REPORT OF THE BANK MILLENNIUM S.A. CAPITAL GROUP

FOR 3RD QUARTER 2015

MAIN CONSOLIDATED FINANCIAL DATA

	Amount '000 PLN		Amount '000 EUR	
	Period from 1.01.2015 - 30.09.2015	Period from 1.01.2014 - 30.09.2014*	Period from 1.01.2015 - 30.09.2015	Period from 1.01.2014 - 30.09.2014*
Interest income	1 736 434	1 962 840	417 563	469 545
Fee and commission income	527 368	531 235	126 817	127 081
Operating income	1 689 412	1 750 883	406 255	418 841
Operating profit	622 220	640 977	149 626	153 333
Profit (loss) before taxes	620 835	640 977	149 293	153 333
Profit (loss) after taxes	493 482	493 248	118 668	117 993
Total comprehensive income of the period	381 210	559 752	91 670	133 902
Net cash flows from operating activities	1 984 563	(107 969)	477 230	(25 828)
Net cash flows from investing activities	205 419	(291 664)	49 397	(69 771)
Net cash flows from financing activities	(89 380)	825 734	(21 493)	197 530
Net cash flows, total	2 100 602	426 101	505 135	101 931
Total Assets	65 106 135	60 740 482	15 360 292	14 250 635
Liabilities to banks and other monetary institutions	1 952 739	2 037 269	460 704	477 974
Liabilities to customers	51 188 116	47 591 244	12 076 656	11 165 625
Equity	6 146 690	5 765 479	1 450 170	1 352 669
Share capital	1 213 117	1 213 117	286 207	284 616
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)	5.07	4.75	1.20	1.12
Diluted book value per share (in PLN/EUR)	5.07	4.75	1.20	1.12
Capital adequacy ratio	15.97%	15.23%	15.97%	15.23%
Earnings (losses) per ordinary share (in PLN/EUR)	0.41	0.41	0.10	0.10
Diluted earnings (losses) per ordinary share (in PLN/EUR)	0.41	0.41	0.10	0.10
Pledged or paid dividend per share (in PLN/EUR)	-	0.22	-	0.05

* - Comparative balance sheet data was presented, in compliance with IFRS requirements, as at 31.12.2014. Other comparative data is presented for the period from 1.01.2014 to 30.09.2014.

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: 4.2386 PLN/EURO – the exchange rate of 30 September 2015 (for comparative data as at 31 December 2014: 4.2623 PLN/EURO),
- for profit and loss account items for the period from 1 January – 30 September 2015: 4.1585 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 2014: 4.1803 PLN/EURO).

INFORMATION ABOUT THE ACTIVITY OF BANK MILLENNIUM CAPITAL GROUP DURING 3 QUARTERS OF 2015

Bank Millennium Group (the "Group") consolidated net profit in 1-3Q 2015 amounted to PLN 493.5 million (PLN 165.7 million in 3Q 2015), which means flat results both yearly and quarterly. This stable profit was achieved despite unfavourable environment for the banking sector in Poland, which resulted in a decrease of operating income, including fall of interest income (due to interest rate cuts) and commission income (due to regulatory interventions; e.g. cut of cards fees). Bank Millennium compensated an yearly decrease of operating income by a reduction of operating costs and impairment provisions.

Main financial and business highlights of 1-3Q 2015 results are the following:

Stable profitability and improving cost efficiency

- Stable net profit: at PLN 493 million YTD and PLN 166 million in 3Q
- Operating costs fell 2.5% y/y, despite higher fees paid to the Banking Guarantee Fund
- Cost to income in 3Q at 49.2%
- ROE at 11.1%, one of the best recurring ROE in the sector

Rebound in interest income after recent rate cuts

- Net interest income grew (by 2.6% q/q) after three quarters of contraction due to interest rate cuts
- Core income grew by 2.7% q/q as commission income also improved quarterly

High asset quality kept

- One of the lowest on the market impaired loans ratio (4.6%)
- Mortgage impaired ratio at 2.1% and day-past due over 90 days at 0.9%

Improving capital and liquidity ratios

- Growing capital ratios: Total Capital Ratio* at 16.0% and Common Equity Tier 1* at 15.5%
- Loans-to-deposits** ratio improved to 89.7%

Deposits/accounts/customers

- Strong growth of retail deposits maintained: +12.1% y/y (3.7% q/q).
- 200 thousand new current accounts acquired during 1-3Q 2015
- Accelerating growth of the number of active customers: 61 thousand net growth in 1-3Q 2015
- Growing volume of transactions and current accounts in corporate business

Loans

- Cash loans portfolio grew by 21% yearly, new sales at PLN 1.9 billion year-to-date
- Traditionally good yearly growth in leasing and factoring portfolios (+10% and 18% respectively)

In September Bank Millennium achieved 1st position in three categories („Traditional Banking", „Internet Bank" and „Mortgage Banking") of the *Newsweek's Friendly Bank* ranking. This prestigious ranking has been conducted for 14 years in Poland and is based on mystery client surveys, in which auditors from an independent research company evaluate practically all aspects of customer service in both traditional and electronic service channels. Being always in Top 3 during last 5 years of the ranking, Bank Millennium shows a clear track record in the quality improvement, which remains one of the highest priorities in the Bank's strategy.

Bank Millennium is also a market leader in customers' satisfaction***, with 89% customers satisfied or very satisfied with the Bank. Thus, the Bank enjoys the highest on the market willingness to recommend (NPS index +32; the highest among Polish banks in 1H 2015)***.

(*) under CRR/CRD4 rules and partial IRB approach (with regulatory constraint)
(**) deposits include Bank's debt securities sold to individuals and repo transactions with customers
(***) according to Retail Banking Audit conducted by TNS Polska SA

Macroeconomic situation and factors influencing results in the next quarters

During 1st half 2015 Polish economy returned on the path of solid economic growth after slowdown on the turn of 2012 and 2013. Consequences of limited access to eastern markets for Polish exporters at the turn of 2014 and 2015 were smaller than feared at the beginning of the year thanks to high flexibility of Polish companies that were actively seeking new markets. The Bank assesses that the economic growth is balanced and GDP data show no sign of macroeconomic imbalances, there is however some risk to the pace of economic growth that comes from external environment of the Polish economy and is connected with slowdown in big emerging economies.

The data for the third quarter showed some deterioration of the business climate assessment, but it remained positive. Economic growth in the second and third quarter slowed down but only slightly and remained solid. According to the preliminary data, GDP in the second quarter increased by 3.3% year-on-year vs. 3.6% year-on-year in the first quarter. Net exports had neutral impact on the economic growth, after adding 1.1 percentage point in the previous quarter. Both private consumption and investment had positive contribution to the growth confirming its solid foundation. Investment growth decelerated to 6.4% year-on-year from 11.4% in the first quarter mainly as a consequence of lower dynamics of outlays on machinery and equipment. Individual consumption increased by 3.0% year-on-year after growing by 3.1% year-on-year in the first three months of the year, driven by improved labour market conditions and falling prices that support real disposable income of households. Both exports and imports were growing but at the pace slightly lower than in the previous quarter. Exports increased by 5.2% year-on-year while imports grew by 5.4% year-on-year.

Labour market conditions continued to improve. In September registered unemployment rate, for the first time since December 2008, fell below 10.0% and was equal to 9.9%. The reading was by 1.6 percentage points lower than in the corresponding period of the last year. The number of labour vacancies recorded within the month was the highest since the labour office started the data collection in 2001. It is however worth noting that the mismatch between labour demand and supply is growing, what is visible in the growing number of labour offers unfilled at the end of month. At the same time decreasing ratio of the number of unemployed persons to the number of job offers suggests growing problems with finding suitable employees. With time this may translate into growing wage pressure. In September the pace of wage growth advanced to 4.1% year-on-year.

Consumer Price Index since July 2014 has been below zero in year-on-year terms. Since the minimum in February at -1.6% year-on-year, the deflation has been gradually easing, however in September it deepened to -0.8% year-on-year from -0.6% year-on-year in August, on the back of falling fuel prices and continued fall of the core inflation to 0.2% year-on-year. The persistence of negative inflation resulted from supply-side shocks on food and fuel markets, but the demand pressure in the economy is also very low.

In the environment of lack of inflation pressures, monetary authority kept loose monetary policy stance. In March 2015 MPC cut interest rates by 50 bps. The reference rate is record-low and currently stands at 1.50%. In the Bank's assessment the next interest rates move would be a hike delivered not earlier than at the end of 2016.

Leading indicators suggest some stabilization of the business sentiment, especially in the industrial sector, where PMI index is only marginally above the neutral level of 50 pts. The Bank expects that in 2015 domestic demand will remain strong and economic growth will be equal to 3.6%. The Bank forecasts that high dynamics of private consumption, supported by improved labour market conditions, will be maintained and investment is likely to grow further supported by high capacity utilization and good financial standing and liquidity of companies. Despite growth acceleration, we do not expect the return of positive inflation before November/December 2015.

According to preliminary estimates, in the third quarter total deposits increased by ca 25 billion PLN, and the increase was roughly the same in the households and enterprise sector. Corporate deposit has recovered only in September after the seasonal fall of 17 billion PLN recorded in January and were by ca 8 billion PLN higher than at the end of 2014. Its annual pace of growth vary from month to month but in September equalled to ca 6.0%. Households deposits were increasing at the solid and stable pace of 9.0% year-on-year, despite the record low interest rates, confirming improving income situation of the households.

Total credit has been growing at the annual pace of 7.0% in recent months. Slightly higher credit dynamics were observed in the corporate sector than in the households segment. One should note however that annual dynamics of loans to households (according to Bank's estimates equal to 6.0%) was inflated by the Polish Zloty depreciation against the Swiss Franc that increased the PLN value of loans denominated in foreign currencies. Excluding FX impact, loans to households increased at the stable pace of 3.5% year-on-year.

In coming quarters the activity of banking sector, including Bank Millennium, can be influenced by the following external factors:

- Higher risk of regulatory changes affecting condition of the banking sector. Announced legislative intentions or initiatives on FX mortgage loans conversion, if implemented and made mandatory for banks, could significantly deteriorate the Bank's profitability and capital position.
- Expected introduction of higher capital requirements by KNF (Polish Financial Supervision Authority) in connection with FX mortgage portfolios, may influence capital ratios and/or dividend payment capacity of the Bank. However, it should be noted that after the Bank's Annual General Meeting decision to retain entire 2014 net profit in own funds, Bank's capital ratios grew to high levels.
- Potential increase of a contribution to the Banking Guarantee Fund and possible introduction of a new banking tax (on assets or on financial transactions) may adversely affect profitability of the banking system (and of the Bank) in the next and following years.
- Banks in Poland will continue to operate in the environment of record low interest rates. Possible decrease of interest rates in 2016, which may become slightly more probable in the context of the new composition of the Monetary Policy Council and the Governor of NBP in 2016, would influence negatively interest margin of banks (and the Bank).
- Potential increase of currency markets volatility, including a risk of PLN depreciation in the context of October parliamentary elections, may cause an increase of FX financing costs and revalue FX loan portfolios expressed in PLN.
- Positive situation in Polish economy, including good financial standing of the companies and further unemployment decrease, will support the quality of loans portfolio.

Bank Millennium Group profit and loss account after 3rd quarter 2015

Operating Income *(PLN million)*	1-3Q 2015	1-3Q 2014	Change y/y	3Q 2015	2Q 2015	Change q/q
Net Interest Income *	1 056.9	1 111.0	*-4.9%*	357.5	348.4	*2.6%*
Net Commission Income	455.7	469.5	*-2.9%*	151.6	147.4	*2.8%*
Core Income**	1 512.7	1 580.5	*-4.3%*	509.1	495.8	*2.7%*
Other Non-Interest Income ***	117.2	94.3	*24.3%*	31.6	47.9	*-33.9%*
Total Operating Income	1 629.9	1 674.8	*-2.7%*	540.7	543.7	*-0.5%*

(*) 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 41.2 million in 1-3Q 2015 and PLN 5.5 million in 1-3Q 2014) 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) for 1-3 quarters 2015 reached PLN 1,056.9 million and decreased by 4.9% versus the corresponding period of the previous year. Such modest decrease proves resilience of this income line being under pressure of falling market rates following material NBP rates cuts during the recent monetary policy loosening cycle. In 3Q 2015 Net Interest Income increased by 2.6% vs 2Q 2015 pointing to a reversal of decreasing trend of the previous quarters. Average interest rate on loans started to increase in 3Q 2015 along with further adjustment of cost of deposits.

Net Interest Margin (over average interest earning assets) for 3Q'15 at 2.23% showed an increase vs. 2Q'15 by 6 bps growing for the first time in the last one year period and almost reversing the impact of the March rate cut.

Net Commission Income in 1-3 quarters 2015 amounted to PLN 455.7 million, which means a 2.9% decrease year-on-year as a result of lower interchange fees (the effect of new regulations on limits for payment cards' interchange fees in Poland). The decrease in interchange fees was offset by growing sale of investment products (own mutual funds and other similar products of third parties) as well as commissions from loans. In quarterly terms, Net Commission Income rebound growing by 2.8% vs. 2nd quarter 2015 and reached PLN 151.6 million.

Core Income, defined as a combination of net interest and commission income, reached the amount of PLN 1,512.7 million for 1-3 quarters 2015 and decreased by 4.3% compared to the corresponding period of the previous year. However, in 3rd quarter 2015 Core Income rebound, growing by 2.7% vs. 2nd quarter 2015, pointing to improving profitability of key business activities of the Group.

Other non-interest income amounted to PLN 117.2 million for 1-3 quarters 2015 and grew by 24.3% year-on-year due to better net other operating income and costs as well as higher income from financial operations, mostly from investment financial assets. In quarterly terms, other non-interest income was slightly smaller in 3Q 2015 due to lower fixed income result.

Total operating income of the Group reached PLN 1,629.9 million in 1-3 quarters 2015 and decreased by 2.7% year-on-year. In quarterly terms, total operating income almost matched previous quarter result (-0.5% q/q).

Total costs in 1-3 quarters 2015 amounted to PLN 811.7 million, which means a decrease by 2.5% when compared to the corresponding period of 2014, despite higher obligatory contribution to deposit guarantee fund (BFG). In quarterly terms costs for 3rd quarter 2015 decreased too, by 1.9% compared to the previous quarter.

Operating Costs *(PLN million)*	1-3Q 2015	1-3Q 2014	Change y/y	3Q 2015	2Q 2015	Change q/q
Personnel Costs	(411.1)	(409.6)	*0.3%*	(135.9)	(136.9)	*-0.7%*
Other Administrative Costs*	(400.6)	(422.7)	*-5.2%*	(130.1)	(134.3)	*-3.1%*
- of which Banking Guarantee Fund contribution	*(49.1)*	*(26.7)*	*83.9%*	*(16.4)*	*(16.4)*	*0.0%*
Total Operating Costs	(811.7)	(832.3)	***-2.5%***	(266.0)	(271.2)	***-1.9%***
Cost/Income Ratio	49.8%	49.7%	+0.1 p.p.	49.2%	49.9%	-0,7 p.p.

(*) including depreciation

Personnel costs for 1-3 quarters 2015 amounted to PLN 411.1 million and presented minor increase by 0.3% compared to the corresponding period of the previous year. In quarterly terms this cost item decreased by 0.7%. The total number of employees in the Group decreased by 217 employees compared to the end of September 2014, to the level of 5,917 persons (in Full Time Equivalents) in line with network optimisation process.

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

Employment structure (in FTEs)	30.09.2015	30.06.2015	Change q/q	30.09.2014	Change y/y
Bank Millennium S.A.	5 577	5 602	-0,4%	5 790	-3,7%
Subsidiaries	340	337	0,9%	344	-1,2%
Total Bank Millennium Group	**5 917**	**5 939**	**-0,4%**	**6 134**	**-3,5%**

Other administrative costs (including depreciation) for 1-3 quarters 2015 amounted to PLN 400.6 million and presented the decrease by 5.2% year-on-year. The decrease was driven by lower cost of marketing, IT, external services (such as advisory, legal etc.), branches and depreciation, which offset significant increase of BFG charges imposed on banks in 2015. Main charge almost doubled from 0.10 bps in 2014 to 0.189 bps in 2015, which translates into PLN 22.4 million additional costs in 1-3Q 2015, representing 5.6% of administrative and 2.8% of total costs year-to-date.

Cost-to-Income ratio for 1-3 quarters 2015 at 49.8% was at similar level as an year ago (49.7% in 1-3 quarters 2014). In 3rd quarter 2015 Cost-to-income ratio continued positive quarterly trend of this year and reached 49.2% level (-0.7 p.p. versus 2nd quarter 2015).

Net Profit *(PLN million)*	1-3Q 2015	1-3Q 2014	Change y/y	3Q 2015	2Q 2015	Change q/q
Operating Income	1 629,9	1 674,8	*-2,7%*	540,7	543,7	*-0,5%*
Operating Costs *	(811,7)	(832,3)	*-2,5%*	(266,0)	(271,2)	*-1,9%*
Impairment provisions	(196,0)	(201,5)	*-2,7%*	(68,8)	(59,3)	*16,0%*
Pre-tax Profit**	620,8	641,0	*-3,1%*	205,9	213,1	*-3,4%*
Income tax	(127,4)	(147,7)	*-13,8%*	(40,2)	(47,9)	*-16,1%*
Net Profit	**493,5**	**493,2**	***0,0%***	**165,7**	**165,2**	***0,3%***

(*) without impairment provisions for financial and non-financial assets
(**) includes share in profits of associates

Total net impairment provisions created by the Group in 1-3 quarters 2015 amounted to PLN 196.0 million and were 2.7% lower compared with corresponding period of 2014. The provisions were much lower for corporate segment and other (PLN 45.3 million compared to PLN 129.2 million an year ago) and higher in retail segment (an increase to PLN 150.7 million from PLN 72.3 million an year ago). The level of provisions for retail segment was higher in 3rd quarter 2015 (PLN 61.1 million) compared to the two previous quarters of 2015, due to tightened impairment recognition criteria.

In relative terms, cost of risk (i.e. net provisions created to the average net loans) in 1-3 quarters 2015 reached 57 bps level (i.e. 6 bps lower yearly). Cost of risk in corporate segment in 1-3 quarters was at 48 bps level whereas in retail it was at 60 bps. Cost of risk in mortgage in the reporting period (18 bps) was only slightly higher than the level for the whole 2014 (16 bps), in line with slow increase of impaired mortgage loans (mainly in FX loans).

Pre-tax Profit for 1-3 quarters 2015 amounted to PLN 620.8 million, which was 3.1% lower compared to the level of the corresponding period of the previous year. **Net Profit** for the analysed period amounted to PLN 493.5 million and was on similar level as an year ago. The Net Profit for just 3rd quarter 2015 increased by 0.3% vs. 2nd quarter 2015 and reached PLN 165.7 million.

Business results after 3rd quarter 2015

Total assets of the Group reached PLN 65,106 million as at 30 September 2015, which means an increase by 7.3% compared to the end of September 2014.

Total **customer funds** of Bank Millennium Group reached PLN 58,299 million showing the growth of 7.7% vs. the end of September 2014 and by 0.7% vs. the end of June 2015. The growth of deposits reached 7.9% yearly and 1.9% quarterly. Especially solid growth can be seen in deposits of individuals, which increased by 12.1% yearly and 3.7% quarterly, keeping strong quarterly increase of PLN 1.2 billion. Such strong growth has been achieved despite relevant re-pricing of deposits resulting from material central bank interest rate cuts in October 2014 and March 2015.

Deposits of companies and public sector amounted to PLN 18,242 million and grew by 1.2% year-on-year. Important fact is growing balances on companies' current accounts: an increase by 22,2% (or by PLN 1.2 billion) year-on-year, to the level of PLN 6.6 billion representing 36% of total companies deposits as at the end of September 2015.

Non-deposit savings and other investment products sold to Group's retail customers reached in September 2015 the level of PLN 7,111 million and registered robust growth of 6.0% yearly, although decreased in 3rd quarter 2015 partially due to some assets market price decrease. Over half of these products are Millennium TFI mutual funds with the balance at 30 September 2015 of PLN 3,975 million, which means the growth of 11.2% yearly.

The positive factor supporting increase of customer funds is growing number of current accounts and customers. During 9 months of 2015 year over 200 thousand current accounts were opened, mainly of the new Konto 360° (over 300 thousand of these accounts since its' launch in 2014). Growth of current accounts is in line with the strategic target of acquiring 300 thousand new retail active customers till 2017 (of which 80 thousand in 2015). Year to date the Bank managed to grow active individual clients[1] by 61 thousand.

Realization of this target was possible also thanks to the effort of quality and customer satisfaction improvement. In September 2015 Bank Millennium achieved 1st position in three categories („Traditional Banking", „Internet Bank" and „Mortgage Banking") of the Newsweek's Friendly Bank 2015 ranking. Bank is also the market leader in customers' satisfaction, with 89% customers satisfied or very satisfied with the Bank.

Customer Funds *(PLN million)*	30.09.2015	30.06.2015	Change q/q	30.09.2014	Change y/y
Deposits of individuals	32 946,0	31 785,3	*3,7%*	29 401,3	*12,1%*
Deposits of Companies and public sector	18 242,1	18 448,3	*-1,1%*	18 033,5	*1,2%*
Total Deposits	51 188,1	50 233,6	*1,9%*	47 434,8	*7,9%*
Investment products *	7 111,3	7 635,1	*-6,9%*	6 710,4	*6,0%*
Total Customer Funds	58 299,4	57 868,7	*0,7%*	54 145,2	*7,7%*

(*) This category includes bonds to retail customers issued by the Bank, Millennium TFI mutual funds and other investment products of third parties sold to Group's clients

Total net **loans** of Bank Millennium Group reached PLN 46,191 million as at the end of September 2015, which means an increase by 5.3% yearly (partly influenced by CHF appreciation fuelling FX mortgage loans growth).

As at the end of September 2015, loans for individuals amounted to PLN 32,777 million and grew by 5.4%. Mortgage loans remain the biggest part of this portfolio with total net balance of PLN 27,656 million. Growth of this portfolio by 3.5% year-on-year was caused by CHF appreciation after January Swiss National Bank decision to stop interventions on currency market stabilising CHF rate. Also some decrease of mortgage portfolio just in 3rd quarter 2015 was mostly driven by CHF rate changes.

Non-mortgage retail loans continue strong growing trend: an increase by 17.5% year-on-year to the level of PLN 5,120 million as at the end of September 2015. In just 3rd quarter 2015 the portfolio grew by 2.3%. The key growing item of the portfolio are cash loans: +21.1% year-on-year (gross). The accumulated sales of cash loans during 1-3 quarters 2015 reached PLN 1,927 million, i.e. by 25% vs. comparable period of the previous year.

Loans to companies (including leasing) amounted to PLN 13,415 million as at 30 September 2015, growing by 5.1% yearly and 1.5% quarterly. Leasing exposure grew by 10.1% year-on-year reaching PLN 4,359 million. Factoring turnover in 1-3 quarters 2015 reached PLN 9.6 billion and was 12% higher than in the corresponding period of the previous year.

Loans and advances to Clients *(PLN million, net values)*	30.09.2015	30.06.2015	Change q/q	30.09.2014	Change y/y
Loans to households	32 776,6	33 784,0	*-3,0%*	31 086,9	*5,4%*
- mortgage loans	27 656,2	28 777,5	*-3,9%*	26 730,5	*3,5%*
- other loans to households	5 120,4	5 006,5	*2,3%*	4 356,3	*17,5%*
Loans to companies and public sector	13 414,6	13 214,2	*1,5%*	12 760,2	*5,1%*
- leasing	4 359,4	4 209,2	*3,6%*	3 959,7	*10,1%*
- other loans to businesses	9 055,2	9 005,1	*0,6%*	8 800,6	*2,9%*
Total Loans & Advances to Clients	46 191,2	46 998,2	*-1,7%*	43 847,1	*5,3%*

[1] According to the Bank's internal criteria active client should have evidenced record of required activity on his/her account or a Group's product volume level in a certain period of time.

Liquidity, asset quality and solvency

Faster growth of deposits than loans during 3Q caused, that the Group's loan-to-deposit ratio continued to improve to the level of 89.7%. Liquid treasury bonds and NBP bills portfolio now constitute 20% of total assets of the Group.

The Group enjoys one of the best asset quality among Polish banks with impaired loans ratio at 4.6% as at the end of September. Share of loans past-due more than 90 days in total portfolio remains at a stable level of 2.9%. During 3Q'15 the Bank sold a portfolio of impaired consumer and mortgage loans (of gross balance sheet value of PLN 103.5 million, almost fully provisioned) and further tightened impairment recognition criteria. Consequently, coverage ratio of impaired loans decreased to 66%, but still is at a very comfortable level. Coverage by provisions of loans past-due more than 90 days stood at 103% as at the end of September 2015.

Mortgage loans show increase of impaired ratio to 2.07% (partly due to a decrease of entire portfolio in 3Q). The ratio of mortgage loans past-due more than 90 days remains on very low level of 0.9% (PLN 253 million in September 2015).

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

Total portfolio quality indicators	30.09.2015	30.06.2015	30.09.2014
Total impaired loans (PLN million)	2 173	2 103	1 929
Total provisions (PLN million)	1 440	1 473	1 358
Impaired over total loans ratio (%)	4.6%	4.3%	4.3%
Loans past-due over 90 days /total loans (%)	2.9%	3.0%	3.0%
Total provisions/impaired loans (%)	66.3%	70.0%	70.4%
Total provisions/loans past-due (>90d) (%)	103%	102%	101%

Capital position of the Group remains very solid. Consolidated equity increased by 8.7% yearly to the level of PLN 6,147 million. As at the end of September 2015, consolidated Total Capital Ratio reached 16.0% and Common Equity Tier 1 ratio 15.5%. These ratios include 50% of the net profit of the 1st half of 2015, after the consent of the Polish Financial Supervision Authority (KNF).

Main solvency and liquidity indicators	30.09.2015	30.06.2015	30.09.2014
Consolidated equity (PLN million)	6 147	6 023	5 656
Consolidated regulatory capital (PLN million)	5 901	5 764	5 425
Consolidated capital requirement (PLN million):	2 956	3 041	3 082
- Credit risk	2 642	2 742	2 780
- Market risk	43	28	25
- Operating risk	271	271	258
Risk Weighted Assets (PLN million)	36 955	38 011	38 521
Total Capital Ratio* (%, consolidated)	16.0%	15.2%	14.1%
Common Equity Tier 1 ratio* (%, consolidated)	15.5%	14.6%	13.4%
Loans to Deposits ratio (%)**	89.7%	92.1%	91.4%
Loans to stable sources of funding *** (%)	85.8%	88.8%	87.9%

(*) Calculated according to CRR/CRD4, with partial IRB approach (on mortgage and revolving retail loans) but under regulatory constraint

(**) Deposits include Bank's debt securities sold to individuals, repo transactions with customers

(***) Deposits plus all debt securities sold to individual and institutional investors (including subordinated debt) and medium-term funding from financial institutions

Share price main indicators and ratings

In 3Q 2015 Warsaw Stock Exchange continued to experience high volatility and a strong pressure on stock prices, especially of the financial sector. Global trends were negative, especially in the emerging markets (e.g. strong correction in China). Additionally, due to parliament election campaign in Poland, high level of uncertainty about future economic, fiscal and regulatory policy persists. Among these are: possibility of introduction of a new banking tax, potential increase of the Banking Guarantee Fund fees and potential regulatory interventions towards banks with CHF mortgages (higher capital requirement and/or forced conversion to PLN).

All of these factors caused sharp correction of banks' shares prices on GPW in Warsaw. Just in 3Q 2015 banking index fell by 11.0%. In the same time Bank Millennium shares fell by 10.2%.

In the yearly horizon, banking index fell by 24.3% and Bank Millennium shares decreased by 33.1%. The main WIG index fell by 9.2% and medium companies index mWIG40 decreased by 1.7% in this yearly period.

In the same period, average daily turnover year-to-date of Bank Millennium shares grew significantly by 69%.

Market ratios	30.09.2015	30.12.2014*	Change (%) YTD	30.09.2014	Change (%) Yearly
Number of shares of the Bank (in ths.)	1 213 117	1 213 117	0.00%	1 213 117	0.00%
Daily trading (PLN ths, avg. ytd)	10 962	-	-	6 479	69.2%
The Bank's share price (PLN)	5.88	8.30	-29.2%	8.79	-33.1%
Market cap. (PLN million)	7 133	10 069	-29.2%	10 663	-33.1%
WIG - main index	49 825	51 416	-3.1%	54 879	-9.2%
WIG Banks	6 581	7 961	-17.3%	8 694	-24.3%
mWIG 40	3 577	3 483	2.7%	3 640	-1.7%

(*) last day of quotation in 2014

During the 3rd quarter of 2015 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)	Ba1 (stable outlook)
National Long-term IDR	A-(pol) (stable outlook)	-
Short-term deposit rating	F-3	NP
Individual (Viability rating / standalone BCA)	bbb-	ba3
Counterparty Risk Assessment (CR)		Baa3/Prime-3
Support	4	

CONTENTS

I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE BANK MILLENNIUM S.A. CAPITAL GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

CONTENTS

1. 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 the Bank Millennium S.A. Capital Group (the Group) with over 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 2015

Composition of the Supervisory Board as at 30 September 2015 was as follows:
- Bogusław Kott - Chairman of the Supervisory Board,
- Nuno Manuel da Silva Amado – Deputy Chairman of the Supervisory Board,
- Dariusz Rosati – Deputy Chairman and Secretary of the Supervisory Board,
- Julianna Boniuk-Gorzelańczyk – Member of the Supervisory Board,
- Miguel de Campos Pereira de Bragança – Member of the Supervisory Board,
- Agnieszka Hryniewicz-Bieniek – Member of the Supervisory Board,
- Anna Jakubowski – Member of the Supervisory Board,
- Grzegorz Jędrys – Member of the Supervisory Board,
- David Harris Klingensmith – Member of the Supervisory Board,
- Andrzej Koźmiński – Member of the Supervisory Board,
- Miguel Maya Dias Pinheiro – Member of the Supervisory Board,
- Rui Manuel da Silva Teixeira – Member of the Supervisory Board.

Composition of the Management Board as at 30 September 2015 was as follows:
- Joao Nuno Lima Bras Jorge – Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho – Deputy Chairman 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.
- Michał Gajewski - Member of the Management Board,

Bank Millennium S.A. Capital Group

Bank Millennium S.A. is the parent company of the Bank Millennium Group. The companies comprising the Group as at 30 September 2015 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	full consolidation
MILLENNIUM DOM MAKLERSKI S.A.	brokerage services	Warsaw	100	100	full consolidation
MILLENNIUM TFI SA	investment funds management	Warsaw	100	100	full consolidation
MB FINANCE AB	funding companies from the Group	Stockholm	100	100	full consolidation
MILLENNIUM SERVICE Sp. z o.o.	general construction and engineering	Warsaw	100	100	full consolidation
TBM Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
MILLENNIUM TELECOMMUNICATION SERVICES Sp. z o.o.	financial operations - equity markets, advisory services	Warsaw	100	100	full consolidation
LUBUSKIE FABRYKI MEBLI S.A. in liquidation	furniture manufacturer	Świebodzin	50 (+1 share)	50	equity method valuation (*)
BG LEASING S.A. in bankruptcy	leasing services	Gdańsk	74	74	historical cost (*)

(*) Despite having a control over the companies Lubuskie Fabryki Mebli S.A. and BG Leasing S.A., due to insignificant nature of these companies from the realization of the primary goal of the consolidated financial statements point of view, which is the correct presentation of Group's financial situation, the Group does not consolidate capital involvement in aforementioned enterpises.

In February 2015, Extraordinary general Assembly of Lubuskie Fabryki Mebli SA adopted resolution of dissolution of the company and opening of its liquidation process.

As a result of the completion of securitization transactions and the related financial instruments in the second quarter 2015, the Group ceased to consolidate the special purpose vehicle Orchis Sp. z o.o., which 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 used to be consolidated, even though the Group had no capital commitment.

2. INTRODUCTION AND ACCOUNTING PRINCIPLES

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union, taking into account the opinion of the Polish Financial Supervision Authority from 12 February 2015 and the interpretation of Ministry of Finance from 11 February 2015 in relation to recognition of annual fees paid to the Bank Guarantee Fund. The condensed consolidated interim financial statement do not include all of the information which is presented in 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 2014.

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 2014, with consideration of the specific requirements of IAS 34.

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 2015.

Condensed interim consolidated financial statements of the Group prepared for the period from 1 January 2015 to 30 September 2015:

- 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.

As a result of the entry into force, commencing from 1 January 2015, of interpretation number 21 issued by the IFRS Interpretations Committee (IFRIC 21) there are doubts regarding the use of requirements of IFRIC 21 in the Bank's financial reporting in relation to fees paid to the Banking Guarantee Fund (BFG).

After obtaining the position of the Ministry of Finance convergent with the position of the Polish Financial Supervision Authority the Bank decided to amortise the expenses paid to the Bank Guarantee Fund over the whole year of 2015, i.e. it employed an analogous approach as in previous years.

On 25 September 2015, European Securities and Markets Authority has issued an opinion concerning of contributions to Deposit Guarantee Schemes under the IFRS regime. According to this interpretation and when the adoption date is set, the Bank will recognize in the financial statements costs to BFG as soon as the obligating event is identified.

If the Bank recognised the costs paid to BFG on a one-off basis, data presented in this report for the III quarters 2015 would be adjusted as follows:

1) Operating costs in the Group's consolidated financial information and the Bank's separate financial information would be increased as a result of recognising the remaining part of BFG's annual fee by the amount of PLN 16.4 million.
2) Other operating costs in the Group's consolidated financial information and the Bank's separate financial information would be increased as a result of recognising the remaining part of BFG's prudential fee by the amount of PLN 4.3 million.
3) As a result of capturing the costs described above the consolidated gross profit of the Group and separate gross profit of the Bank would be decreased by PLN 20.7 million and the consolidated net profit of the Bank and separate net profit of the Bank would be decreased by PLN 17.6 million respectively.

The impact of the deferral of BFG levies over time will reduce as time passes, on a straight line basis, and thus by the end of the year there will be no difference in this respect.

The Board of Directors approved these condensed consolidated interim financial statements on 22 October 2015.

3. CONSOLIDATED FINANCIAL DATA (GROUP)

CONSOLIDATED INCOME STATEMENT

Amount '000 PLN	Note	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Interest income	1	1 736 434	586 479	1 962 840	673 494
Interest expense	2	(720 699)	(237 485)	(857 395)	(299 240)
Net interest income		**1 015 735**	**348 994**	**1 105 445**	**374 254**
Fee and commission income	3	527 368	176 385	531 235	171 809
Fee and commission expense	4	(71 642)	(24 798)	(61 761)	(20 919)
Net fee and commission income		**455 726**	**151 587**	**469 474**	**150 890**
Dividend income		2 270	892	1 851	9
Result on investment financial assets		39 137	12 642	14 905	14
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	5	125 297	32 884	129 585	48 706
Other operating income		51 247	12 770	29 623	7 965
Operating income		**1 689 412**	**559 769**	**1 750 883**	**581 838**
General and administrative expenses	6	(774 629)	(253 399)	(792 487)	(264 933)
Impairment losses on financial assets	7	(195 403)	(68 220)	(201 137)	(61 695)
Impairment losses on non-financial assets		(610)	(616)	(351)	(2)
Depreciation and amortization		(37 040)	(12 603)	(39 818)	(13 082)
Other operating expenses		(59 510)	(19 066)	(76 113)	(18 436)
Operating expenses		**(1 067 192)**	**(353 904)**	**(1 109 906)**	**(358 148)**
Operating profit		**622 220**	**205 865**	**640 977**	**223 690**
Share of profit of associates		(1 385)	0	0	0
Profit / (loss) before taxes		**620 835**	**205 865**	**640 977**	**223 690**
Corporate income tax	8	(127 353)	(40 190)	(147 729)	(50 506)
Profit / (loss) after taxes		**493 482**	**165 675**	**493 248**	**173 184**
Attributable to:					
Owners of the parent		493 482	165 675	493 248	173 184
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)		0.41	0.14	0.41	0.14

CONSOLIDATED TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Profit / (loss) after taxes	493 482	165 675	493 248	173 184
Other elements of total comprehensive income that will be subsequently reclassified to profit or loss	(138 607)	(52 214)	82 104	59 084
Effect of valuation of available for sale debt securities	(46 383)	5 699	64 497	42 170
Effect of valuation of available for sale shares	(53)	(64)	(26)	(8)
Hedge accounting	(92 171)	(57 849)	17 633	16 922
Other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Actuarial gains (losses)	0	0	0	0
Other elements of total comprehensive income before taxes	(138 607)	(52 214)	82 104	59 084
Corporate income tax on other elements of total comprehensive income that will be subsequently reclassified to profit or loss	26 335	9 921	(15 600)	(11 226)
Corporate income tax on other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Other elements of total comprehensive income after taxes	(112 272)	(42 293)	66 504	47 858
Total comprehensive income for the period	381 210	123 382	559 752	221 042
Attributable to:				
Owners of the parent	381 210	123 382	559 752	221 042
Non-controlling interests	0	0	0	0

CONSOLIDATED BALANCE SHEET

ASSETS

Amount '000 PLN	Note	30.09.2015	31.12.2014
Cash, balances with the Central Bank		1 709 617	2 612 242
Deposits, loans and advances to banks and other monetary institutions	9	2 772 346	2 384 744
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	1 031 819	1 417 276
Hedging derivatives	11	127 583	18 999
Loans and advances to customers	12	46 191 208	44 142 699
Investment financial assets	13	12 246 421	9 249 537
- available for sale		12 246 421	9 249 537
- held to maturity		0	0
Investments in associates		1 378	2 762
Receivables from securities bought with sell-back clause (loans and advances)		44 762	155 642
Property, plant and equipment		143 325	153 449
Intangible assets		54 344	59 119
Non-current assets held for sale		14 261	5 646
Receivables from Tax Office resulting from current tax		72 297	77 776
Deferred tax assets	15	224 892	196 276
Other assets		471 882	264 315
Total Assets		**65 106 135**	**60 740 482**

LIABILITIES AND EQUITY

Amount '000 PLN	Note	30.09.2015	31.12.2014
LIABILITIES			
Liabilities to banks and other monetary institutions	16	1 952 739	2 037 269
Financial liabilities valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	10	355 143	629 790
Hedging derivatives	11	2 204 614	1 390 225
Liabilities to customers	17	51 188 116	47 591 244
Liabilities from securities sold with buy-back clause		0	59 765
Debt securities	18	1 621 710	1 739 461
Provisions	19	69 764	98 574
Deferred income tax liabilities	15	0	0
Current tax liabilities		17 070	8 080
Other liabilities		910 773	780 856
Subordinated debt		639 516	639 739
LIABILITIES		58 959 445	54 975 003
EQUITY			
Share capital		1 213 117	1 213 117
Share premium		1 147 502	1 147 502
Revaluation reserve		(225 182)	(112 911)
Retained earnings		4 011 253	3 517 771
Total Equity		6 146 690	5 765 479
Total equity attributable to owners of the parent		6 146 690	5 765 479
Non-controlling interests		0	0
Total Liabilities and Equity		**65 106 135**	**60 740 482**

Book value	6 146 690	5 765 479
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	5.07	4.75

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

01.01.2015 - 30.09.2015 *Amount '000 PLN*	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	**5 765 479**	**1 213 117**	**1 147 502**	**(112 911)**	**779 703**	**2 738 068**
Total comprehensive income for III quarters 2015 (net)	381 211	0	0	(112 271)	493 482	0
net profit/ (loss) of the period	493 482	0	0	0	493 482	0
valuation of available for sale debt securities	(37 570)	0	0	(37 570)	0	0
valuation of available for sale shares	(43)	0	0	(43)	0	0
hedge accounting	(74 658)	0	0	(74 658)	0	0
Transfer between items of reserves	0	0	0	0	(646 299)	646 299
Equity at the end of the period	**6 146 690**	**1 213 117**	**1 147 502**	**(225 182)**	**626 886**	**3 384 367**

01.01.2014 - 31.12.2014 *Amount '000 PLN*	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	**5 363 133**	**1 213 117**	**1 147 502**	**(131 223)**	**664 338**	**2 469 399**
Total comprehensive income for 2014 (net)	669 232	0	0	18 312	650 920	0
net profit/ (loss) of the period	650 920	0	0	0	650 920	0
valuation of available for sale debt securities	56 288	0	0	56 288	0	0
valuation of available for sale shares	24	0	0	24	0	0
hedge accounting	(35 859)	0	0	(35 859)	0	0
actuarial gains (losses)	(2 141)	0	0	(2 141)	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(268 669)	268 669
Equity at the end of the period	**5 765 479**	**1 213 117**	**1 147 502**	**(112 911)**	**779 703**	**2 738 068**

01.01.2014 - 30.09.2014 *Amount '000 PLN*	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	**5 363 133**	**1 213 117**	**1 147 502**	**(131 223)**	**664 338**	**2 469 399**
Total comprehensive income for III quarters 2014 (net)	559 752	0	0	66 504	493 248	0
net profit/ (loss) of the period	493 248	0	0	0	493 248	0
valuation of available for sale debt securities	52 242	0	0	52 242	0	0
valuation of available for sale shares	(21)	0	0	(21)	0	0
hedge accounting	14 283	0	0	14 283	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(268 669)	268 669
Equity at the end of the period	**5 655 999**	**1 213 117**	**1 147 502**	**(64 719)**	**622 031**	**2 738 068**

CONSOLIDATED CASH FLOWS

A.CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
Profit (loss) after taxes	493 482	493 248
Total adjustments:	1 491 081	(601 217)
Non-controlling interests profit (loss)	0	0
Interests in net income (loss) of associated companies	1 385	0
Depreciation and amortization	37 040	39 818
Foreign exchange (gains)/ losses	570	11 480
Dividends	(2 270)	(1 851)
Changes in provisions	(25 840)	30 804
Result on sale and liquidation of investing activity assets	(40 913)	(25 098)
Change in financial assets valued at fair value through profit and loss (held for trading)	185 234	(367 689)
Change in loans and advances to banks	(611 729)	(237 255)
Change in loans and advances to customers	(2 065 242)	(2 079 457)
Change in receivables from securities bought with sell-back clause (loans and advances)	110 880	(139 769)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	539 742	272 266
Change in deposits from banks	(107 233)	(310 237)
Change in deposits from customers	3 596 872	2 129 707
Change in liabilities from securities sold with buy-back clause	(59 765)	199 509
Change in debt securities	(16 960)	(12 977)
Change in income tax settlements	130 059	143 450
Income tax paid	(114 216)	(159 726)
Change in other assets and liabilities	(80 221)	(107 883)
Other	13 688	13 691
Net cash flows from operating activities	**1 984 563**	**(107 969)**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
Inflows from investing activities:	233 303	17 901
Proceeds from sale of property. plant and equipment and intangible assets	3 245	16 050
Proceeds from sale of shares in associates	0	0
Net change in the balance of investment financial assets	227 788	0
Other inflows from investing activities	2 270	1 851
Outflows from investing activities:	(27 884)	(309 565)
Acquisition of property, plant and equipment and intangible assets	(27 884)	(34 435)
Acquisition of shares in associates	0	0
Net change in the balance of investment financial assets	0	(275 130)
Other outflows from investing activities	0	0
Net cash flows from investing activities	**205 419**	**(291 664)**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
Inflows from financing activities:	1 040 912	1 689 137
Long-term bank loans	108 488	211 328
Issue of debt securities	932 424	1 477 809
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other inflows from financing activities	0	0
Outflows from financing activities:	(1 130 292)	(863 403)
Repayment of long-term bank loans	(83 281)	(161 494)
Redemption of debt securities	(1 033 215)	(417 175)
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	(266 886)
Other outflows from financing activities	(13 796)	(17 848)
Net cash flows from financing activities	**(89 380)**	**825 734**

D. NET CASH FLOWS. TOTAL (A + B + C)	2 100 602	426 101
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	5 398 463	6 752 775
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	7 499 065	7 178 876

4. NOTES TO CONSOLIDATED FINANCIAL DATA

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

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Balances with the Central Bank	18 978	6 031	29 929	10 283
Deposits. loans and advances to banks	788	206	1 747	583
Loans and advances to customers	1 228 642	405 853	1 417 139	483 198
Transactions with repurchase agreement	19 366	9 398	21 417	10 136
Hedging derivatives	254 405	89 287	260 237	85 849
Financial assets held for trading (debt securities)	30 591	13 975	5 117	2 282
Investment securities	183 664	61 729	227 254	81 163
Total	1 736 434	586 479	1 962 840	673 494

Interest income for 3 quarters 2015 includes interest accrued on loans with recognized impairment of PLN 57,690 thousand (for the comparative data for 3 quarters 2014, such interest was PLN 54,850 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:

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Banking deposits	(15 999)	(7 117)	(13 421)	(2 691)
Loans and advances	(40 402)	(13 456)	(42 168)	(13 993)
Transactions with repurchase agreement	(43 170)	(17 169)	(33 632)	(11 233)
Deposits from customers	(575 715)	(184 648)	(723 920)	(253 045)
Subordinated debt	(10 256)	(3 353)	(11 407)	(3 760)
Debt securities	(34 663)	(11 577)	(32 227)	(14 319)
Other	(494)	(165)	(620)	(199)
Total	(720 699)	(237 485)	(857 395)	(299 240)

Note (3) Fee and commission income

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Resulting from accounts service	66 021	22 486	70 127	23 351
Resulting from money transfers. cash payments and withdrawals and other payment transactions	36 523	12 473	34 772	11 803
Resulting from loans granted	87 939	30 169	63 558	19 806
Resulting from guarantees and sureties granted	9 497	2 902	9 713	2 991
Resulting from payment and credit cards	100 395	34 524	143 526	39 535
Resulting from sale of insurance products	62 364	21 336	60 808	24 738
Resulting from distribution of investment funds units and other savings products	72 836	22 227	63 399	21 561
Resulting from brokerage and custody service	15 462	4 598	14 753	4 554
Resulting from investment funds managed by the Group	65 610	22 245	62 050	20 616
Other	10 721	3 425	8 529	2 854
Total	527 368	176 385	531 235	171 809

Bank has further reviewed the assumptions of the model applied for recognition of revenue from bancassurance. In consequence in the field of insurance of cash loans the part of revenue recognized on a one-off basis as commission for the execution of significant act has been set at 9% in year 2015 whereas in 2014 the rate of 14% used to be applied.

Note (4) Fee and commission expense

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Resulting from accounts service	(922)	(328)	(1 005)	(354)
Resulting from money transfers. cash payments and withdrawals and other payment transactions	(1 442)	(525)	(1 145)	(403)
Resulting from loans granted	(13 074)	(3 982)	(10 917)	(3 485)
Resulting from payment and credit cards	(44 520)	(15 795)	(40 613)	(13 849)
Resulting from brokerage and custody service	(2 400)	(850)	(2 619)	(891)
Resulting from investment funds managed by the Group	(5 466)	(2 084)	(3 273)	(1 131)
Other	(3 818)	(1 234)	(2 189)	(806)
Total	(71 642)	(24 798)	(61 761)	(20 919)

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

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Operations on securities	(10 117)	(1 894)	1 698	1 721
Operations on derivatives	62 566	(9 169)	13 229	8 398
Fair value hedge accounting operations including:	27	(110)	(507)	(444)
- result from hedging derivatives	193	(141)	1 396	266
- result from items subjected to hedging	(166)	31	(1 903)	(710)
Foreign exchange result	74 449	44 590	116 248	39 505
Costs of financial operations	(1 628)	(533)	(1 083)	(474)
Total	**125 297**	**32 884**	**129 585**	**48 706**

Note (6) General and administrative expenses

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Staff costs:	(411 062)	(135 899)	(409 649)	(139 628)
Salaries	(340 801)	(114 275)	(341 391)	(117 938)
Surcharges on pay	(58 043)	(17 622)	(56 717)	(18 013)
Employee benefits, including:	(12 218)	(4 002)	(11 541)	(3 677)
- provisions for retirement benefits	(299)	(174)	0	0
- provisions for unused employee holiday	(13)	(4)	(32)	(9)
- other	(11 906)	(3 824)	(11 509)	(3 668)
General administrative costs:	(363 567)	(117 500)	(382 838)	(125 305)
Costs of advertising, promotion and representation	(33 020)	(7 873)	(48 499)	(14 081)
IT and communications costs	(52 393)	(17 670)	(53 943)	(17 876)
Costs of renting	(129 715)	(43 124)	(134 058)	(44 051)
Costs of buildings maintenance, equipment and materials	(20 223)	(6 576)	(19 102)	(6 394)
ATM and cash maintenance costs	(12 442)	(4 350)	(12 541)	(4 210)
Costs of consultancy, audit and legal advisory and translation	(8 676)	(3 581)	(21 688)	(10 031)
Taxes and fees	(11 152)	(3 121)	(12 681)	(4 447)
KIR clearing charges	(3 006)	(1 023)	(2 996)	(969)
PFRON costs	(3 737)	(1 231)	(4 070)	(1 274)
Banking Guarantee Fund costs	(49 094)	(16 364)	(26 703)	(8 901)
Financial Supervision costs	(2 883)	(1 205)	(3 689)	(1 017)
Other	(37 226)	(11 382)	(42 868)	(12 054)
Total	**(774 629)**	**(253 399)**	**(792 487)**	**(264 933)**

Note (7) Impairment losses on financial assets

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Impairment losses on loans and advances to customers	(201 885)	(68 743)	(208 197)	(64 888)
Impairment charges on loans and advances to customers	(563 904)	(177 742)	(505 322)	(159 786)
Reversal of impairment charges on loans and advances to customers	331 336	79 188	285 098	86 242
Amounts recovered from loans written off	1 339	219	4 098	727
Sale of receivables	29 344	29 592	7 929	7 929
Impairment losses on securities	(27)	6	27	(1)
Impairment charges on securities	(27)	6	(27)	(18)
Reversal of impairment charges on securities	0	0	54	17
Impairment losses on off-balance sheet liabilities	6 509	517	7 033	3 194
Impairment charges on off-balance sheet liabilities	(4 994)	(125)	(20 681)	(710)
Reversal of impairment charges on off-balance sheet liabilities	11 503	642	27 714	3 904
Total	**(195 403)**	**(68 220)**	**(201 137)**	**(61 695)**

Note (8a) Income tax reported in income statement

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Current tax	(129 390)	(48 935)	(178 363)	(76 582)
Deferred tax:	2 037	8 745	30 633	26 075
Recognition and reversal of temporary differences	1 920	8 690	29 921	25 891
Recognition / (Utilisation) of tax loss	117	55	712	184
Total income tax reported in income statement	**(127 353)**	**(40 190)**	**(147 729)**	**(50 506)**

Note (8b) Effective tax rate

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Gross profit / (loss)	620 835	205 865	640 977	223 690
Statutory tax rate	19%	19%	19%	19%
Income tax according to obligatory income tax rate of 19%	(117 959)	(39 115)	(121 786)	(42 502)
Impact of permanent differences on tax charges:	**(10 927)**	**(3 982)**	**(19 978)**	**(6 485)**
Non taxable income	1 093	222	474	53
Dividend income	429	168	353	3
Release of other provisions	415	54	106	38
Other	249	0	15	12
Non tax-deductible costs	(12 020)	(4 204)	(20 452)	(6 538)
Loss on sale of receivables	(1 625)	(1 622)	(3 190)	(3 190)
PFRON fee	(710)	(235)	(774)	(242)
Prudential fee for Banking Guarantee Fund	(2 468)	(823)	(1 877)	(626)
Cost of provisions for factoring receivables	(1 624)	(547)	(1 673)	2 634
Receivables written off	(566)	(181)	(376)	(157)
Costs of litigations and contentious claims	(3 337)	(85)	(7 292)	(1 343)
Depreciation and insurance costs of cars (in excess of EUR 20.000)	(864)	(287)	(970)	(312)
Other	(826)	(424)	(4 300)	(3 302)
The amount of deductible temporary differences for which deferred income tax asset has not been recognized in the balance sheet	2 907	2 907	(5 966)	(1 520)
Adjustment resulted from Article 38a of CIT	(1 374)	0	0	0
Total income tax reported in income statement	**(127 353)**	**(40 190)**	**(147 729)**	**(50 506)**

Note (8c) Deferred tax reported directly in equity

	30.09.2015	31.12.2014
Valuation of available for sale securities	(4 085)	(12 908)
Valuation of cash flow hedging instruments	56 404	38 891
Actuarial gains (losses)	502	502
Deferred tax reported directly in equity	52 821	26 485

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 01.01 - 31.08.2006 and PLN 6.6 million due to an overestimation of tax loss for the period 01.09 - 31.12.2006. Company paid the tax arrears of PLN 16.7 million to the Tax Office. 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 2.97 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 01.09 -31.12.2006. At 4 October 2013 the Company received a letter from the Director of the Tax Chamber in Warsaw of the repeal the contested decision (in connection with the judgment of the Regional Administrative Court of 13 November 2012 mentioned above) and returning the case to the Tax Inspection Office for reconsideration. 19.11.2013 the Tax Office returned PLN 8.97 million (tax paid with interest). On 10.03.2015 according to Tax Inspection Office recommendation the Company made an adjustments to 2006 CIT declaration in terms of overstatement of deductible costs from the sale of real estate Bochnia in the amount of PLN 1.04 million and in the amount of PLN 0.16 million as relating to expenditures in 2005. There was also made an adjustment of income in the amount of PLN 8.53 million considering that only the claim received by the Company can be recognised as the taxable income based on cash basis rule. On 31.03.2015 Millennium Leasing has received the final decision of tax inspection for the period 01.01-31.08.2006r. The proceedings have been completed in accordance with the CIT adjustments made by the Company on 10.03.2015. Thus, the Millennium Leasing fulfilled conclusions of Tax Inspection Office. The Company is not entitled to appeal against the results of the inspection. On 31.03.2015 Millennium Leasing has also received the Tax Inspection Office decision for the period 01.09.-31.12.2006. Director of the Tax Inspection Office discontinued the proceedings due to the expiry of the limitation period, therefore sanctioning tax base declared by the Company.

Bank Millennium S.A. tax control procedures

As a result of the tax inspection carried out in the Bank in 2011 the Tax Inspection 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 sustained a negative opinion in the proceedings. In 2013, the Bank re-paid to the account of the Tax Office an amount of PLN 58.6 million (based on the decision of the Tax Chamber in Warsaw, on which see below), and part of that amount has been paid to the Bank in the amount of PLN 1.8 million.

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 in Warsaw 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 in Warsaw issued a decision upholding the decision of the first instance. On 22 July 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. Originally the court ordered a hearing on February 6, 2014 and then postponed it to 8th April, 2014. A hearing was held on the scheduled date. The court delivered judgment on 28 April 2014 dismissing the complaint of the Bank. On 23 July 2014 the Bank filed a cassation complaint to the Supreme 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 in Warsaw issued the decision which upheld the decision of the tax office and determined the Bank's income which did not cause the obligation to pay additional tax burden from CIT 2006 to the tax office. On the 25th of September 2013 Bank lodged the complaint to the Regional Administrative Court in Warsaw. The hearing was held on 14th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank filed a cassation complaint to the Supreme 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.

a. Year 2007

On the 27th of August 2013 the Director of Tax Chamber in Warsaw issued the decision which upheld the decision of the tax office and determined the Bank's CIT liability for 2007. On the 30th of September 2013 the Bank lodged the complaint to the Regional Administrative Court in Warsaw. Court set the trial date 19 March 2014. A hearing was held on the scheduled date but the judgment was delivered on 21 March 2014. The court dismissed the Bank's complaint. On 25 June 2014, the Bank filed a cassation complaint to the Supreme Administrative Court.

On the 29th of August 2013 Director of the Tax Chamber in Warsaw issued a decision setting new deadline for examining an appeal regarding refusing the statement of overpayment in CIT for the year 2007 for 31st of October 2013. On the 18th of September 2013 the Director of the Tax Chamber in Warsaw issued the decision which upheld the decision of The Head of Second Mazovian Tax Office refusing the statement of overpayment in CIT for 2007. On 23 October 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. The hearing was held on 14th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank filed a cassation complaint to the Supreme Administrative Court.

b. Year 2008

On the 29th of August 2013 Director of the Tax Chamber in Warsaw issued a decision setting new deadline for examining an appeal regarding determining liability and refusing the statement of overpayment in CIT for the year 2008 till 31st of October 2013. On the 18th of September 2013 the Director of Tax Chamber issued the decision which upheld the decision of The Head of Second Mazovian Tax Office and determine Bank's income for 2008. On 23 October 2013 Bank submitted a complaint to the Regional Administrative Court in Warsaw. The Court set the hearing date on the 9th of April 2014. The court dismissed the Bank's complaint. On 27 June 2014 the Bank filed a cassation complaint to the Supreme Administrative Court. On the 30th of September 2013 the Director of Tax Chamber in Warsaw issued the decision which upheld the decision of The Head of Second Mazovian Tax Office refusing the statement of overpayment in CIT for 2008. Then on 25 October 2013 the Bank submitted a complaint to the Regional Administrative Court in Warsaw. The hearing was held on 9th of April 2014. The court dismissed the Bank's complaint. On 1 July 2014, the Bank fileld a cassation complaint to the Supreme Administrative Court.

In summary, the Bank paid all of the claimed obligations and interest in the amount of PLN 60 million (not reflected in the Profit and Loss Account), 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 Inspection 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. The final outcome of the case depends of results of the ongoing proceedings at the Supreme Administrative Court.

Note (9) Deposits, loans and advances to banks and other monetary institutions

	30.09.2015	31.12.2014
Current accounts	125 058	359 258
Deposits granted	2 102 163	1 511 094
Loans	542 699	511 194
Interest	2 455	3 208
Total (gross) deposits. loans and advances	2 772 375	2 384 754
Impairment write-offs	(29)	(10)
Total (net) deposits, loans and advances	**2 772 346**	**2 384 744**

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

	30.09.2015	31.12.2014
Debt securities	**677 717**	**933 482**
Issued by State Treasury	677 717	933 482
a) bills	0	0
b) bonds	677 717	933 482
Equity instruments	**506**	**753**
Quoted on the active market	506	753
a) financial institutions	0	0
b) non-financial institutions	506	753
Adjustment from fair value hedge	30 786	27 097
Positive valuation of derivatives	322 809	455 944
Total	**1 031 819**	**1 417 276**

Note (10b) Valuation of derivatives. Adjustment from fair value hedge and Liabilities from short sale of securities as at 30.09.2015

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	2 262	255 811	253 549
Forward Rate Agreements (FRA)	598	748	150
Interest rate swaps (IRS)	1 664	255 062	253 398
Other interest rate contracts: options	0	1	1
2. FX derivatives	(10 492)	22 934	33 426
FX contracts	(1 838)	8 565	10 403
FX swaps	1 344	14 369	13 025
Other FX contracts (CIRS)	(9 998)	0	9 998
FX options	0	0	0
3. Embedded instruments	(38 178)	0	38 178
Options embedded in deposits	(31 125)	0	31 125
Options embedded in securities issued	(7 053)	0	7 053
4. Indexes options	40 390	44 064	3 674
Valuation of derivatives	**(6 018)**	**322 809**	**328 827**
Valuation of hedged position in fair value hedge accounting		30 786	26 212
Liabilities from short sale of securities			104

Note (10c) Valuation of derivatives. Adjustment from fair value hedge and Liabilities from short sale of securities as at 31.12.2014

	Fair value		
	Total	Assets	Liabilities
1. Interest rate derivatives	11 817	348 052	336 235
Forward Rate Agreements (FRA)	493	493	0
Interest rate swaps (IRS)	11 324	346 147	334 823
Other interest rate contracts: options	0	1 412	1 412
2. FX derivatives	(4 168)	33 107	37 275
FX contracts	1 240	8 187	6 947
FX swaps	5 665	24 920	19 255
Other FX contracts (CIRS)	(11 073)	0	11 073
FX options	0	0	0
3. Embedded instruments	(67 939)	0	67 939
Options embedded in deposits	(55 790)	0	55 790
Options embedded in securities issued	(12 149)	0	12 149
4. Indexes options	68 745	74 785	6 040
Valuation of derivatives	**8 455**	**455 944**	**447 489**
Valuation of hedged position in fair value hedge accounting		27 097	20 047
Liabilities from short sale of securities			162 254

In the second quarter of 2015 years expired hedging transactions concluded in order to hedge the variability of cash flows due to future revenues and expenses denominated in foreign currencies. As at 30.09.2015 the Group continues to apply hedge accounting to the following relationship:

	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 reserve; 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 liabilities
Description of hedge transactions	The Group hedges the risk of the volatility of cash flows generated by FX mortgages and by PLN liabilities financially underlying such loans. The volatility of cash flows results from the currency risk and interest rate risk.
Hedged items	Cash flows resulting from the mortgage loan portfolio and PLN deposits together with issued debt PLN securities funding them.
Hedging instruments	CIRS 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 are 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

Note (11a) Hedge accounting as at 30.09.2015

	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	(134 592)	0	134 592	951
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(1 950 890)	118 881	2 069 771	x
IRS contracts	8 451	8 702	251	x
FX Forward contracts	0	0	0	x
Total	(2 077 031)	127 583	2 204 614	x

(*) - Adjustment to fair value of hedged items due to hedged risk for active hedging relationships, for the III quarters 2015 amounted to PLN 951 thousand, of which PLN 12,939 thousand related to hedged assets, and PLN 11,988 thousand related to hedged liabilities.

Note (11b) Hedge accounting as at 31.12.2014

	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	(84 493)	0	84 493	1 117
Cash flows hedging derivatives connected with interest rate and/or FX rate				
CIRS contracts	(1 295 831)	4 777	1 300 608	x
IRS contracts	13 512	13 760	248	x
FX Forward contracts	(4 414)	462	4 876	x
Total	(1 371 226)	18 999	1 390 225	x

(*) - Adjustment to fair value of hedged items due to hedged risk for active hedging relationships, for the year 2014 amounted to PLN 1,117 thousand, of which PLN 4,568 thousand related to hedged assets, and PLN 3,451 thousand related to hedged liabilities.

Note (12a) Loans and advances to customers

	30.09.2015	31.12.2014
Loans and advances	42 042 701	40 192 825
- to companies	8 982 434	8 547 052
- to private individuals	32 574 418	31 135 265
- to public sector	485 849	510 508
Receivables on account of payment cards	675 982	685 431
- due from companies	31 159	32 824
- due from private individuals	644 823	652 607
Purchased receivables	116 830	162 453
- from companies	116 830	159 993
- from public sector	0	2 460
Guarantees and sureties realised	11 676	12 011
Debt securities eligible for rediscount at Central Bank	4 703	9 851
Financial leasing receivables	4 497 203	4 107 136
Other	4 935	1 105
Interest	277 230	330 142
Total gross	**47 631 260**	**45 500 954**
Impairment write-offs	(1 440 052)	(1 358 255)
Total net	**46 191 208**	**44 142 699**

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

	30.09.2015	31.12.2014
Loans and advances to customers (gross)	47 631 260	45 500 954
- impaired	2 173 092	1 923 249
- not impaired	45 458 168	43 577 705
Impairment write-offs	(1 440 052)	(1 358 255)
- for impaired exposures	(1 288 095)	(1 196 531)
- for incurred but not reported losses (IBNR)	(151 957)	(161 724)
Loans and advances to customers (net)	**46 191 208**	**44 142 699**

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

	30.09.2015	31.12.2014
Loans and advances to customers (gross)	47 631 260	45 500 954
- case by case analysis	958 448	911 835
- collective analysis	46 672 812	44 589 119
Impairment write-offs	(1 440 052)	(1 358 255)
- on the basis of case by case analysis	(582 658)	(556 879)
- on the basis of collective analysis	(857 394)	(801 376)
Loans and advances to customers (net)	**46 191 208**	**44 142 699**

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

	30.09.2015	31.12.2014
Loans and advances to customers (gross)	47 631 260	45 500 954
- corporate customers	14 190 387	13 482 755
- individuals	33 440 873	32 018 199
Impairment write-offs	(1 440 052)	(1 358 255)
- for receivables from corporate customers	(775 790)	(775 403)
- for receivables from private individuals	(664 262)	(582 852)
Loans and advances to customers (net)	**46 191 208**	**44 142 699**

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

	01.01.2015 - 30.09.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 358 255	1 312 331
Change in value of provisions:	81 797	45 924
Impairment write-offs created in the period	563 875	616 838
Amounts written off	(40 374)	(182 507)
Impairment write-offs released in the period	(331 325)	(333 602)
Sale of receivables	(118 773)	(63 902)
Changes resulting from FX rates differences	8 841	8 315
Other	(447)	782
Balance at the end of the period	**1 440 052**	**1 358 255**

Note (13) Investment financial assets available for sale

	30.09.2015	31.12.2014
Debt securities	**12 232 895**	**9 242 575**
Issued by State Treasury	6 544 352	6 749 204
a) bills	0	0
b) bonds	6 544 352	6 749 204
Issued by Central Bank	5 599 766	2 400 000
a) bills	5 599 766	2 400 000
b) bonds	0	0
Other securities	88 776	93 371
a) listed	0	0
b) not listed	88 776	93 371
Shares and interests in other entities	13 525	6 962
Other financial instuments	0	0
Total financial assets available for sale	**12 246 421**	**9 249 537**

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 01.01.2015	29	19 519	3 988	142	4 803
- Write-offs created	33	0	0	0	1 002
- Write-offs released	(6)	0	0	(6)	(3 036)
- Utilisation	0	0	0	0	(516)
- Sale of assets	0	0	0	0	0
- Other	0	(1 763)	0	0	2 650
Balance as at 30.09.2015	56	17 756	3 988	136	4 903

Impairment write-offs:	Investment securities	Property, plant and equipment	Intangibles	Non-current assets held for sale	Other assets
Balance as at 01.01.2014	16 605	19 569	3 988	136	18 062
- Write-offs created	27	0	0	6	835
- Write-offs released	(65)	0	0	0	(410)
- Utilisation	0	0	0	0	(13 684)
- Sale of assets	(16 538)	(1 850)	0	0	0
- Other changes	0	1 800	0	0	0
Balance as at 31.12.2014	29	19 519	3 988	142	4 803

Note (15) Assets / Provision from deferred income tax

	30.09.2015			31.12.2014		
	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 and amortisation	74 108	(10 921)	63 187	76 704	(10 398)	66 306
Balance sheet valuation of financial instruments	481 869	(494 284)	(12 415)	314 667	(307 690)	6 977
Unrealised receivables/ liabilities on account of derivatives	23 948	(33 764)	(9 816)	44 652	(52 463)	(7 811)
Interest on deposits and securities to be paid/received	32 295	(112 358)	(80 063)	35 472	(91 058)	(55 586)
Interest and discount on loans and receivables	63	(25 034)	(24 971)	74	(27 403)	(27 329)
Income and cost settled at effective interest rate	87 911	(61)	87 850	61 522	(1 371)	60 151
Provisions for loans presented as temporary differences	111 877	0	111 877	93 050	0	93 050
Employee benefits	14 724	0	14 724	15 954	0	15 954
Provisions for costs	18 324	0	18 324	16 203	(11)	16 192
Valuation of investment assets, the valuation of cash flow hedge and actuarial gains (losses) recognized in the revaluation reserve	56 906	(4 085)	52 821	39 393	(12 908)	26 485
Tax loss deductible in the future	2 838	0	2 838	2 721	0	2 721
Other	4 298	(3 762)	536	3 453	(4 287)	(834)
Net deferred income tax asset	909 161	(684 269)	224 892	703 865	(507 589)	196 276

Note (16) Liabilities to banks and other monetary institutions

	30.09.2015	31.12.2014
In current account	120 156	288 967
Term deposits	393 773	369 684
Loans and advances received	1 435 954	1 377 245
Interest	2 856	1 373
Total	1 952 739	2 037 269

Note (17) Structure of liabilities to customers by type

	30.09.2015	31.12.2014
Amounts due to private individuals	32 945 983	29 779 950
Balances on current accounts	15 944 570	14 043 380
Term deposits	16 817 707	15 538 947
Other	83 605	99 074
Accrued interest	100 101	98 549
Amounts due to companies	16 150 701	15 738 732
Balances on current accounts	5 214 628	3 939 693
Term deposits	10 679 516	11 543 060
Other	219 272	215 228
Accrued interest	37 285	40 751
Amounts due to public sector	2 091 432	2 072 562
Balances on current accounts	1 373 450	789 182
Term deposits	676 291	1 247 485
Other	39 547	34 100
Accrued interest	2 144	1 795
Total	**51 188 116**	**47 591 244**

Note (18) Change of debt securities

	01.01.2015 - 30.09.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 739 461	701 352
Increases, on account of:	1 057 284	1 793 186
- issue of bonds by the Bank	932 425	1 631 081
- issue of Banking Securities	90 196	115 844
- interest accrual	34 663	46 261
Reductions, on account of:	(1 175 035)	(755 077)
- repurchase of Banking Securities	(107 663)	(122 752)
- repurchase of bonds by the Bank	(1 033 215)	(590 679)
- interest payment	(34 157)	(41 646)
Balance at the end of the period	**1 621 710**	**1 739 461**

Note (19) Provisions

	01.01.2015 - 30.09.2015	01.01.2014 - 31.12.2014
Provision for off-balance sheet commitments		
Balance at the beginning of the period	27 692	33 738
Charge of provision	4 994	21 795
Release of provision	(11 503)	(27 844)
FX rates differences	(3)	3
Balance at the end of the period	21 180	27 692
Provision for contentious claims		
Balance at the beginning of the period	70 882	32 878
Charge of provision	23 119	39 838
Release of provision	(7 183)	(1 398)
Utilisation of provision	(35 264)	(436)
Other/reclassification	(2 970)	0
Balance at the end of the period	48 584	70 882
Total	**69 764**	**98 574**

5. 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.

Credit risk

In IIIQ of 2015, in retail segment Bank Millennium Group continued activities relating to optimization of methodology, tools and processes of credit risk management.

Bank continued initiatives relating to enhancement of the credit methodology and streamlining of consumer loans processes resulting from the expansion of the credit offer. These activities largely involved specific solutions for dedicated groups of customers.

In particular in the retail segment, the Group has reviewed and modified risk parameters used in to assess the credit capacity and creditworthiness of customers, taking into account results of the ongoing monitoring of credit portfolio quality and economic environment.

In terms of impairment process there were implemented methodological adjustments covering recalibration of existing LGI model for ‘Mortgage’ and implementation brand new LGI model for ‘Other Retail’ based on solution used for LGD calculation to Capital Requirements. This has led to the unification of LGI methodology in the area of retail banking. And the Bank also adopted a stricter internal classification of impaired loans especially when restructured.

In the corporate segment the Group focused on adjustment of credit regulations to changing economic conditions as well as the development of used credit risk models. In addition verification of selected industry limits was performed and the factoring offer was extended. The Group further developed IT tools supporting credit and monitoring processes and management information system for the purpose of managing the loan portfolio.

The structure of loans granted to customers and to banks as well as key loans portfolio ratios are as follows:

	30.09.2015		31.12.2014	
	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	43 873 313	2 772 375	41 935 274	2 384 754
Overdue(*), but without impairment	1 584 856	0	1 642 431	0
Total without impairment (IBNR)	45 458 169	2 772 375	43 577 705	2 384 754
With impairment	2 173 092	0	1 923 249	0
Loans and advances, gross	**47 631 260**	**2 772 375**	**45 500 954**	**2 384 754**
Impairment write-offs together with IBNR	(1 440 052)	(29)	(1 358 255)	(10)
Loans and advances, net	**46 191 208**	**2 772 346**	**44 142 699**	**2 384 744**
Loans with impairment / Total loans	4.56%	0,00%	4.23%	0,00%

(*) Loans overdue not more than 4 days the Group treats as technical and does not show in this category.

Market risk

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, monitoring and reporting 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.

In III quarter 2015, the market risk limits were kept unchanged.

Within the current market environment, the Group continued to act very prudently in 3Q 2015. The VaR indicators in the period under consideration for the Group, that is jointly Trading Book and Banking Book, remained on average at the level of approx. PLN 36.2 m (13 % of the limit) and approx. PLN 34.1 m (12% of the limit) as of the end of September 2015. The market risk exposure in 3Q 2015 in terms of value at risk in the Group, together with risk type division, is presented in the table below (ths PLN).

VaR measures for market risk ('000 PLN)

	30.09.2015		VaR (3Q 2015)			30.06.2015	
	Exposure	limit usage	Average	Maximum	Minimum	Exposure	limit usage
Total risk	34 069	12%	36 242	51 169	30 073	37 190	13%
Generic risk	31 712	11%	33 852	48 729	27 687	34 729	12%
Interest Rate VaR	31 719	11%	33 861	48 724	27 673	34 728	12%
FX Risk	73	1%	239	794	19	23	0%
Diversification Effect	0.3%					0.1%	
Specific risk	2 357	1%	2 390	2 461	2 262	2 461	1%

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 to keep FX open positions only in Trading Book. In the 3Q 2015, the FX Total open position (Intraday as well as Overnight) remained well below the maximum limits in place.

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, the main component of the market risk is interest rate risk. In order to manage this risk, the following principles are in place:

- The market risk that results from the commercial banking activity is hedged or transferred on the monthly basis to areas that actively manage market risk and that are measured in terms of risk and profit and loss,

- The Bank uses natural hedging between loans and deposits as well as fixed rate bonds and derivatives to manage interest rate risk with the main purpose of protecting the Net Interest Income.

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. The measurement of both is complementary in understanding the complete scope of interest rate risk in Banking Book. For this reason, apart from daily market risk measurement in terms of value at risk, the scope of the additional measurement of interest rate risk on monthly basis covers both earnings-based and economic value measures. Due to specificity of the polish legal system, the interest rate of consumer credits cannot exceed four times the Lombard interest rate of the National Bank of Poland and the Bank is subject to asymmetrical impacts on its Net Interest Income. In situation of decreasing interest rates (including Lombard interest rate), the impact is negative and depend on the percentage of the loan portfolio that is affected by the new maximum rate.

Liquidity risk

The liquidity risk measurement, monitoring and reporting is carried out daily. In 3Q 2015, the Group was characterized by good liquidity position. All the internal liquidity indicators remained positive and significantly above minimum limits in place.

The increase of the deposits from Customers at the faster pace than loans, allowed the Group to consistently maintain Loan-to-Deposit ratio below 100%. This ratio, including own issues sold to individuals and sell-buy back transactions with customers, decreased at the end of September 2015 and was equalled to 89.7% (compering to level of 92.1% at the end of June 2015). The liquidity surplus was still invested into the portfolio of liquid assets, especially the securities with low specific risk (Polish Government Bonds, Treasury and NBP Bills) that are characterized with high liquidity. Those assets can be easily used as collateral or sold without material loss on its value. The share of government securities (including NBP Bills) in total securities portfolio amounted at the end of September 2015 to approx. 99% and it is 19.7% of total assets. The liquid securities in Banking Book (classified as available for sale) was equal to 18.7%. This portfolio is treated as the Group's liquidity reserve, which will overcome crisis situations.

The main source of financing remains deposits base, the large, diversified and stable funding from retail, corporate and public sectors. The deposit base is supplemented by the deposits from financial institutions and other money market operations. The source of medium-term funding remains also medium-term loans, subordinated debt and own bonds issue.

The level of deposit concentration is regularly monitored and did not have any negative impact on the stability of the deposit base in 3Q 2015. 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.

The continuous growth of the deposits, especially from Retail Customers, with simultaneous increase of liquid assets portfolio allows the Group to comply with the future, minimum level set out in the CRR Regulation in terms of the liquidity coverage requirement (LCR measure), that will come in force on 1st October 2015.

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.

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 was revised in 3Q 2015 and it is tested once a year in order to ensure that it is operationally robust.

Operational risk

In the third quarter of 2015 there could be observed a continuous use of standards implemented for the purpose of efficient management of operational risk, which are in line with the best practice of national and international financial institutions.

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 2015 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.

Capital management

Capital management in the Group consists of the following subprocesses:

- capital adequacy management,
- capital allocation.

The purpose of capital adequacy management is to ensure solvency of the Group in the normal and stressed conditions (economic capital adequacy) and to meet the requirements specified in external regulations (regulatory capital adequacy).

Capital Adequacy Management is based on:

- measuring and monitoring of capital requirement for different risks and economic capital - both measures are monitored also in stressed conditions;
- measuring and monitoring of CAR, Tier 1 Ratio and Core Equity Tier 1 Ratio;
- measuring and monitoring of economic capital buffer and economic capital buffer in stressed conditions;
- monitoring the amount, structure and quality of own funds, to support business development, meet the recommendations of Supervisors and the expectations of other bodies (shareholders, depositors, rating agencies);
- initiating management actions aimed at increasing an amount and / or improve the quality of own funds and / or changes in the level of risk in the activity (control of capital adequacy).

Capital allocation purpose is to create value for shareholders by maximizing the return on risk in business activity, taking into account established risk appetite.

The Group is not subject of any externally imposed capital requirements under the second Pillar given by Supervisory Authorities.

The Group meets on regular basis its objectives for managing capital. Solvency is ensured in the normal and stressed conditions, both in terms of economic capital and regulatory capital requirements.

As what regards own funds, they consists mostly of high quality Core Tier 1 Capital. Concerning capital requirements, the Group uses internal ratings based method (IRB) of credit risk capital requirements calculation for retail residential real estate exposures and qualified revolving exposures, while for most of remaining portfolios corporate and other retail the Group is waiting for the consent from Supervisory Authorities for the use of IRB. Market and operational risk capital requirements are calculated along with standard methods.

6. OPERATIONAL SEGMENTS

Information about operating segments has been prepared based on the reporting structure which is used by the Management Board of the Bank for evaluating the results and managing resources of operating segments. Group does not apply additional breakdown of activity by geographical areas because of the insignificant scale of operations performed outside the Poland, in result such complementary division is not presented.

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 products 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, ALM (assets and liabilities management) and Other

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.

Income tax charge has been presented on 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, ALM & Other segment are money market assets/liabilities and debt securities not allocated to commercial segments.

Following a review of the methodology executed in 2015, the Group has made changes in the allocation of operating costs between operational segments. As a result, comparable results were adjusted accordingly.

Income statement 1.01.2015 – 30.09.2015

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Net interest income	800 448	195 810	19 477	1 015 735
Net fee and commission income	344 396	104 540	6 790	455 726
Dividends. other income from financial operations and foreign exchange profit	48 378	43 950	74 376	166 704
Other operating income and cost	(12 362)	(7 201)	11 300	(8 263)
Operating income	1 180 860	337 099	111 943	1 629 902
Staff costs	(299 381)	(91 502)	(20 179)	(411 062)
Administrative costs	(284 624)	(59 878)	(19 065)	(363 567)
Depreciation and amortization	(30 042)	(6 021)	(978)	(37 040)
Operating expenses	(614 047)	(157 401)	(40 222)	(811 669)
Impairment losses on assets	(150 745)	(44 635)	(633)	(196 013)
Operating Profit	**416 068**	**135 063**	**71 088**	**622 220**
Share in net profit of associated companies	0	0	(1 385)	(1 385)
Profit / (loss) before taxes	**416 068**	**135 063**	**69 703**	**620 835**
Income taxes				(127 353)
Profit / (loss) after taxes				**493 482**

Balance sheet items as at 30.09.2015

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Loans and advances to customers	34 079 872	12 111 336	0	46 191 208
Liabilities to customers	35 033 094	16 059 746	95 276	51 188 116

Income statement 1.01.2014 – 30.09.2014

In '000 PLN	Retail Banking	Corporate Banking	Treasury. ALM & Other	Total
Net interest income	868 988	242 802	(6 345)	1 105 445
Net fee and commission income	365 534	99 973	3 967	469 474
Dividends. other income from financial operations and foreign exchange profit	71 801	38 095	36 445	146 341
Other operating income and cost	(9 160)	(4 307)	(33 023)	(46 490)
Operating income	1 297 163	376 563	1 044	1 674 770
Staff costs	(293 906)	(96 434)	(19 309)	(409 649)
Administrative costs	(307 445)	(55 023)	(20 370)	(382 838)
Depreciation and amortization	(33 303)	(5 653)	(862)	(39 818)
Operating expenses	(634 654)	(157 110)	(40 541)	(832 305)
Impairment losses on assets	(72 332)	(128 836)	(320)	(201 488)
Operating Profit	**590 177**	**90 617**	**(39 817)**	**640 977**
Share in net profit of associated companies	0	0	0	0
Profit / (loss) before taxes	**590 177**	**90 617**	**(39 817)**	**640 977**
Income taxes				(147 729)
Profit / (loss) after taxes				**493 248**

Balance sheet items as at 31.12.2014

In '000 PLN	Retail Banking	Corporate Banking	Treasury, ALM & Other	Total
Loans and advances to customers	32 214 664	11 928 035	0	44 142 699
Liabilities to customers	31 583 420	15 871 556	136 268	47 591 244

7. DESCRIPTION OF RELATED PARTY TRANSACTIONS

All and any transactions between entities of the Group during III quarters 2015 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.

7.1. Description of transactions with the Parent Group

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

	With parent entity		With other entities of parent Group	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
ASSETS				
Loans and advances to banks – accounts and deposits	2 208	28 705	0	10 699
Financial assets valued at fair value through profit and loss (held for trading)	0	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
LIABILITIES				
Deposits from banks	78 460	72 327	116 305	147 859
Debt securities	0	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	0	0	0	0
Hedging derivatives	0	0	0	0
Other liabilities	0	0	214	272

	With parent entity		With other entities of parent Group	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
INCOME FROM:				
Interest	18	10 060	0	0
Commissions	1 408	192	0	0
Other net operating income	0	0	72	168
EXPENSE FROM:				
Interest	622	2 005	(123)	140
Commissions	0	174	0	0
Financial instruments valued at fair value	8	153	0	3
Other net operating costs	94	0	0	0
General and administrative expenses	115	115	996	2 497

	With parent entity		With other entities of parent Group	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Conditional commitments	102 174	103 952	0	0
- granted	100 345	100 345	0	0
- obtained	1 829	3 607	0	0
Derivatives (par value)	0	0	0	0

7.2. Transactions with subordinated, not consolidated entities

The Company of the Group entered in the past into a leasing agreement with subordinated, not consolidated entity. Below are presented the book value (gross) of the contract and income associated with it.

	30.09.2015	31.12.2014
Loans and advances to customers	0	1 314
Interest income	12	139

7.3. 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 30.09.2015	Number of shares as presented in annual report for 2014
Joao Nuno Lima Bras Jorge	Chairman of the Management Board	111 000	51 000
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board	0	0
Wojciech Haase	Member of the Management Board	7 494	7 494
Andrzej Gliński	Member of the Management Board	0	0
Maria Jose Henriques Barreto De Matos De Campos	Member of the Management Board	0	0
Michał Gajewski	Member of the Management Board	0	0
Bogusław Kott	Chairman of the Supervisory Board	4 465 791	4 465 791
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Dariusz Rosati	Deputy Chairman and Secretary of the Supervisory Board	0	0
Julianna Boniuk-Gorzelańczyk	Member of the Supervisory Board	492 248	492 248
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	0	0
Agnieszka Hryniewicz	Member of the Supervisory Board	0	0
Anna Jakubowski	Member of the Supervisory Board	0	0
Grzegorz Jędrys	Member of the Supervisory Board	0	0
David Harris Klingensmith	Member of the Supervisory Board	0	0
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	0
Rui Manuel da Silva Teixeira	Member of the Supervisory Board	0	0

8. FAIR VALUE

The best reflection of fair value of financial instruments is their market value which can be obtained for the sale of assets or paid for the transfer of liability in case of mutually beneficial market transactions (an exit price). For many products and transactions for which market value to be taken directly from the quotations in an active market (marking-to-market) is not available, the fair value must be estimated using internal models based on discounted cash flows (marking-to-model). Financial flows for the various instruments are determined according to their individual characteristics, and discounting factors include changes in time both in market interest rates and margins.

Accordingly IFRS 13 “Fair value measurement” in order to determinate fair value the Group applies models that are appropriate under existing circumstances and for which sufficient input data is available, based to the maximum extent on observable input whereas minimizing use of unobservable input, namely:

1- valuation based on the data fully observable (active market quotations);
2 - valuation models using the information not constituting the data from level 1, but observable, either directly or indirectly;
3 - valuation models using unobservable data (not derived from an active market).

Valuation techniques used to determine fair value are applied consistently. Change in valuation techniques resulting in a transfer between these methods occurs when:

- transfer from method 1 to 2 takes place when for the financial instruments measured according to method 1 quoted market prices from an active market are not available at the balance sheet day (previously used to be);
- transfer from method 2 to 3 takes place when for the financial instruments measured according to the method 2 value of parameters not derived from the market has become significant at the balance sheet day (and previously used to be irrelevant).

8.1. Financial instruments not recognized at fair value in the balance sheet

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. Fair value of these instruments is determined solely in order to meet the requirements of the presentation defined by IFRS 13.

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 specified repayment schedule, 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 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 mortgage loans due to their long-term nature estimation of the future cash flows also includes: the effect of early repayment and liquidity risk in foreign currencies.

Liabilities to customers

The fair value of such instruments without maturity or with maturity till 30 days is considered by the Group to be close to balance-sheet value.

Fair value of instruments due and payable over 30 days is determined by discounting future cash flows from principal and interest (including the current average margins by major currencies and time periods) using current interest (including the original average margins by major currencies and time periods) in contractual terms.

Liabilities from the issuance of structured debt securities

Liabilities from the issuance of structured debt securities - bank's securities (BPW) 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.

The fair value of other liabilities arising from debt securities issued by the Bank (bonds (BKMO)) was estimated based on the expected cash flows using current interest rates taking into account the margin for credit risk. The current level of margins was appointed on the basis of recent transactions of similar credit risk.

Subordinated liabilities and medium term loans

The fair value of these financial instruments 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 30.09.2015 (data in PLN thousand):

ASSETS	Note	Balance sheet value	Fair value
Loans and advances to banks	9	2 772 346	2 778 100
Loans and advances to customers (*)	12	46 191 208	44 327 742

LIABILITIES	Note	Balance sheet value	Fair value
Amounts due to banks	16	1 952 739	1 958 821
Amounts due to customers	17	51 188 116	51 194 133
Debt securities	18	1 621 710	1 634 121
Subordinated debt		639 516	633 363

(*) The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. 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 widely 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.

Models used for determination of the fair value of financial instruments presented in the above table and not recognized at fair value in Group's balance sheet, use techniques based on parameters not derived from the market. Therefore, they are considered as the third level of valuation.

The table below presents data as at 31.12.2014 (data in PLN thousand):

ASSETS	Note	Balance sheet value	Fair value
Loans and advances to banks	9	2 384 744	2 412 196
Loans and advances to customers	12	44 142 699	42 412 993

LIABILITIES	Note	Balance sheet value	Fair value
Amounts due to banks	16	2 037 269	2 067 403
Amounts due to customers	17	47 591 244	47 599 483
Debt securities	18	1 739 461	1 752 825
Subordinated debt		639 739	633 950

8.2. Financial instruments recognized at fair value in the balance sheet

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

Data in PLN'000, as at 30.09.2015

	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			278 745	44 064
- debt securities		677 717		
- shares and interests		506		
Hedging derivatives	11		127 583	
Financial assets available for sale	13			
- debt securities		6 544 352	5 599 766	88 776
- shares and other financial instruments		267		13 258
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	10			
- derivatives and short sale of securities		104	286 975	41 852
Hedging derivatives	11		2 204 614	

Data in '000 PLN, as at 31.12.2014

	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			381 159	74 785
- debt securities		933 482		
- shares and interests		753		
Hedging derivatives	11		18 999	
Financial assets available for sale	13			
- debt securities		6 749 204	2 400 000	93 371
- shares and interests		320		6 642
LIABILITIES				
Financial liabilities valued at fair value through profit and loss (held for trading)	10			
- derivatives and short sale of securities		162 254	373 510	73 979
Hedging derivatives	11		1 390 225	

Using the criterion of valuation techniques Group classified into the third category following financial instruments:

- index options, option transactions are measured at fair value with use of option measurement models, the model measurement is supplemented with impact on fair value of the estimated credit risk parameter;
- municipal bonds, the fair value is calculated based on discounted cash flows with consideration of the impact of credit risk parameter;
- shares not quoted on an active market, the fair value is assumed to be the cost value less any accumulated impairment losses.

In the reporting period, the Group did not make transfers of financial instruments between the techniques of fair value measurement.

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 2015 are presented in the table below (in '000 PLN):

	Indexes options	Options embedded in securities issued and deposits	Municipal bonds	Shares and interests
Balance on 1 January 2015	68 745	(67 939)	93 371	6 642
Settlement/sell/purchase	(22 269)	22 873	(4 016)	6 616
Change of valuation recognized in P&L account (including interests)	(6 086)	6 888	(579)	0
Balance on 30 September 2015	40 390	(38 178)	88 776	13 258

For options on indexes concluded on an inactive market, the Group concludes back-to-back transactions on the interbank market, in result estimated credit risk component has no impact on the financial result.

Accordingly Group's estimation impact of adjustments for counterparty credit risk was not significant from the point of view of individual derivative transactions concluded by the Bank. Consequently, the Bank does not consider the impact of unobservable inputs used in the valuation of derivative transactions for significant and in accordance with the provisions of IFRS 13.73 does not classify such transactions to level 3 fair value measurements.

9. CONTINGENT ASSETS AND LIABILITIES

The total value of lawsuits as at 30 Septemebr 2015, in which Group companies acted as claimants or defendants before courts and arbitration bodies, was PLN 759.9 million (excluding group action as described below). The total value of lawsuits, in which Group companies acted as defendants, was PLN 398.1 million and the total value of lawsuits, in which Group companies acted as claimants was PLN 361.8 million.

Below are presented the amount of claims in which the Group's companies appear as defendant in the division due to the risk of resources outflow as result of case loosing. Data in table includes also proceedings with participation of the Chairman of UOKiK with total value of claims of PLN 15.0 million, in which the Group formally acts as the plaintiff, though there is a risk associated with the resources outflow.

The proceedings associated with the Fiscal Control Office stands for separate category and are described in **Chapter 4 note (8).**

The amount of claims for which:	PLN million
probability of resources outflow is negligible	0.0
outflow of resources is possible	403.0
outflow of resources is probable	10.1
TOTAL	413.1

The Group assesses that the risk of adverse financial consequences in the event of losing the claim is at 30 September 2015 fully covered by the value of created provisions for contentious claims (see also point 10.9 Other additional information and events after the balance sheet date).

As at 30 September 2015 the volume of claims in the court proceedings for which outflow of resource is considered to be possible amounted to PLN 403.0 million. In the Group's opinion probability of winning cases included in this category is high, in effect the Group has not created provisions for these proceedings. The most important group of lawsuits for which an outflow of resources is possible are proceedings connected with derivatives with total value in dispute amounted to PLN 340.3 million.

In terms of lawsuits connected with derivatives, the Group, as a defendant, was present together in 29 such proceedings. The highest unit value of the dispute considering this group of proceedings was PLN 71.1 million. Whereas in the group of proceedings not connected with derivatives in which the Group acted as the defendant, the highest unit value of the dispute was PLN 24.6 million.

On 21 October 2014 a group action was delivered to the Bank in which a group of the Bank's borrowers represented by the Municipal Consumer Ombudsman in Olsztyn seeks the ascertainment that the Bank is liable towards the same for unjust enrichment in connection with the CHF-indexed mortgage agreements. The members of the group claim that the Bank unduly collected excessive amounts from them for the repayment of loans. According to the statement of claim, the overstatement of such amounts was to result from the application of abusive contractual provisions concerning the CHF-indexation of credits. According to the statement of claim there are approx. 2,300 group members and the value of the subject matter of the dispute is defined at approx. PLN 45.2 million. The Bank does not agree with the claims of the group members. On 31 December 2014 the Bank submitted a response to the statement of claim. On 4 March 2015 new members joined the group action and the Claimant extended the statement of claim accordingly. According to the Claimant after the extension there are approx. 3,400 group members (including the group members included in the statement of claim) and the value of the subject matter of the dispute is approx. PLN 81.5 million (including the value provided in the statement of claim). On 14 May 2015 the Regional Court in Warsaw held a hearing concerning the admissibility of the group action proceedings. On 28 May 2015 the Regional Court in Warsaw issued a decision rejecting the group action on the grounds that the case cannot be heard in group action proceedings. On 3 July 2015 the Claimant filed an appeal against this decision, and the Court of Appeal upheld the appeal by refusing rejection of the claim. Currently, the Bank awaits setting a date for the next hearing.

OFF-BALANCE ITEMS

Amount '000 PLN	30.09.2015	31.12.2014
Off-balance conditional commitments granted and received	**7 217 909**	**7 889 947**
Commitments granted:	7 153 796	7 757 463
- financial	6 103 475	6 691 430
- guarantee	1 050 321	1 066 033
Commitments received:	64 112	132 484
- financial	0	60 459
- guarantee	64 112	72 025

10. ADDITIONAL INFORMATION

10.1. Data on assets securing liabilities

As at 30 September 2015, 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	129 923
2.	Treasury bonds WZ0118	available for sale	Initial security deposit for bond futures	500	500
3.	Treasury bonds WZ0117	available for sale	Loan agreement	609 000	610 529
4.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	200 000	199 882
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Deposit Protection Fund under the Bank Guarantee Fund	89 000	89 223
6.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
7.	Cash		Payment to the Security Fund OTC-KDPW_CCP	4 405	4 405
8.	Deposits	Deposits in banks	Settlement on transactions concluded	2 071 068	2 071 068
		TOTAL		3 104 073	3 105 630

As at 31 December 2014, 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	131 209
2.	Treasury bonds WZ0118	available for sale	Initial security deposit for bond futures	500	505
3.	Treasury bonds WZ0117	available for sale	Loan agreement	589 000	589 683
4.	Treasury bonds WZ0118	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	200 000	201 860
5.	Treasury bonds WZ0117	available for sale	Security of Guaranteed Monies Protection Fund under the Bank Guarantee Fund	74 000	74 858
6.	Cash		Payment to the Futures Settlement Guarantee Fund	100	100
7.	Deposits	Deposits in other banks	Settlement on transactions concluded	1 501 094	1 501 094
		TOTAL		2 494 694	2 499 309

10.2. Dividend for 2014

Following received by the Bank recommendation issued by Financial Supervision Commission regarding retaining the entire net profit for 2014, until the establishment by the supervisory authority the amount of possible additional capital requirement for the Bank, the Annual General Meeting decided to retain the net profit for 2014 in the Bank by allocating it in full to reserve capital.

10.3. Earnings per share

Profit per share calculated for III quarters 2015 (and diluted profit per share) on the basis of the consolidated data amounts to PLN 0.41.

10.4. Shareholders holding no less than 5% of the total number of votes at the General Shareholders Meeting of the Group's parent company – Bank Millennium S.A.

Information on the shareholders: Banco Comercial Portugues S.A. and AVIVA Otwarty Fundusz Emerytalny BZ WBK presented in the table below, is provided on the basis of data collected in connection with the registration of shareholders entitled to attend the General Meeting of the Bank on 21 May 2015.

In case of ING Otwarty Fundusz Emerytalny the number of shares and their participation in the Bank's share capital were calculated on the basis of annual asset structure of ING Otwarty Fundusz Emerytalny, published as at 31 December 2014 (on the website: www.ingofe.pl). For the purpose of the above calculation, the average Bank's share price was assumed to amount to 8.25 PLN.

In March 2015 Banco Comercial Portugues S.A. concluded the sale of 15.41% shares of Bank Millennium in accelerated placement form.

Data as at the delivery date of the report for 3rd quarter 2015

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at Shareholders' Meeting
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
ING Otwarty Fundusz Emerytalny	95 521 053	7.87	95 521 053	7.87
AVIVA Otwarty Fundusz Emerytalny BZ WBK	72 994 101	6.02	72 994 101	6.02

Shareholders structure according to consolidated annual report for 2014

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	95 521 053	7.87	95 521 053	7.87

10.5. Information about loan sureties or guarantees extended by the Group

In third quarter 2015, 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 2015 to exceed 10% of the Group's equity as at the balance sheet date.

10.6. Seasonality and business cycles

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

10.7. Description of non-standard factors and events

During Group's activity in the first three quarters 2015 (and in the comparative period i.e. in the first three quarters 2014) there were no significant unusual events.

10.8. The proposed regulations relating to foreign currency loans

- Announced legislative intentions or initiatives on FX loans conversion, if implemented and made mandatory for banks, could significantly deteriorate the Group's profitability and capital position.

- Expected introduction of higher capital requirements by KNF (Polish Financial Supervision Authority) in connection with FX mortgage portfolios, may influence capital ratios and/or dividend payment capacity of the Bank. However, it should be noted that after the Bank's Annual General Meeting decision to retain entire 2014 net profit in own funds, Bank's capital ratios grew to high levels.

10.9. Other additional information and events after the balance sheet date

As at 30 September 2015, the Group has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed consolidated statements, 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,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

On 6 October 2015, the Warsaw Court of Appeal delivered a judgment in a case concerning the interchange, which restored the amount of fines imposed on banks by the President of the Office of Competition and Consumer Protection on 29 December 2006. Banks participating in the proceedings are obliged to pay penalties until 20 October 2015. The verdict is final and binding. Banks have requested the preparation of justifications for the judgment. Deadline for drawing up the court grounds of the judgment may reach several weeks. Within 2 months of the date of receipt the court's reasons for judgment, the banks will have the right to file a cassation complaint with the Supreme Court. The Bank will recognize aforementioned penalty in the amount of PLN 12.2 million in the financial statements for the fourth quarter of 2015.

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

II. CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS OF BANK MILLENNIUM S.A. FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

CONTENTS

1. INTRODUCTION AND ACCOUNTING PRINCIPLES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by European Union, taking into account the opinion of the Polish Financial Supervision Authority from 12 February 2015 and the interpretation of Ministry of Finance from 11 February 2015 in relation to recognition of annual fees paid to the Bank Guarantee Fund. The condensed interim financial statements do 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 2014.

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 2014 with consideration of the specific requirements of IAS 34.

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 2015.

Condensed interim 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 September 2015. Other information and explanations presented in the condensed interim consolidated financial statements of the Group for the nine months period ended 30 September 2015 contain all important information, which also serves as explanatory data to these standalone statements of the Bank.

The Board of Directors approved this condensed standalone interim financial statements on 22 October 2015.

2. STANDALONE FINANCIAL DATA (BANK)

INCOME STATEMENT

Amount '000 PLN	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Interest income	1 668 660	562 108	1 884 511	648 192
Interest expense	(722 634)	(238 143)	(858 461)	(299 974)
Net interest income	946 026	323 965	**1 026 050**	**348 218**
Fee and commission income	473 725	157 802	484 140	156 385
Fee and commission expense	(52 874)	(18 466)	(46 169)	(15 867)
Net fee and commission income	420 851	139 336	**437 971**	**140 518**
Dividend income	34 049	873	28 605	0
Result on investment financial assets	39 137	12 642	14 905	14
Result on financial instruments valued at fair value through profit and loss (held for trading) and Foreign exchange result	125 418	35 892	131 497	49 400
Other operating income	37 455	5 353	17 117	5 355
Operating income	**1 602 936**	**518 061**	**1 656 145**	**543 505**
General and administrative expenses	(734 288)	(240 290)	(751 850)	(251 020)
Impairment losses on financial assets	(184 991)	(67 662)	(188 162)	(58 227)
Impairment losses on non financial assets	(616)	(616)	(345)	7
Depreciation and amortization	(34 759)	(11 922)	(38 588)	(12 652)
Other operating expenses	(50 808)	(11 304)	(68 853)	(17 541)
Operating expenses	**(1 005 462)**	**(331 794)**	**(1 047 798)**	**(339 433)**
Operating profit	**597 474**	**186 267**	**608 347**	**204 072**
Profit / (loss) before taxes	**597 474**	**186 267**	**608 347**	**204 072**
Corporate income tax	(116 255)	(36 053)	(134 819)	(46 150)
Profit / (loss) after taxes	**481 219**	**150 214**	**473 528**	**157 922**
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)	0.40	0.12	0.39	0.13

TOTAL COMPREHENSIVE INCOME STATEMENT

Amount '000 PLN	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
Profit / (loss) after taxes	481 219	150 214	473 528	157 922
Other elements of total comprehensive income that will be subsequently reclassified to profit or loss	(138 554)	(52 150)	82 130	59 092
Effect of valuation of available for sale debt securities	(46 383)	5 699	64 497	42 170
Hedge accounting	(92 171)	(57 849)	17 633	16 922
Other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Actuarial gains (losses)	0	0	0	0
Other elements of total comprehensive income before taxes	(138 554)	(52 150)	82 130	59 092
Corporate income tax on other elements of total comprehensive income that will be subsequently reclassified to profit or loss	26 325	9 909	(15 605)	(11 227)
Corporate income tax on other elements of total comprehensive income that will not be subsequently reclassified to profit or loss	0	0	0	0
Other elements of total comprehensive income after taxes	(112 229)	(42 242)	66 525	47 865
Total comprehensive income for the period	368 990	107 973	540 053	205 787

BALANCE SHEET

ASSETS

Amount '000 PLN	30.09.2015	31.12.2014
Cash, balances with the Central Bank	1 709 391	2 612 015
Deposits, loans and advances to banks and other monetary institutions	2 772 346	2 384 744
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	1 032 005	1 419 234
Hedging derivatives	127 583	18 999
Loans and advances to customers	45 756 344	43 634 324
Investment financial assets	12 246 153	9 249 216
- available for sale	12 246 153	9 249 216
- held to maturity	0	0
Investments in associates	226 367	227 752
Receivables from securities bought with sell-back clause (loans and advances)	44 762	155 642
Property, plant and equipment	139 017	147 629
Intangible assets	45 422	48 110
Non-current assets held for sale	0	0
Receivables from Tax Office resulting from current tax	60 215	63 871
Deferred tax assets	153 998	124 957
Other assets	499 463	397 557
Total Assets	**64 813 066**	**60 484 050**

LIABILITIES AND EQUITY

Amount '000 PLN	30.06.2015	31.12.2014
LIABILITIES		
Liabilities to banks and other monetary institutions	1 952 739	1 986 125
Financial liabilities valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	355 143	629 870
Hedging derivatives	2 204 614	1 390 225
Liabilities to customers	51 345 027	47 807 862
Liabilities from securities sold with buy-back clause	12 036	66 774
Debt securities	1 622 955	1 740 633
Provisions	69 183	95 023
Deferred income tax liabilities	0	0
Current tax liabilities	16 089	5 976
Other liabilities	880 064	775 114
Subordinated debt	639 516	639 739
Total Liabilities	59 097 366	55 137 341
EQUITY		
Share capital	1 213 117	1 213 117
Share premium	1 147 241	1 147 241
Revaluation reserve	(225 391)	(113 163)
Retained earnings	3 580 733	3 099 514
Total Equity	5 715 700	5 346 709
Total Liabilities and Equity	**64 813 066**	**60 484 050**

Book value	5 715 700	5 346 709
Number of shares	1 213 116 777	1 213 116 777
Book value per share (in PLN)	4.71	4.41

STATEMENT OF CHANGES IN EQUITY

01.01.2015 - 30.09.2015, *Amount '000 PLN*	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	**5 346 709**	**1 213 117**	**1 147 241**	**(113 163)**	**619 511**	**2 480 003**
Total comprehensive income for III quarters of 2015 (net)	368 991	0	0	(112 228)	481 219	0
net profit/ (loss) of the period	481 219	0	0	0	481 219	0
valuation of available for sale debt securities	(37 570)	0	0	(37 570)	0	0
hedge accounting	(74 658)	0	0	(74 658)	0	0
Transfer between items of reserves	0	0	0	0	(619 511)	619 511
Equity at the end of the period	**5 715 700**	**1 213 117**	**1 147 241**	**(225 391)**	**481 219**	**3 099 514**

01.01.2014 - 31.12.2014, *Amount '000 PLN*	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	**4 975 796**	**1 213 117**	**1 147 241**	**(131 451)**	**496 775**	**2 250 114**
Total comprehensive income for 2014 (net)	637 799	0	0	18 288	619 511	0
net profit/ (loss) of the period	619 511	0	0	0	619 511	0
valuation of available for sale debt securities	56 288	0	0	56 288	0	0
hedge accounting	(35 859)	0	0	(35 859)	0	0
actuarial gains (losses)	(2 141)	0	0	(2 141)	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(229 889)	229 889
Equity at the end of the period	**5 346 709**	**1 213 117**	**1 147 241**	**(113 163)**	**619 511**	**2 480 003**

01.01.2014 - 30.09.2014, *Amount '000 PLN*	Total consolidated equity	Share capital	Share premium	Revaluation reserve	Retained earnings	
					Unappropriated result	Other reserves
Equity at the beginning of the period	**4 975 796**	**1 213 117**	**1 147 241**	**(131 451)**	**496 775**	**2 250 114**
Total comprehensive income for III quarters of 2014 (net)	540 053	0	0	66 525	473 528	0
net profit/ (loss) of the period	473 528	0	0	0	473 528	0
valuation of available for sale debt securities	52 243	0	0	52 243	0	0
hedge accounting	14 283	0	0	14 283	0	0
Dividend payment	(266 886)	0	0	0	(266 886)	0
Transfer between items of reserves	0	0	0	0	(229 889)	229 889
Equity at the end of the period	**5 248 963**	**1 213 117**	**1 147 241**	**(64 926)**	**473 528**	**2 480 003**

A. CASH FLOWS FROM OPERATING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
Profit (loss) after taxes	481 219	473 528
Total adjustments:	1 424 356	**(743 310)**
Interests in net income (loss) of associated companies	0	0
Depreciation and amortization	34 759	38 588
Foreign exchange (gains) losses	2 535	10 483
Dividends	(34 049)	(28 605)
Changes in provisions	(25 840)	30 803
Result on sale and liquidation of investing activity assets	(37 848)	(15 949)
Change in financial assets valued at fair value through profit and loss (held for trading)	187 006	(366 308)
Change in loans and advances to banks	(611 729)	(237 274)
Change in loans and advances to customers	(2 127 168)	(2 294 534)
Change in receivables from securities bought with sell-back clause (loans and advances)	110 880	(139 769)
Change in financial liabilities valued at fair value through profit and loss (held for trading)	539 662	272 177
Change in deposits from banks	(105 239)	(305 999)
Change in deposits from customers	3 537 165	2 077 987
Change in liabilities from securities sold with buy-back clause	(54 738)	204 521
Change in debt securities	(16 887)	(12 077)
Change in income tax settlements	119 607	134 660
Income tax paid	(104 898)	(142 637)
Change in other assets and liabilities	472	18 341
Other	10 666	12 282
Net cash flows from operating activities	**1 905 575**	**(269 782)**

B. CASH FLOWS FROM INVESTING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
Inflows from investing activities:	263 314	105 099
Proceeds from sale of property. plant and equipment and intangible assets	1 477	6 494
Proceeds from sale of shares in associates	0	0
Net change in the balance of investment financial assets	227 788	0
Other investing inflows	34 049	98 605
Outflows from investing activities:	(26 334)	(304 918)
Acquisition of property, plant and equipment and intangible assets	(26 334)	(29 988)
Acquisition of shares in associates	0	0
Net change in the balance of investment financial assets	0	(274 930)
Other investing outflows	0	0
Net cash flows from investing activities	**236 980**	**(199 819)**

C. CASH FLOWS FROM FINANCING ACTIVITIES

Amount '000 PLN	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
Inflows from financial activities:	1 040 912	1 689 137
Long-term bank loans	108 488	211 328
Issue of debt securities	932 424	1 477 809
Increase in subordinated debt	0	0
Net proceeds from issues of shares and additional capital paid-in	0	0
Other financial inflows	0	0
Outflows from financial activities:	(1 082 864)	(793 432)
Repayment of long-term bank loans	(36 096)	(93 070)
Redemption of debt securities	(1 033 215)	(417 175)
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	(266 886)
Other financial outflows	(13 553)	(16 301)
Net cash flows from financing activities	**(41 952)**	**895 705**

D. NET CASH FLOWS. TOTAL (A + B + C)	2 100 603	426 104
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	5 398 236	6 752 540
F. CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD (D+E)	7 498 839	7 178 644

3. SUPPLEMENTARY INFORMATION FOR STANDALONE FINANCIAL DATA

As at 30 September 2015, the Bank has no material obligations under the purchase of property, plant and equipment and during the period covered by the condensed statements, Bank 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,
- change the method of determining the estimated values, which would exert a significant influence on the current interim period.

The proposed regulations relating to foreign currency loans

- Announced legislative intentions or initiatives on FX loans conversion, if implemented and made mandatory for banks, could significantly deteriorate the Group's profitability and capital position.

- Expected introduction of higher capital requirements by KNF (Polish Financial Supervision Authority) in connection with FX mortgage portfolios, may influence capital ratios and/or dividend payment capacity of the Bank. However, it should be noted that after the Bank's Annual General Meeting decision to retain entire 2014 net profit in own funds, Bank's capital ratios grew to high levels.

On 6 October 2015, the Warsaw Court of Appeal delivered a judgment in a case concerning the interchange, which restored the amount of fines imposed on banks by the President of the Office of Competition and Consumer Protection on 29 December 2006. Banks participating in the proceedings are obliged to pay penalties until 20 October 2015. The verdict is final and binding. Banks have requested the preparation of justifications for the judgment. Deadline for drawing up the court grounds of the judgment may reach several weeks. Within 2 months of the date of receipt the court's reasons for judgment, the banks will have the right to file a cassation complaint with the Supreme Court. The Bank will recognize aforementioned penalty in the amount of PLN 12.2 million in the financial statements for the fourth quarter of 2015.

Between the date on which this report is drawn up and the date of its publication, there were no other events that could affect Bank's's future financial results. During Bank's activity in the first three quarters 2015 (and in the comparative period. i.e. the first three quarters 2014) there were no significant unusual events and in Bank's activity there are no significant phenomena, which are cyclical or subject to seasonal variations.

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

	01.01.2015 - 30.09.2015	01.01.2014 - 31.12.2014
Balance at the beginning of the period	1 225 637	1 190 184
Change in value of provisions:	78 282	35 453
Write-offs in the period	460 249	490 885
Amounts written off	(32 756)	(173 424)
Reversal of write-offs in the period	(239 496)	(226 550)
Write-offs decrease due to sale of receivables	(118 773)	(63 902)
Changes resulting from FX rates differences	8 827	7 663
Other	231	781
Balance at the end of the period	**1 303 919**	**1 225 637**

Impairment write-offs for selected assets

Impairment write-offs:	Investment securities	Investments in associates	Property. plant and equipment	Intangibles	Other assets
Balance as at 01.01.2015	29	4 839	19 498	0	4 551
- Write-offs created	33	1 385	0	0	1 002
- Write-offs released	(6)	0	0	0	(386)
- Utilisation	0	0	0	0	(319)
- Other changes	0	0	(1 763)	0	0
Balance as at 30.09.2015	56	6 224	17 735	0	4 848

Impairment write-offs:	Investment securities	Investments in associates	Property. plant and equipment	Intangibles	Other assets
Balance as at 01.01.2014	16 605	4 593	19 548	0	17 572
- Write-offs created	27	246	0	0	835
- Write-offs released	(65)	0	0	0	(410)
- Utilisation	0	0	0	0	(13 446)
- Sale of assets	(16 538)	0	(1 850)	0	0
- Other changes	0	0	1 800	0	0
Balance as at 31.12.2014	29	4 839	19 498	0	4 551

Impairment losses on financial assets

	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014
Impairment losses on loans and advances to customers	(190 088)	(195 222)
- Impairment charges on loans and advances to customers	(460 278)	(410 377)
- Reversal of impairment charges on loans and advances to customers	239 507	204 988
- Amounts recovered from loans written off	1 339	2 238
- Result from sale of receivables portfolio	29 344	7 929
Impairment losses on investment securities	(27)	27
- Impairment write-offs for investment securities	(27)	(27)
- Reversal of impairment write-offs for investment securities	0	54
Impairment losses on investments in associates	(1 385)	0
- Impairment write-offs for investments in associates	(1 385)	0
- Reversal of impairment write-offs for investments in associates	0	0
Impairment losses on off-balance sheet liabilities	6 509	7 033
- Impairment write-offs for off-balance sheet liabilities	(4 994)	(20 681)
- Reversal of impairment write-offs for off-balance sheet liabilities	11 503	27 714
Total	**(184 991)**	**(188 162)**

Creation, charge, utilisation and release of provisions

	01.01.2015 - 30.09.2015	01.01.2014 - 31.12.2014
Provision for off-balance sheet commitments		
Balance at the beginning of the period	27 692	33 738
Charge of provision	4 994	21 795
Release of provision	(11 503)	(27 844)
FX rates differences	(3)	3
Balance at the end of the period	21 180	27 692
Provision for contentious claims		
Balance at the beginning of the period	67 331	29 327
Charge of provision	23 119	39 738
Release of provision	(7 183)	(1 398)
Utilisation of provision	(35 264)	(336)
Balance at the end of the period	48 003	67 331
Total	**69 183**	**95 023**

Assets and provision from deferred income tax

	30.09.2015			31.12.2014		
	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 and amortisation	4 867	0	4 867	5 121	0	5 121
Balance sheet valuation of financial instruments	474 092	(494 281)	(20 189)	307 393	(307 690)	(297)
Unrealised receivables/ liabilities on account of derivatives	23 948	(33 764)	(9 816)	44 652	(52 463)	(7 811)
Interest on deposits and securities to be paid/ received	31 473	(112 040)	(80 567)	34 764	(90 914)	(56 150)
Interest and discount on loans and receivables	0	(24 602)	(24 602)	0	(26 733)	(26 733)
Income and cost settled at effective interest rate	87 819	(57)	87 762	61 388	(102)	61 286
Provisions for loans presented as temporary differences	111 877	0	111 877	93 050	0	93 050
Employee benefits	13 724	0	13 724	14 931	0	14 931
Provisions for future costs	16 830	0	16 830	14 510	0	14 510
Valuation of investment assets, the valuation of cash flow hedge and actuarial gains (losses) recognized in the revaluation reserve	56 906	(4 036)	52 870	39 393	(12 849)	26 544
Other	2 865	(1 623)	1 242	2 582	(2 076)	506
Net deferred income tax asset	824 401	(670 403)	153 998	617 784	(492 827)	124 957

4. STATEMENT OF RELATED PARTY TRANSACTIONS

All the transactions concluded between the Group entities in the period from 1 January to 30 September 2015 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.,
- MILLENNIUM SERVICE Sp. z o.o.,
- MILLENNIUM TELECOMMUNICATION SERVICES.,
- TBM Sp. z o.o.

and with the Capital Group of the 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 (data in '000 PLN) as at 30.09.2015

	With subsidiaries	With parent entity	With other entities of parent Group
ASSETS			
Loans and advances to banks – accounts and deposits	0	2 208	0
Loans and advances to customers	3 924 624	0	0
Investments in associates	224 990	0	0
Financial assets valued at fair value through profit and loss (held for trading)	701	0	0
Hedging derivatives	0	0	0
Other assets	186 773	0	0
LIABILITIES			
Deposits from banks	0	78 460	116 305
Deposits from customers	252 327	0	0
Liabilities from securities sold with buy-back clause	12 036	0	0
Liabilities from debt securities	1 245	0	0
Hedging derivatives	0	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	0	0	0
Subordinated debt	639 516	0	0
Other liabilities	86 575	0	214
- including liabilities from financial leasing	70 412	0	0

Assets and liabilities from transactions with related parties (data in '000 PLN) as at 31.12.2014

	With subsidiaries	With parent entity	With other entities of parent Group
ASSETS			
Loans and advances to banks - accounts and deposits	0	28 705	10 699
Loans and advances to customers	3 466 329	0	0
Investments in associates	224 991	0	0
Financial assets valued at fair value through profit and loss (held for trading)	2 717	0	0
Hedging derivatives	0	0	0
Other assets	243 035	0	0
LIABILITIES			
Deposits from banks	0	72 327	147 859
Deposits from customers	353 047	0	0
Liabilities from securities sold with buy-back clause	7 009	0	0
Liabilities from debt securities	1 172	0	0
Financial liabilities valued at fair value through profit and loss (held for trading)	80	0	0
Subordinated debt	639 739	0	0
Other liabilities	84 840	0	272
- including liabilities from financial leasing	71 164	0	0

Profit and loss on transactions with related parties (data in '000 PLN) for the period of 1.01-30.09.2015

	With subsidiaries	With parent entity	With other entities of parent Group
INCOME FROM:			
Interest	56 954	18	0
Commissions	41 661	165	0
Financial instruments valued at fair value	605	0	0
Dividends	31 799	0	0
Other net operating income	2 163	0	72
EXPENSE FROM:			
Interest	12 835	622	(123)
Commissions	37	0	0
Financial instruments valued at fair value	0	8	0
Other net operating costs	0	94	0
General and administrative expenses	70 196	0	996

Profit and loss on transactions with related parties (data in ‘000 PLN) for the period of 1.01-30.09.2014

	With subsidiaries	With parent entity	With other entities of parent Group
INCOME FROM:			
Interest	62 434	10 060	0
Commissions	41 649	192	0
Financial instruments valued at fair value	283	0	0
Dividends	26 763	0	0
Other net operating income	529	0	168
EXPENSE FROM:			
Interest	15 062	2 005	140
Commissions	42	174	0
Financial instruments valued at fair value	0	153	3
General and administrative expenses	71 663	0	2 497

Off-balance transactions with related parties (data in ‘000 PLN) as at 30.09.2015

	With subsidiaries	With parent entity	With other entities of parent Group
Conditional commitments	38 084	102 174	0
- granted	36 051	100 345	0
- received	2 033	1 829	0
Derivatives (par value)	139 152	0	0

Off-balance transactions with related parties (data in ‘000 PLN) as at 31.12.2014

	With subsidiaries	With parent entity	With other entities of parent Group
Conditional commitments	40 627	103 952	0
- granted	38 812	100 345	0
- received	1 815	3 607	0
Derivatives (par value)	77 867	0	0

5. FAIR VALUE

The methodology used by the Bank for valuation of assets and liabilities at fair value is described in detail in Chapter 8. Condensed interim consolidated financial statements of Bank Millennium SA for the 9 months ended 30 September 2015.

The following tables show the figures for Bank Millennium SA.

5.1. Financial instruments not recognized at fair value in the balance sheet

ASSETS

30.09.2015	Balance sheet value	Fair value
Loans and advances to banks	2 772 346	2 778 100
Loans and advances to customers *	45 756 344	43 885 059

LIABILITIES

30.09.2015	Balance sheet value	Fair value
Amounts due to banks	1 952 739	1 958 821
Amounts due to customers	51 345 027	51 351 044
Debt securities	1 622 955	1 635 366
Subordinated debt	639 516	633 363

* The negative impact of fair value valuation of the loans portfolio is largely attributable to growth of loan spreads. 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 widely 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.

ASSETS

31.12.2014	Balance sheet value	Fair value
Loans and advances to banks	2 384 744	2 412 196
Loans and advances to customers	43 634 324	41 901 648

LIABILITIES

31.12.2014	Balance sheet value	Fair value
Amounts due to banks	1 986 125	2 016 187
Amounts due to customers	47 807 862	47 816 101
Debt securities	1 740 633	1 753 997
Subordinated debt	639 739	633 950

5.2. Financial instruments recognized at fair value in the balance sheet

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

Data in PLN'000, as at 30.09.2015

	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)			
- derivatives		279 438	44 064
- debt securities	677 717		
Hedging derivatives		127 583	
Financial assets available for sale			
- debt securities	6 544 352	5 599 766	88 776
- shares and other financial instruments			13 258
LIABILITIES			
Financial liabilities valued at fair value through profit and loss (held for trading)			
- derivatives and short sale of securities	104	286 975	41 852
Hedging derivatives		2 204 614	

Data in '000 PLN, as at 31.12.2014

	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)			
- derivatives		383 870	74 785
- debt securities	933 482		
Hedging derivatives		18 999	
Financial assets available for sale			
- debt securities	6 749 204	2 400 000	93 371
- shares and interests			6 642
LIABILITIES			
Financial liabilities valued at fair value through profit and loss (held for trading)			
- derivatives and short sale of securities	162 254	373 591	73 979
Hedging derivatives		1 390 225	

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 quartres of 2015 are presented in the table below (in '000 PLN):

	Indexes options	Options embedded in securities issued and deposits	Municipal bonds	Shares and interests
Balance on 1 January 2015	68 745	(67 939)	93 371	6 642
Settlement/sell/purchase	(22 269)	22 873	(4 016)	6 616
Change of valuation recognized in P&L account (including interests)	(6 086)	6 888	(579)	0
Balance on 30 September 2015	40 390	(38 178)	88 776	13 258

6. ADDITIONAL INFORMATION

6.1. Issue, redemption or repayment of debt or equity instruments

During the nine months ended September 30, 2015 the Bank's liabilities from debt securities decreased by PLN 118 million, which was caused mainly by the fact that in during the period the Bank redeemed higher amount of floating bonds than issued as part of an ongoing Second Bonds' Issue Programme, initiated in 2012, with total nominal value not exceeding PLN 2.000 million (or the equivalent of this amount in EUR, USD, CHF).

6.2. Off-balance sheet liabilities

As at 30 September 2015 and 31 December 2014, the structure of off-balance sheet liabilities was as follows:

Amount '000 PLN	30.09.2015	31.12.2014
Off-balance conditional commitments granted and received	**7 255 992**	**7 930 574**
Commitments granted:	7 189 847	7 796 275
- financial	6 106 082	6 691 481
- guarantee	1 083 765	1 104 794
Commitments received:	66 145	134 299
- financial	0	60 459
- guarantee	66 145	73 840