortgages. The volatility of cash flows results from interest rate risk.
Hedged items	Fixed rate portfolio of FX liabilities and floating rate portfolio of FX receivables.	Cash flows resulting from the PLN mortgage loan portfolio.
Hedging instruments	CIRS transactions	IRS transactions
Presentation of the result on the hedged and hedging transactions	Adjustment to fair value of hedged and hedging instruments are recognised in profit and loss as result on financial instruments valued at fair value through profit and loss and FX result; interest on hedging and hedged instruments are 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 are recognised in net interest income.

	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 future revenues and expenditures denominated in foreign currency
Description of hedge transactions	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 FX risk resulting from future revenues and expenditures denominated in foreign currency by exchange of aforementioned flows into PLN ones.
Hedged items	Cash flows resulting from the mortgage loan portfolio and PLN deposits funding them.	Cash flows resulting from future revenues and expenditures denominated in foreign currency.
Hedging instruments	CIRS transactions	FX Forward transactions
Presentation of the result on the hedged and hedging transactions	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 spot revaluation of hedging instruments is recognised in revaluation reserve.

	Cash flow volatility hedge for the flow generated by floating rate, FX mortgage portfolio
Description of hedge transactions	The Group hedges currency risk and cash flow interest rate risk for part of the period (in the time horizon of hedging transactions) resulting from floating rate loans in foreign currency by converting the interest cash flows in foreign currency into PLN ones, using the FX swap.
Hedged items	Cash flows resulting from the FX mortgage loan portfolio
Hedging instruments	FX SWAP transactions
Presentation of the result on the hedged and hedging transactions	Effective part of the valuation of hedging instruments is recognised in revaluation capital; interest on hedging instruments is recognised in net interest income.

Note (11)/Note (18) Hedge accounting as at 30.09.2013

	Fair values			Adjustment to fair value of hedged items for hedged risk(*)
	Total	Assets	Liabilities	
Fair value hedging derivatives connected with interest rate risk				
CIRS contracts	(79 526)	0	79 526	4 575
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(942 155)	76 175	1 018 330	x
IRS contracts	9 105	9 207	102	x
FX SWAP contracts	16 888	16 888	0	x
FX Forward contracts	(19 186)	1 996	21 182	x
Total	(1 014 874)	104 266	1 119 140	x

(*) Adjustment is presented for active hedge relationships

Note (11)/Note (18) Hedge accounting as at 31.12.2012

	Fair values			Adjustment to fair value of hedged items for hedged risk(*)
	Total	Assets	Liabilities	
Fair value hedging derivatives connected with interest rate risk				
CIRS contracts	(84 986)	0	84 986	6 034
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(725 856)	271 840	997 696	x
IRS contracts	2 157	2 157	0	x
FX Forward contracts	(28 705)	3 815	32 520	x
Total	(837 390)	277 812	1 115 202	x

(*) Adjustment is presented for active hedge relationships

Note (12a) Loans and advances to customers

	30.09.2013	31.12.2012
Loans and advances	38 581 072	36 843 032
- to companies	7 422 701	6 159 590
- to private individuals	30 447 354	29 869 616
- to public sector	711 017	813 826
Receivables on account of payment cards	731 710	777 919
- due from companies	40 390	38 110
- due from private individuals	691 321	739 809
Purchased receivables	116 205	146 214
- from companies	111 021	130 859
- from public sector	5 184	15 355
Guarantees and sureties realised	36 326	35 005
Debt securities eligible for rediscount at Central Bank	10 678	13 235
Financial leasing receivables	3 428 300	3 367 716
Other	1 528	2 288
Interest	304 663	284 417
Total gross	**43 210 482**	**41 469 826**
Impairment write-offs	(1 289 587)	(1 237 586)
Total net	**41 920 895**	**40 232 240**

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

	30.09.2013	31.12.2012
Loans and advances to customers (gross)	43 210 482	41 469 826
- impaired	1 936 013	2 110 563
- not impaired	41 274 469	39 359 263
Impairment write-offs	(1 289 587)	(1 237 586)
- for impaired exposures	(1 092 969)	(1 045 565)
- for incurred but not reported losses (IBNR)	(196 618)	(192 021)
Loans and advances to customers (net)	**41 920 895**	**40 232 240**

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

	30.09.2013	31.12.2012
Loans and advances to customers (gross)	43 210 482	41 469 826
- case by case analysis	898 612	1 125 031
- collective analysis	42 311 870	40 344 795
Impairment write-offs	(1 289 587)	(1 237 586)
- on the basis of case by case analysis	(492 425)	(470 393)
- on the basis of collective analysis	(797 162)	(767 193)
Loans and advances to customers (net)	**41 920 895**	**40 232 240**

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

	30.09.2013	31.12.2012
Loans and advances to customers (gross)	43 210 482	41 469 826
- corporate customers	11 861 772	10 665 421
- individuals	31 348 710	30 804 405
Impairment write-offs	(1 289 587)	(1 237 586)
- for receivables from corporate customers	(704 709)	(659 478)
- for receivables from private individuals	(584 878)	(578 108)
Loans and advances to customers (net)	**41 920 895**	**40 232 240**

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

	01.01.2013 - 30.09.2013	01.01.2012 - 31.12.2012
Balance at the beginning of the period	1 237 586	1 217 369
Change in value of provisions:	52 001	20 217
Impairment write-offs created in the period	557 802	671 795
Amounts written off	(104 087)	(158 742)
Impairment write-offs released in the period	(383 919)	(408 005)
Sale of receivables	(20 649)	(70 545)
Changes resulting from FX rates differences	2 475	(15 407)
Other	378	1 121
Balance at the end of the period	**1 289 587**	**1 237 586**

Note (13) Investment financial assets available for sale

	30.09.2013	31.12.2012
Debt securities	**8 306 100**	**6 749 758**
Issued by State Treasury	5 296 639	3 037 456
a) bills	0	0
b) bonds	5 296 639	3 037 456
Issued by Central Bank	2 899 396	3 598 724
a) bills	2 899 396	3 598 724
b) bonds	0	0
Other securities	110 066	113 578
a) listed	0	0
b) not listed	110 066	113 578
Shares and interests in other entities	1 076	1 346
	0	
Total financial assets available for sale	**8 307 176**	**6 751 104**

Note (14) Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2013	16 637	20 545	3 988	187	7 374
- Write-offs created	0	0	0	121	7 629
- Write-offs released	(89)	(976)	0	0	(565)
- Utilisation	0	0	0	0	(1 589)
- Other changes	0	0	0	0	0
Balance as at 30.09.2013	16 548	19 569	3 988	308	12 849

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2012	16 637	24 870	3 988	1 913	9 588
- Write-offs created	0	0	0	0	766
- Write-offs released	0	(4 325)	0	(46)	(542)
- Utilisation	0	0	0	(1 680)	(2 438)
- Other changes	0	0	0	0	0
Balance as at 31.12.2012	16 637	20 545	3 988	187	7 374

Note (15) Assets / Note (22) Provision from deferred income tax

	30.09.2013			31.12.2012		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	77 091	(10 880)	66 211	67 211	(11 488)	55 723
Balance sheet valuation of financial instruments	319 614	(312 312)	7 302	359 735	(354 906)	4 829
Unrealised receivables/ liabilities on account of derivatives	53 729	(68 859)	(15 130)	87 170	(117 650)	(30 480)
Interest on deposits and securities to be paid/received	46 380	(97 096)	(50 716)	65 197	(79 150)	(13 953)
Interest and discount on loans and receivables	99	(25 767)	(25 668)	98	(24 771)	(24 673)
Income and cost settled at effective interest rate	16 665	(1 394)	15 271	2 230	(1 304)	926
Provisions for loans presented as temporary differences	105 807	0	105 807	105 026	0	105 026
Employee benefits	13 971	0	13 971	12 736	0	12 736
Provisions for future costs	26 041	0	26 041	18 116	0	18 116
Valuation of investment assets and cash flows hedge recognized in revaluation reserve	36 184	(49)	36 135	39 671	(8 147)	31 524
Tax loss deductible in the future	1 931	0	1 931	1 165	0	1 165
Other	7 697	(3 600)	4 097	7 570	(3 303)	4 267
Net deferred income tax asset	705 209	(519 957)	185 252	765 925	(600 719)	165 206

Note (16) Deposits from banks

	30.09.2013	31.12.2012
In current account	409 450	210 646
Term deposits	592 855	709 997
Loans and advances received	1 522 115	1 567 995
Interest	4 099	3 107
Total	2 528 519	2 491 745

Note (19) Deposits from customers by type structure

	30.09.2013	31.12.2012
Amounts due to private individuals	26 440 827	26 017 955
Balances on current accounts	13 634 910	9 910 438
Term deposits	12 540 336	15 747 647
Other	114 154	116 399
Accrued interest	151 427	243 471
Amounts due to companies	15 652 176	13 189 987
Balances on current accounts	3 693 493	3 449 535
Term deposits	11 668 849	9 439 749
Other	228 312	245 143
Accrued interest	61 522	55 561
Amounts due to public sector	3 135 050	2 226 136
Balances on current accounts	1 332 718	851 063
Term deposits	1 742 024	1 322 798
Other	53 382	45 858
Accrued interest	6 926	6 417
Total	**45 228 053**	**41 434 077**

Note (20) Change of debt securities

	01.01.2013 - 30.09.2013	01.01.2012 - 31.12.2012
Balance at the beginning of the period	900 016	1 071 193
- change of bonds issued in leasing portfolio securitization transaction	(93 710)	(244 193)
- change of bonds issued by subsidiary company	0	(299 795)
- change of bonds issued by the Bank	(54 426)	269 347
- change of bank's securities issued	6 077	103 464
Balance at the end of the period	757 957	900 016

Note (21) Provisions

	01.01.2013 - 30.09.2013	01.01.2012 - 31.12.2012
Provision for off-balance sheet commitments		
Balance at the beginning of the period	22 463	22 271
Charge of provision	13 695	17 149
Release of provision	(8 016)	(16 911)
FX rates differences	12	(46)
Balance at the end of the period	28 154	22 463
Provision for contentious claims		
Balance at the beginning of the period	22 342	13 156
Charge of provision	6 380	10 462
Release of provision	(1 185)	(2 316)
Utilisation of provision	(621)	(88)
Reclassification	0	1 128
Balance at the end of the period	26 916	22 342
Total	**55 070**	**44 805**

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 3rd Q of 2013 Bank Millennium Group in corporate segment focused on further development of credit policy tools, above all further work on the optimization of the lending process in the Bank.

In the retail segment Bank Millennium Group was continuing also steady process of upgrading credit risk management methods. The attention in particular was focused on implementation of changes in Recommendation T requirements in credit risk management methodology, including also credit policy tools and credit process. The goal of performed revision and analysis was bringing credit risk policy for retail exposures in line with Recommendation T standards. Maximum levels of DTI indicator were approved by Bank Supervisory Board.

In the area of Microbusiness clients, documentary requirements as well as clients' verification methods were amended. Moreover the revision of active sale of credit products' resulted in unification of rules regarding conduct of credit campaign for Microbusiness portfolio.

Currently the Bank is strongly engaged in analysing and implementation of new Recommendation S requirements regarding mortgage exposures.

Changes in the loan portfolio of the Group in III Q 2013 are summarized below:

In '000 PLN	30.09.2013		31.12.2012	
	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	39 890 725	1 934 021	37 997 694	1 392 424
Overdue*, but without impairment	1 383 744	0	1 361 569	0
With impairment	1 936 013	0	2 110 563	0
Gross	43 210 482	1 934 021	41 469 826	1 392 424
Impairment write-offs together with IBNR	(1 289 587)	(5)	(1 237 586)	0
Net	**41 920 895**	**1 934 016**	**40 232 240**	**1 392 424**

* - Delays up to 4 days are considered as a technical delay and are classified as not overdue. The figures for 31.12.2012 were restated accordingly to this definition.

Market risk

In 3Q 2013, the market risk limits were updated. The limits revision took into account amount of the consolidated Own Funds, current and projected balance sheet structure as well as the current market environment. The new limits have been valid since 1st August 2013.

The main measure used by the Group to evaluate market risks is the parametric VaR (Value at Risk) model – an expected loss that may arise on the portfolio over a specified period of time (10-days holding period) and with specified probability (99% confidence level) from an adverse market movement. The market risk measurement is carried out daily, both on an individual basis for each of the areas responsible for risk taking and risk management, and also in consolidated terms considering the effect of the diversification that exists between the particular portfolios. All eventual excesses of market risk limits are reported, documented and ratified at the proper competence level.

Within the current market environment, the Group continues to act very prudently. The VaR indicators in the period under consideration for the Group, that is jointly Trading Book and Banking Book, remained at moderate levels with total average exposure to market risk of approx. PLN 31.5 million (25% of the limit) and approx. PLN 15.3 million (9% of the limit) as of the end of September 2013. When compared to last quarter, the market risk exposure in the Group significantly decreased in 3Q 2013. It was connected mainly with gradual decrease of the observed market volatility, mainly for interest rates and the Polish Public debt. The value at risk in the Group for the 3Q 2013, together with risk type division, is presented in the table below (ths PLN).

VaR measures for market risk

	30.09.2013		VaR (from 30 June 2013 till 30 September 2013)			30.06.2013	
	Exposure	Average use of limit in period	Average	Maximum	Minimum	Exposure	Average use of limit in period
Total risk	15 279	9%	31 502	54 327	15 279	58 058	61%
Generic risk	12 377	7%	28 591	51 448	12 377	55 180	58%
Interest Rate VaR	12 380	7%	28 626	51 418	12 380	55 188	60%
FX Risk	118	1%	227	5 077	13	41	0%
Equity risk	0	n.a.	0	0	0	0	n.a.
Diversification Effect	1.0%					0.1%	
Non-linear risk	0	0%	0	0	0	0	0%
Commodities risk	0	0%	0	0	0	0	0%
Specific risk	2 902	3%	2 911	2 964	2 865	2 879	7%

Open positions contain mainly interest rate and FX risk instruments. According to the Risk Strategy approved in the Group, the FX open position is allowed, however should be kept at low levels. For this purpose, the Group has introduced a system of conservative limits for FX open positions (both Intraday and Overnight limits) and allows keeping FX open positions only in Trading Book, specifically in the areas of Trading and Market Risk Strategy Portfolio (Positioning Portfolio). In third quarter of 2013, the only risk management area which generated FX risk was Trading area in the Trading Book.

In addition to above mention market risk limits, the stop loss limits are introduced for the financial markets portfolios. The aim is to limit the maximum losses of the trading activity of the Group. In case of the limit is reached, a review of the management strategy and assumptions for the positions in question must be undertaken.

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. The Group is performing monthly risk transfer from Commercial Area of the Banking Book to the Areas, where the risk is being managed on the operational level (i.e. respectively ALM and Funding). Those transactions have a macro hedging character.

The variations in market interest rate have an influence on the Group's net interest income, both under a short and medium-term perspective, affecting its economic value in the long term. In 3Q 2013, the Group continued to manage the interest margin supported on the analysis of the interest rate sensitivity in face of the series of decision taken by the Monetary Policy Council to lower the basic interest rates, which started in November 2012. Apart from regular gap analysis of repricing gaps and interest rate sensitivity in terms of BPV for Group's assets and liabilities, one of the most important objectives of the analysis was to ensure the maximisation and protection of Net Interest Income against the decrease of market interest rates.

Liquidity risk

In 3Q 2013, the Group was characterized by strong liquidity position. All the internal liquidity indicators as well as the supervisory liquidity measures remained well above minimum limits. In 3Q 2013, the internal limits were updated. The limits revision took into account amount of the consolidated Own Funds and historical limit consumption.

Strong increase of deposits, at the faster pace than loans, allowed to keep the Group's Loan-to-Deposit ratio below 100% (as of end of September 2013 the ratio dropped slightly below 93%). The liquidity surplus enabled to continue rebuilding the portfolio of liquid assets, especially the securities with low specific risk (Polish Government Bonds, Treasury and NBP Bills) – since end of December 2012 this grew by more than 30%.

The main source of financing of the Group is still the large and well-diversified deposits base. The level of deposit concentration is regularly monitored and the negative impact on the stability of the deposit base was not observed in 3Q 2013. However, in case of significant increase of the share of the largest depositors, the additional funds from the depositors are not treated as stable. Despite of that, in order to prevent deposit base fluctuations, the Group maintains the reserves of liquid assets in the form of securities portfolio. Additionally, the agreement with Millennium BCP for the unconditional and irrevocable off-balance sheet commitment gives the right for withdrawal of 200 million EUR. This Stand-by Facility is treated as an additional liquidity buffer which can be used in case of need and has been never utilized yet.

The Group manages FX liquidity through the use of FX-denominated bilateral loans as well as subordinated debt, Cross Currency Swap and FX Swap transactions. The swaps portfolio is diversified in term of counterparties and maturity dates. For the majority of counterparties the Bank has signed a Credit Support Annex to the master agreements. As a result, in case of unfavourable changes of FX rates (PLN depreciation), the Bank is obliged to place deposits as collateral with counterparties in order to secure the settlement of derivative instruments in the future, and in case of favourable FX rates changes (PLN appreciation) receives deposits as collateral from the counterparty. Additionally, in June 2013, the Group managed to prolong for two additional years the 500 m CHF Cross Currency Basis Swap facility that can be used in case of future market disruption or its limited accessibility for CIRS transactions.

The Group assesses the possibility of unfavourable changes of FX rates (especially CHF and EUR, which causes increase of liquidity needs) analyses the impact on liquidity risk and reflects this risk in the liquidity plans.

Stress tests as regards structural liquidity are carried out every month to understand the Group's liquidity risk profile, to make sure that the Group 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 Group has also contingency procedures for an increased liquidity risk situation – the Liquidity Contingency Plan, which is regularly updated.

Operational risk

In the third quarter of 2013 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.

The operational risk management model, implemented by Bank Millennium Group 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 complementary activities.

In the third quarter of 2013 the Group continued efforts to continuously improve business processes in the context of optimizing the exposure to operational risk through preventive measures to reduce the frequency, as well as actions taken to reduce the financial impact of losses.

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:

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.

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.

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.

Unallocated (Other) assets and liabilities and revenues and expenses

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

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 with internal valuation model applied;
- 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 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 not allocated to commercial segments.

Income statement 1.01.2013 – 30.09.2013

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	752 918	246 590	(124 071)	875 436
external income	1 048 068	441 897	537 154	2 027 119
external cost	(619 475)	(365 207)	(167 001)	(1 151 683)
External income less cost	428 593	76 691	370 153	875 436
internal income	660 512	370 151	(1 030 663)	0
internal cost	(336 187)	(200 252)	536 439	0
Internal income less cost	324 325	169 899	(494 224)	0
Net fee and commission income	339 291	96 246	5 843	441 380
Dividends, other income from financial operations and foreign exchange profit	76 138	35 943	55 027	167 108
Other operating income and cost	6 283	(11 036)	3 932	(820)
Operating income	1 174 630	367 743	(59 269)	1 483 103
Staff costs	(299 851)	(91 598)	(19 877)	(411 326)
Administrative costs	(293 603)	(47 888)	(21 172)	(362 663)
Impairment losses on assets	(97 741)	(72 604)	(550)	(170 895)
Depreciation and amortization	(37 424)	(3 848)	(503)	(41 775)
Operating expenses	446 011	151 804	(101 370)	496 445
Share in net profit of associated companies	0	0	(1 741)	(1 741)
Profit / (loss) before taxes	446 011	151 804	(103 111)	494 704
Income taxes				(101 942)
Profit / (loss) after taxes				392 762

Balance sheet 30.09.2013

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
ASSETS				
Segment assets	32 028 882	15 861 739	10 210 904	58 101 526
Assets allocated to segment	3 779 169	1 596 067	(5 375 236)	0
Total	35 808 052	17 457 806	4 835 668	58 101 526
LIABILITIES				
Segment liabilities	31 515 653	15 818 227	5 570 372	52 904 252
Liabilities allocated to segment	2 699 745	159 889	(2 859 634)	0
Equity allocated to segment	1 592 653	1 479 691	2 124 929	5 197 274
Total	35 808 052	17 457 806	4 835 668	58 101 526

Income statement 1.01.2012 – 30.09.2012

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
Net interest income	769 259	201 413	(91 649)	879 022
external income	1 110 808	507 714	700 655	2 319 176
external cost	(798 159)	(499 311)	(142 684)	(1 440 154)
External income less cost	312 649	8 403	557 970	879 022
internal income	874 127	479 147	(1 353 274)	0
internal cost	(417 517)	(286 138)	703 655	0
Internal income less cost	456 610	193 010	(649 620)	0
Net fee and commission income	312 130	95 254	5 941	413 325
Dividends, other income from financial operations and foreign exchange profit	66 863	37 848	40 998	145 709
Other operating income and cost	5 783	(10 156)	2 783	(1 590)
Operating income	**1 154 035**	**324 358**	**(41 926)**	**1 436 467**
Staff costs	(303 395)	(95 270)	(22 527)	(421 191)
Administrative costs	(293 574)	(54 382)	(24 534)	(372 491)
Impairment losses on assets	(66 403)	(108 267)	3 748	(170 922)
Depreciation and amortization	(36 422)	(4 672)	(574)	(41 668)
Operating expenses	**(699 795)**	**(262 591)**	**(43 887)**	**(1 006 273)**
Share in net profit of associated companies	0	0	3 798	3 798
Profit / (loss) before taxes	**454 240**	**61 767**	**(82 016)**	**433 991**
Income taxes				(87 675)
Profit / (loss) after taxes				**346 316**

Balance sheet 31.12.2012

In '000 PLN	Retail Banking	Corporate Banking	Treasury and Investment Banking	Total consolidated
ASSETS				
Segment assets	31 760 787	13 352 546	7 629 166	52 742 499
Assets allocated to segment	2 091 660	1 659 972	(3 751 632)	0
Total	33 852 447	15 012 518	3 877 534	52 742 499
LIABILITIES				
Segment liabilities	29 752 952	13 599 181	4 566 197	47 918 329
Liabilities allocated to segment	2 664 045	152 205	(2 816 250)	0
Equity allocated to segment	1 435 451	1 261 132	2 127 588	4 824 170
Total	33 852 447	15 012 518	3 877 534	52 742 499

VII. DESCRIPTION OF RELATED PARTY TRANSACTIONS

All and any transactions between entities of the Group in III quarters 2013 resulted from the current operations.

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.

VII.1. Description of transactions with the Parent Group

The following are the amounts of transactions with the Capital Group of Bank's parent company - Banco Comercial Portugues (these transactions are mainly of banking nature).

	30.09.2013	31.12.2012
ASSETS		
Loans and advances to banks – accounts and deposits	2 118	2 605
Financial assets valued at fair value through profit and loss (held for trading)	0	0
Hedging derivatives	0	0
Other assets	48	45
LIABILITIES		
Deposits from banks	227 204	206 150
Debt securities	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	94	63
Hedging derivatives	140 613	133 578
Other liabilities	498	165

	1.01-30.09.2013	1.01-30.09.2012
Income from:		
Interest	14 503	87 840
Commissions	111	110
Derivatives net	0	0
Other net operating income	350	709
Expense from:		
Interest	3 140	23 133
Commissions	1 845	2 113
Derivatives net	253	232
General and administrative expenses	2 978	3 387

	30.09.2013	31.12.2012
Conditional commitments	952 092	933 638
- granted	102 513	105 448
- obtained	849 579	828 190
Derivatives (par value)	1 244 887	1 740 865

VII.2. 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 delivery date of quarterly report prepared as at 30.09.2013	Number of shares as presented in Corporate Governance report for 2012
Bogusław Kott	Chairman of the Management Board	4 465 791	4 465 791
Joao Bras Jorge	First Deputy Chairman of the Management Board	0	0
Fernando Bicho	Deputy Chairman of the Management Board	0	0
Artur Klimczak	Deputy Chairman of the Management Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Management Board	492 248	492 248
Wojciech Haase	Member of the Management Board	7 494	7 494
Andrzej Gliński	Member of the Management Board	0	0
Maria Jose Campos	Member of the Management Board	0	0
Jerzy Andrzejewicz	Proxy	6 260	6 260
Maciej Bednarkiewicz	Chairman of the Supervisory Board	134	134
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Marek Furtek	Secretary of the Supervisory Board	1	1
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Luís Maria França de Castro Pereira Coutinho	Member of the Supervisory Board	0	0
Grzegorz Jędrys	Member of the Supervisory Board	0	-
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Maria da Conceição Mota Soares de Oliveira Callé Lucas	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
Rui Manuel da Silva Teixeira	Member of the Supervisory Board	0	0

VIII. FAIR VALUE

The best reflection of fair value of financial instruments is their market value, which would be received in case of sell of the asset or paid in case of transfer of the liability in the arm's-length market transaction (exit price). In case of many products and transactions with unavailable market value taken directly from market quotations (marking-to-market), fair value must be estimated with use of internal models based on discounting cash flows (marking-to-model).

Cash flows for various instruments are determined in accordance with their individual characteristics and the discounting factors take into consideration the changes over time of both interest rates and spreads.

All estimation models are arbitrary to some extent and this is why they reflect only the value of those instruments for which they were built. In these circumstances the presented differences between fair values and balance-sheet values cannot be understood to mean adjustments of the economic value of the Group.

The main assumptions and methods applied in estimating fair value of assets and liabilities of the Group are as follows:

Receivables and liabilities with respect to banks (structured contract)

This is a transaction, which comprises the simultaneous purchase of a long-term zero-coupon bond and the taking-out of a long-term fixed-rate loan from the issuer of the bond.

The fair value of both sides of the transaction is estimated by discounting the related cash flows on maturity/due date with use of the current zero-coupon rate and the margin, which was rescaled to adjust it to the current level of market rates.

Other receivables and liabilities with respect to banks

The fair value of these instruments was determined by discounting the future principal and interest flows with current rates, assuming that the flows arise on contractual dates.

Loans and advances granted to customers

The fair value of such instruments without maturity and with short maturities, given their short-term nature and the time-stable policy of the Group with respect to this portfolio, is close to balance-sheet value.

With respect to floating rate leasing products fair value was assessed by adjusting balance-sheet value with discounted cash flows resulting from difference of spreads.

The fair value of instruments with defined long-term maturity is estimated by discounting related cash flows on contractual dates and under contractual conditions with the use of current zero-coupon rates and credit risk margins.

In case of residential mortgage loans the effect of early repayment is additionally taken into account due to their long-term nature as well as FX liquidity risk.

Liabilities to customers

Fair value of such instruments without maturity or with maturity up to 30 days is considered by the Bank to be close to balance-sheet value.

Fair value of instruments due and payable over 30 days is determined by discounting future principal and interest (including original average spreads for each of main currencies and tenors) cash flows with current rates (including current average spreads for each of main currencies and tenors) at contractual terms.

Liabilities from the issuance of structured debt securities

Liabilities from the issuance of structured debt securities are stated/priced at fair value in accordance with Bank's model. In this model, zero coupon bond price is calculated, which afterwards is increased by the option price, which was basis for a strategy built in a given structured bond.

Subordinated liabilities and mid-term loans

The fair value of this financial instrument is estimated on the basis of a model used for determining the market value of floating-rate bonds with the current level of market rates and credit risk margin based on current level of market rates and historical margin for credit risk. Similar as in loan portfolio the Bank includes the level of the original margin as a part of mid-term cost of financing obtained in the past in relation to the current margin level for the comparable instruments, as long as reliable assessment is possible. Due to lack of the mid-term loans liquid market as a reference to estimate current level of margins, the Bank used the original margin.

The table below presents results of the above-described analyses as at 30.09.2013 (data in PLN thousand):

ASSETS

	Note	Balance sheet value	Fair value
Loans and advances to banks	9	1 934 016	1 979 265
Loans and advances to customers *	12	41 920 895	39 937 853

LIABILITIES

	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 528 519	2 575 797
Amounts due to customers	19	45 228 053	45 223 941
Debt securities	20	757 957	763 311
Subordinated debt		636 715	632 500

* The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads due to the refinancing cost increase of those positions. The methodology, which the Bank uses for valuation of the loans portfolio, assumes that current spreads best reflect existing market conditions and economic situation. A corresponding rule is applied for valuation of debt securities, which are not quoted on active markets. In result, paradoxically whenever the Bank raises spreads, fair value of the “old” loans portfolio falls.

The table below presents data as at 31 December 2012 (data in PLN thousand):

ASSETS

	Note	Balance sheet value	Fair value
Loans and advances to banks	9	1 392 424	1 446 903
Loans and advances to customers *	12	40 232 240	38 686 940

LIABILITIES

	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 491 745	2 549 452
Amounts due to customers	19	41 434 077	41 445 995
Debt securities	20	900 016	910 707
Subordinated debt		613 610	607 159

The Group during the last three quarters has not made any transfers between levels of the fair value. Such reclassification, resulting in changes in valuation would be necessary, for example in the following circumstances:

- lack of access to existing information used or the emergence of new, repeatable and reliable, previously inaccessible information;
- developing a new methodology for the valuation providing more accurate results;
- changes in market conditions.

The table below presents balance-sheet values of instruments measured at fair value, by applied fair value measurement technique:

Data in '000PLN, as at 30.09.2013

	note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS				
Financial assets valued at fair value through profit and loss (held for trading)	10			
- derivatives			358 424	69 475
- debt securities		483 654		
- shares and interests		1 932		
Hedging derivatives	11		104 266	
Financial assets available for sale	13			
- debt securities		5 296 639	2 899 662	110 066
- shares and interests				809
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	17			
- derivatives and short sale of securities		493 041	327 733	59 323
Hedging derivatives	18		1 119 140	

Data in '000PLN, as at 31.12.2012

	note	Quoted market prices	Valuation techniques - observable inputs	Valuation techniques - significant unobservable inputs
ASSETS				
Financial assets valued at fair value through profit and loss (held for trading)	10			
- derivatives			520 540	76 520
- debt securities		46 791		
- shares and interests		138		
Hedging derivatives	11		277 812	
Financial assets available for sale	13			
- debt securities		3 037 728	3 598 724	113 578
- shares and interests				1 074
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	17			
- derivatives and short sale of securities			389 792	77 781
Hedging derivatives	18		1 115 202	

Changes of fair values of instruments measured on the basis of valuation techniques with use of significant parameters not derived from the market in the III quarters of 2013 are presented in the table below:

	Indexes options	Options embedded in securities issued and deposits	FX options	Municipal bonds	Shares and interests
Balance on 1 January 2013	63 379	(64 640)	0	113 578	1 074
Settlement/sell/purchase	(6 783)	15 272	0	(3 837)	(268)
Change of valuation recognized in P&L account (including interests)	(3 088)	6 012	0	325	3
Balance on 30 September 2013	53 508	(43 356)	0	110 066	809

IX. CONTINGENT ASSETS AND LIABILITIES

The total value of lawsuits as at 30 Septemeber 2013, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 494.0 million. The total value of lawsuits, in which Group companies acted as defendants was PLN 275.9 million and the total value of lawsuits, in which Group companies acted as claimants was PLN 218.1 million.

The Group has created provisions for contentious claims and settlement in dispute, which accordingly to legal opinion bear the risk of cash outflow in case of need to settle the obligation. As of 30 September 2013, the volume of these provisions was PLN 33.5 million.

Below are descriptions of the largest, according to the Group's opinion ongoing cases involving the companies of the Group. Aforementioned information is divided into three categories and classification was based on the nature of the proceedings. The proceedings associated with the Fiscal Control Office stands for separate category and are described in **Chapter IV note (8)**.

A. Proceedings connected with derivatives

As of 30 September 2013 the Bank was party to 37 lawsuits connected with derivatives, where in 25 cases the Bank was the defendant, while in 12 as the plaintiff. Accordingly to the Bank's best knowledge the total disputed value in these lawsuits was PLN 363.1 million. The highest unit value of the dispute was PLN 71.1 million.

The largest lawsuit connected with derivatives in which Group company is defendant:

Plaintiff: legal person

Value of the object of the dispute: PLN 71,065,496

Object: Claim for return of amounts due on account of settlement of FX options and compensations for lost benefits.

Case status: The bank received a lawsuit in January 2011. In 2013 four hearings were held, during which further interrogation of witnesses took place. Date of the next session was set for 25 November 2013, the case is pending.

Expectations: the Group has a positive view of the chances of getting a positive ruling.

B. Proceedings with participation of the Chairman of UOKiK

Proceeding 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 12.158.370. 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 positive for banks verdict entirely, sending the case back to the court of first instance. At the meeting held on 9 February 2012, the Court took into account the request of the representative of the Bank and set the date of the next hearing on April 24, and then on May 8. On May 8, 2012, the Court issued an order suspending the proceedings; the Bank filed a complaint against that ruling on May 29, 2012. The Court of Appeal in Warsaw on 25 October 2012, issued a decision taking into account the complaint in consequence changing the contested resolution of SOKiK in such a way that it rejected the application of MasterCard for suspension of proceedings. Date of the next trial was set for 29 October 2013, the case is pending.

Proceedings concerning provisions included in General Agreement Conditions (GAC) of Individual Pension Accounts (IPA)

On 28 December 2012, the Bank received Chairman of UOKiK decision dated 28 December 2012, which stated infringement of collective consumers interests, banned the use of the practices and imposed fines on the Bank a total of PLN 2,857,389. Chairman of UOKiK accused the Bank that:

- In the period from 24 April 2011 to 1 September 2011, the Bank used the GAC IPA, which does not contain provisions on the reasons of GAC IPA change and during the period from 1 April 2011 to 1 April 2012, the Bank applied the terms of use IPA which contains no provisions on liability for proper and timely conduct of monetary settlements;

- Bank changed GAC IPA provisions in September 2011 and April 2012, only to new customers, without changing the old contracts.

Bank on 11 January 2013 filed an appeal of the decision, whereas on 2 April 2013 UOKiK submitted files to SOKiK, case is pending.

C. The other largest lawsuit in which Group company is defendants except proceedings connected with derivatives and proceedings with participation of the Chairman of UOKiK

Plaintiff: Limited Liability Company

Value of the subject matter of the dispute: PLN 16,500,000

Object: the plantiff seeks annulment of legal action

Case status: On 11.12.2012, the Bank received a claim for recognition of the failure of a legal action detrimental to creditors - establishing of collateral mortgage. The answer to the lawsuit was brought by the Bank on time. There was one hearing and then case was adjourned to 24 July 2013 - in order to take evidence from a witness. Date of the next trial was set for 5 November 2013. The case is at an early stage of exploration.

Expectations: the Group has a positive view of the chances of getting a positive ruling.

OFF-BALANCE ITEMS

	30.09.2013	31.12.2012
Off-balance conditional commitments granted and received	**9 121 151**	**7 821 938**
Commitments granted:	7 544 862	6 909 179
- financial	6 382 305	5 610 721
- guarantee	1 162 556	1 298 458
Commitments received:	1 576 289	912 759
- financial	1 533 057	817 640
- guarantee	43 232	95 119

X. ADDITIONAL INFORMATION

X.1. Data on assets securing liabilities

As at 30 September 2013, 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 WZ0118	available for sale	Lombard credit granted to the Bank by the NBP	130 000	129 514
2.	Treasury bonds OK0114	available for sale	Initial security deposit for bond futures	500	496
3.	Treasury bonds WZ0115	available for sale	Loan agreement	202 000	202 770
4.	Treasury bonds WZ0117	available for sale	Loan agreement	392 000	392 337
5.	Treasury bonds WZ0115	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	15 000	15 057
6.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	55 000	55 047
7.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	195 000	194 271
8.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
9.	Deposits	Deposits in other banks	Settlement on transactions concluded	841 499	841 499
		TOTAL		1 831 099	1 831 090

As at 31 December 2012, 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 WZ0118	available for sale	Lombard credit granted to the Bank by the NBP	130 000	133 548
2.	Treasury bonds OK0114	available for sale	Initial security deposit for bond futures	500	484
3.	Treasury bonds WZ0115	available for sale	Loan agreement	182 000	187 094
4.	Treasury bonds WZ0117	available for sale	Loan agreement	400 000	411 336
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	55 000	56 559
6.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	195 000	200 322
7.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
8.	Deposits	Deposits in other banks	Settlement on transactions concluded	741 092	741 092
		TOTAL		1 703 692	1 730 534

X.2. Dividend for 2012

According to the decision of the General Meeting held on 11 April 2013, the Bank has not paid the dividend from the profit for the year ended 31 December 2012 (the whole profit was dedicated for reserve capital).

X.3. Earnings per share

Profit per share calculated for III quarters of 2013 (and diluted profit per share) on the basis of the consolidated data amounted to PLN 0.32.

X.4. 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.

Because the Bank is a public company whose shares are traded on the WSE primary market, the Bank has no detailed information about the shareholding structure as of September 30, 2013.

Information on the shareholder - Banco Comercial Portugues S.A. presented in the table below, is provided on the basis of data collected in connection with the registration of shareholders entitled to participate in the Bank's General Shareholders Meeting held on 11 April 2013.

In case of ING OFE the number of shares and their participation in the Bank's share capital were calculated on the basis of annual ING OFE asset structure, published as on 31 December 2012. For the purpose of the above calculation, the average Bank's share price as at the above dates was assumed to amount to 4.41 PLN for 2012.

As regards information about AVIVA OFE BZ WBK engagement it was delivered to the Bank in the form of a letter from AVIVA OFE BZ WBK dated 1 August 2013 (participation in the letter is presented as at 30 July 2013).

Data as at the delivery date of the report for III quarter 2013

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	112 824 664	9.30	112 824 664	9.30
AVIVA Otwarty Fundusz Emerytalny BZ WBK	61 221 350	5.05	61 221 350	5.05

Data accordingly consolidated annual report for 2012

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	112 824 664	9.30	112 824 664	9.30

X.5. Information about loan sureties or guarantees extended by the Group

In the third quarter of 2013, 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 September 2013 to exceed 10% of the Group's equity as at the balance sheet date.

X.6. Other additional information

As at 30 September 2013, the Group has no material obligations under the purchase of property, plant and equipment, and during the period covered by the condensed consolidated statement, Group did not:

- create substantial write-offs for inventories,
- conclude significant acquisitions and sales of property, plant and equipment,
- make correction of prior period errors,
- introduce significant changes in determining the fair value for financial instruments valued at fair value,
- make any reclassification of financial assets as a result of changes in purpose or use.

Moreover, between the date on which this report is drawn up and the date of its publication, there were no events that could significantly affect Group's future financial results.

II. CONDENSED INTERIM FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

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 2012.

The accounting policies applied by the Bank in these condensed interim financial statements are the same as those applied by the Bank in the financial statements of Bank Millennium S.A. for the year ended 31 December 2012.

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 with later amendments) the Bank is required to publish the financial results for the nine months ended 30 September 2013.

Condensed financial statements of the Bank:

- are prepared on the basis of the assumption of business continuity by the Bank, namely scale of business is not to be reduced substantially in a period of not less than one year from the balance sheet date;
- have been prepared in PLN, and all values, unless otherwise indicated, are given in PLN rounded to one thousand.

In addition to financial data these condensed interim financial statements of the Bank also 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 the Group for the nine months period ended 30 Septemeber 2013. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the nine months period ended 30 September 2013 contain all important information, which also serves as explanatory data to these separate statements of the Bank.

The Board of Directors approved this condensed separate interim financial statement on 25 October 2013.

II. SEPARATE FINANCIAL DATA (BANK)

INCOME STATEMENT

Amount '000 PLN	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Interest income	1 945 786	607 961	2 210 594	761 505
Interest expense	(1 149 979)	(322 454)	(1 423 573)	(502 090)
Net interest income	795 807	285 507	787 021	259 415
Fee and commission income	477 130	154 777	448 672	149 511
Fee and commission expense	(65 595)	(22 409)	(64 815)	(23 289)
Net fee and commission income	411 535	132 368	383 857	126 222
Dividend income	29 015	467	41 467	611
Result on investment financial assets	20 084	3 741	8 908	3 695
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	144 926	44 726	130 647	59 455
Other operating income	30 955	5 714	23 367	8 760
Operating income	**1 432 322**	**472 523**	**1 375 267**	**458 158**
General and administrative expenses	(732 289)	(236 465)	(751 842)	(248 932)
Impairment losses on financial assets	(157 846)	(51 920)	(144 319)	(50 673)
Impairment losses on non financial assets	(490)	(49)	(71)	42
Depreciation and amortization	(40 449)	(12 475)	(40 203)	(13 112)
Other operating expenses	(34 845)	(15 493)	(26 318)	(8 463)
Operating expenses	**(965 919)**	**(316 402)**	**(962 753)**	**(321 138)**
Operating profit	**466 403**	**156 121**	**412 514**	**137 020**
Profit / (loss) before taxes	**466 403**	**156 121**	**412 514**	**137 020**
Corporate income tax	(89 689)	(32 997)	(75 017)	(25 187)
Profit / (loss) after taxes	**376 714**	**123 124**	**337 497**	**111 833**
Weighted average number of ordinary shares	1 213 116 777	1 213 116 777	1 213 116 777	1 213 116 777
Earnings (losses) per ordinary share (in PLN)	0.31	0.10	0.28	0.09

TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2013 - 30.09.2013	1.07.2013 - 30.09.2013	1.01.2012 - 30.09.2012	1.07.2012 - 30.09.2012
Profit / (loss) after taxes	376 714	123 124	337 497	111 833
Other elements of total comprehensive income, including:				
Effect of valuation of available for sale debt securities	(60 299)	4 930	3 730	(1 080)
Effect of valuation of available for sale shares	0	0	0	0
Hedge accounting	36 037	67 429	(322 314)	(129 876)
Other elements of total comprehensive income before taxes	(24 262)	72 359	(318 584)	(130 956)
Corporate income tax on other elements of total comprehensive income	4 609	(13 748)	60 531	24 882
Other elements of total comprehensive income after taxes	(19 653)	58 611	(258 053)	(106 074)
Total comprehensive income of the period	357 061	181 735	79 444	5 759

BALANCE SHEET

ASSETS

Amount '000 PLN	30.09.2013	31.12.2012
Cash, balances with the Central Bank	3 493 512	2 465 640
Loans and advances to banks	1 934 011	1 392 424
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	928 614	664 682
Hedging derivatives	104 266	277 812
Loans and advances to customers	41 198 295	39 341 449
Investment financial assets	8 306 909	6 750 830
- available for sale	8 306 909	6 750 830
- held to maturity	0	0
Investments in associates	306 916	308 648
Receivables from securities bought with sell-back clause (loans and advances)	514 413	17 469
Property, plant and equipment	158 910	179 842
Intangible assets	37 598	41 375
Non-current assets held for sale	0	0
Receivables from Tax Office resulting from current tax	62 083	8 989
Deferred income tax assets	114 081	104 569
Other assets	426 366	559 658
Total Assets	**57 585 974**	**52 113 387**

LIABILITIES AND EQUITY

Amount '000 PLN	30.09.2013	31.12.2012
LIABILITIES		
Deposits from banks	2 355 655	2 253 000
Financial liabilities valued at fair value through profit and loss (held for trading)	880 108	467 634
Hedging derivatives	1 119 140	1 115 202
Deposits from customers	45 352 077	41 552 183
Liabilities from securities sold with buy-back clause	749 326	174 788
Debt securities	719 237	767 586
Provisions	51 519	40 705
Deferred income tax liabilities	0	0
Current tax liabilities	15 442	0
Other liabilities	873 826	652 811
Subordinated debt	636 715	613 610
Total Liabilities	52 753 045	47 637 519
EQUITY		
Share capital	1 213 117	1 213 117
Share premium	1 147 241	1 147 241
Revaluation reserve	(154 257)	(134 604)
Retained earnings	2 626 828	2 250 114
Total Equity	4 832 929	4 475 868
Total Liabilities and Equity	**57 585 974**	**52 113 387**

Book value	4 832 929	4 475 868
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	3.98	3.69

STATEMENT OF CHANGES IN EQUITY

Amount '000 PLN	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2013	4 475 868	1 213 117	1 147 241	(134 604)	2 250 114
- total comprehensive income for III quarters 2013	357 061	0	0	(19 653)	376 714
Equity at the end of the period 30.09.2013	4 832 929	1 213 117	1 147 241	(154 257)	2 626 828

Amount '000 PLN	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 260 196	1 213 117	1 147 241	99 865	1 799 973
- total comprehensive income of 2012	215 672	0	0	(234 469)	450 141
Equity at the end of the period 31.12.2012	4 475 868	1 213 117	1 147 241	(134 604)	2 250 114

Amount '000 PLN	Total equity	Share capital	Share premium	Revaluation reserve	Retained earnings
Equity at the beginning of the period 01.01.2012	4 260 196	1 213 117	1 147 241	99 865	1 799 973
- total comprehensive income for III quarters 2012	79 444	0	0	(258 053)	337 497
Equity at the end of the period 30.09.2012	4 339 640	1 213 117	1 147 241	(158 188)	2 137 470

STATEMENT OF CASH FLOWS

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2013 - 30.09.2013	1.01.2012 - 30.09.2012
Profit (loss) after taxes	376 714	337 497
Adjustments for:	2 691 162	2 216 817
Interests in net income (loss) of associated companies	0	0
Depreciation and amortization	40 449	40 203
Foreign exchange (gains) losses	49 019	(112 784)
Dividends	(29 015)	(39 583)
Changes in provisions	10 814	(7 372)
Result on sale and liquidation of investing activity assets	(21 810)	(19 812)
Change in financial assets valued at fair value through profit and loss (held for trading)	(54 949)	(627 722)
Change in loans and advances to banks	(131 413)	967 695
Change in loans and advances to customers	(1 859 403)	247 042
Change in receivables from securities bought with sell-back clause (loans and advances)	(496 944)	(138 299)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	416 412	(1 291 647)
Change in deposits from banks	118 829	297 327
Change in deposits from customers	3 799 894	3 879 857
Change in liabilities from securities sold with buy-back clause	574 538	(1 229 496)
Change in debt securities	(48 349)	45 072
Change in income tax settlements	88 920	167 557
Income tax paid	(131 474)	(72 032)
Change in other assets and liabilities	354 307	96 472
Other	11 337	14 339
Net cash flows from operating activities	**3 067 876**	**2 554 314**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2013 - 30.09.2013	1.01.2012 - 30.09.2012
Inflows:	36 749	54 161
Proceeds from sale of property, plant and equipment and intangible assets	7 734	7 304
Proceeds from sale of shares in associates	0	7 274
Proceeds from sale of financial assets valued at fair value through profit and loss	0	0
Proceeds from sale of investment financial assets	0	0
Other	29 015	39 583
Outflows:	(2 315 592)	(1 089 870)
Acquisition of property, plant and equipment and intangible assets	(19 968)	(8 852)
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	(2 295 624)	(1 081 018)
Other	0	0
Net cash flows from investing activities	**(2 278 843)**	**(1 035 709)**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2013 - 30.09.2013	1.01.2012 - 30.09.2012
Inflows:	60 000	298 750
Long-term bank loans	60 000	298 750
Issue of debt securities	0	0
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other	0	0
Outflows:	(113 473)	(96 324)
Repayment of long-term bank loans	(96 269)	(72 372)
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	0	0
Other	(17 204)	(23 952)
Net cash flows from financing activities	**(53 473)**	**202 426**

D. NET CASH FLOWS, TOTAL (A + B + C)	735 560	1 721 031
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	6 294 121	3 642 752
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	7 029 681	5 363 783

III. SUPPLEMENTARY INFORMATION FOR SEPARATE FINANCIAL DATA

Change of impairment write-offs for loans and advances to customers

	01.01.2013 - 30.09.2013	01.01.2012 - 31.12.2012
Balance at the beginning of the period	1 093 170	1 078 603
Change in value of provisions:	69 226	14 567
Write-offs in the period	450 020	519 581
Amounts written off	(71 813)	(137 237)
Reversal of write-offs in the period	(290 902)	(285 179)
Write-offs decrease due to sale of receivables	(20 649)	(70 545)
Changes resulting from FX rates differences	2 485	(12 842)
Other	85	789
Balance at the end of the period	**1 162 396**	**1 093 170**

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2013	16 637	2 449	20 524	0	6 894
- Write-offs created	0	3 059	0	0	7 614
- Write-offs released	(89)	(1 318)	(976)	0	(562)
- Utilisation	0	0	0	0	(1 589)
- Other changes	0	0	0	0	0
Balance as at 30.09.2013	16 548	4 190	19 548	0	12 357

Impairment write-offs:	Investment securities	Investments in associates	Property, plant and equipment	Intangibles	Other assets
Balance as at 01.01.2012	16 637	5 184	24 849	0	9 103
- Write-offs created	0	0	0	0	766
- Write-offs released	0	(2 735)	(4 325)	0	(542)
- Utilisation	0	0	0	0	(2 433)
- Other changes	0	0	0	0	0
Balance as at 31.12.2012	16 637	2 449	20 524	0	6 894

Impairment losses on financial assets

	01.01.2013 - 30.09.2013	01.01.2012 - 30.09.2012
Impairment losses on loans and advances to customers	(150 515)	(160 470)
- Impairment charges on loans and advances to customers	(450 020)	(407 937)
- Reversal of impairment charges on loans and advances to customers	290 902	241 241
- Amounts recovered from loans written off	1 055	1 491
- Result from sale of receivables portfolio	7 548	4 735
Impairment losses on investment securities	89	0
- Reversal of impairment write-offs for investment securities	89	0
Impairment losses on investments in associates	(1 741)	4 040
- Impairment write-offs for investments in associates	(3 059)	0
- Reversal of impairment write-offs for investments in associates	1 318	4 040
Impairment losses on off-balance sheet liabilities	(5 679)	12 111
- Impairment write-offs for off-balance sheet liabilities	(13 695)	(4 489)
- Reversal of impairment write-offs for off-balance sheet liabilities	8 016	16 600
Total	**(157 846)**	**(144 319)**

Creation, charge, utilisation and release of provisions

	01.01.2013 - 30.09.2013	01.01.2012 - 31.12.2012
Provision for off-balance sheet commitments		
Balance at the beginning of the period	22 463	22 271
Charge of provision	13 695	17 149
Release of provision	(8 016)	(16 911)
FX rates differences	12	(46)
Balance at the end of the period	28 154	22 463
Provision for contentious claims		
Balance at the beginning of the period	18 242	12 699
Charge of provision	6 380	7 808
Release of provision	(1 185)	(2 177)
Utilisation of provision	(72)	(88)
Balance at the end of the period	23 365	18 242
Total	**51 519**	**40 705**

Assets and provision from deferred income tax

	30.09.2013			31.12.2012		
	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset	Deferred income tax asset	Deferred income tax provision	Net deferred income tax asset
Difference between tax and balance sheet depreciation	5 458	0	5 458	5 861	0	5 861
Balance sheet valuation of financial instruments	312 544	(312 312)	232	352 013	(354 906)	(2 893)
Unrealised receivables/ liabilities on account of derivatives	53 729	(68 859)	(15 130)	87 170	(117 650)	(30 480)
Interest on deposits and securities to be paid/ received	45 794	(96 957)	(51 163)	64 192	(78 879)	(14 687)
Interest and discount on loans and receivables	0	(24 962)	(24 962)	0	(24 030)	(24 030)
Income and cost settled at effective interest rate	16 443	(191)	16 252	2 034	(245)	1 789
Provisions for loans presented as temporary differences	105 807	0	105 807	105 026	0	105 026
Employee benefits	12 984	0	12 984	11 760	0	11 760
Provisions for future costs	24 162	0	24 162	16 702	0	16 702
Valuation of investment assets and cash flows hedge recognized in revaluation reserve	36 184	0	36 184	39 671	(8 097)	31 574
Other	5 562	(1 305)	4 257	5 108	(1 161)	3 947
Net deferred income tax asset	618 667	(504 586)	114 081	689 537	(584 968)	104 569

IV. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between Group entities in the period from 1 January 2013 to 30 September 2013 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 DOM MAKLERSKI S.A.,
- MILLENNIUM TFI S.A.,
- 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 with the Capital Group of Bank parent company - Banco Comercial Portugues (these transactions are mainly of banking nature).

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, AS AT 30.09.2013

	With subsidiaries	With parent Group
ASSETS		
Loans and advances to banks – accounts and deposits	0	2 118
Loans and advances to customers	2 577 875	0
Investments in associates	295 303	0
Financial assets valued at fair value through profit and loss (held for trading)	2 843	0
Hedging derivatives	0	0
Other assets	167 185	48
LIABILITIES		
Deposits from banks	0	227 204
Deposits from customers	226 858	0
Liabilities from securities sold with buy-back clause	0	0
Hedging derivatives	0	140 613
Financial liabilities valued at fair value through profit and loss (held for trading)	10	94
Subordinated debt	636 715	0
Other liabilities	97 391	498
- including liabilities from financial leasing	69 718	0

ASSETS AND LIABILITIES FROM TRANSACTIONS WITH RELATED PARTIES, AS AT 31.12.2012

	With subsidiaries	With parent Group
ASSETS		
Loans and advances to banks – accounts and deposits	0	2 605
Loans and advances to customers	2 333 191	0
Investments in associates	295 297	0
Financial assets valued at fair value through profit and loss (held for trading)	2 813	0
Hedging derivatives	0	0
Other assets	207 448	45
LIABILITIES		
Deposits from banks	0	206 150
Deposits from customers	225 108	0
Liabilities from securities sold with buy-back clause	0	0
Hedging derivatives	0	133 578
Financial liabilities valued at fair value through profit and loss (held for trading)	61	63
Subordinated debt	613 610	0
Other liabilities	97 113	165
- including liabilities from financial leasing	70 864	0

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES, FOR THE PERIOD OF 1.01-30.09.2013

	With subsidiaries	With parent Group
Income from:		
Interest	63 837	14 503
Commissions	41 091	111
Derivatives net	145	0
Dividends	27 383	0
Other net operating income	1 452	350
Expense from:		
Interest	16 540	3 140
Commissions	16	1 845
Derivatives net	0	253
Other net operating income	0	0
General and administrative expenses	71 711	2 864

PROFIT AND LOSS ON TRANSACTIONS WITH RELATED PARTIES, FOR THE PERIOD OF 1.01-30.09.2012

	With subsidiaries	With parent Group
Income from:		
Interest	67 868	87 840
Commissions	36 480	110
Derivatives net	89	0
Dividends	37 465	0
Other net operating income	0	709
Expense from:		
Interest	20 825	17 946
Commissions	30	2 113
Derivatives net	0	232
Other net operating income	977	0
General and administrative expenses	72 339	3 273

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES, AS AT 30.09.2013

	With subsidiaries	With parent Group
Conditional commitments	57 845	952 092
- granted	56 473	102 513
- received	1 372	849 579
Derivatives (par value)	82 030	1 244 887

OFF-BALANCE TRANSACTIONS WITH RELATED PARTIES, AS AT 31.12.2012

	With subsidiaries	With parent Group
Conditional commitments	67 947	933 638
- granted	66 664	105 448
- received	1 283	828 190
Derivatives (par value)	66 322	1 740 865

V. ADDITIONAL INFORMATION

V.1. Seasonality and business cycles

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

V.2. Description of non-standard factors and events

The Bank's separate 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. During III quarters of 2013 dividend payments amounted to PLN 27,382 thousand whereas during III quarters of 2012 (comparable data), its value amounted to PLN 37,465 thousand.

V.3. Issue, redemption or repayment of debt or equity instruments

During the 9 months ended 30 September 2013, the Bank's liabilities on account of a debt securities issues decreased by PLN 48.3 million.

The Bank issues commercial papers based on

- the Banks' Bond Issue Program, 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;
- Bank's Bond ordinary issue (B series bearer bonds) with a total nominal value not exceeding PLN 500,000,0000;
- structured products in the form of Bank Securities, which are issued under Banking Law.

V.4. Off-balance sheet liabilities

As at 30 September 2013 and 31 December 2012, the structure of off-balance sheet liabilities was as follows:

OFF-BALANCE ITEMS

	30.09.2013	31.12.2012
Off-balance conditional commitments granted and received	**9 178 996**	**7 889 885**
Commitments granted:	7 601 335	6 975 843
- financial	6 383 474	5 610 767
- guarantee	1 217 861	1 365 076
Commitments received:	1 577 661	914 042
- financial	1 533 057	817 640
- guarantee	44 604	96 402