

Bank Millennium S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2007**

**KPMG Audyt Sp. z o.o.
The opinion contains 3 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2007**



KPMG Audyt Sp. z o.o.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Shareholders' Meeting of Bank Millennium S.A.

We have audited the accompanying unconsolidated financial statements of Bank Millennium S.A. seated in Warsaw, Al. Jerozolimskie 123a ("the Bank"), which comprise the balance sheet as at 31 December 2007, with total assets of and total liabilities and equity of PLN 29,242,011 thousand, the profit and loss account for the year then ended with a net profit of PLN 411,922 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 254,938 thousand, the cash flow statement for the year then with an increase in cash amounting to PLN 527,880 thousand, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) ("the Accounting Act"), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying unconsolidated financial statements of Bank Millennium S.A. have been prepared and present fairly in all material respects the financial position of the Bank as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Bank's Statute that apply to the Bank's unconsolidated financial statements and have been prepared from accounting records that in all material respects have been properly maintained.

Other Matters

As required under the Accounting Act we also report that the Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

Signed on the Polish original

.....
Certified Auditor No. 9941/7390
Bożena Graczyk

Signed on the Polish original

.....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk
Member of the Management Board

Warsaw, 28 February 2008

Bank Millennium S.A.

**Report supplementing
the auditor's opinion
on the unconsolidated
financial statements
Financial Year ended
31 December 2007**

KPMG Audyt Sp. z o.o.
The report supplementing the auditor's opinion
contains 12 pages
Report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2007

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Contents

1	General	3
1.1	General information about the Bank	3
1.1.1	Company name	3
1.1.2	Registered office	3
1.1.3	Registration in the National Court Register	3
1.1.4	Tax Office and Provincial Statistical Office registration	3
1.2	Auditor information	3
1.3	Legal status	3
1.3.1	Share capital	3
1.3.2	Related parties	4
1.3.3	Management of the Company	4
1.3.4	Scope of activities	4
1.4	Prior period financial statements	4
1.5	Audit scope and responsibilities	5
2	Financial analysis of the Bank	7
2.1	Summary of the unconsolidated financial statements	7
2.1.1	Balance sheet	7
2.1.2	Profit and loss account	9
2.2	Selected financial ratios	10
2.3	Interpretation of selected financial ratios	10
3	Detailed report	11
3.1	Proper operation of the accounting system	11
3.2	Verification of assets and liabilities	11
3.3	Compliance with banking regulations	11
3.4	Audit materiality	11
3.5	Notes to the financial statements	11
3.6	Report on the Bank's activities	12
3.7	Information on the opinion of the independent auditor	12

1 General

1.1 General information about the Bank

1.1.1 Company name

Bank Millennium S.A.

1.1.2 Registered office

Al. Jerozolimskie 123a
02-017 Warsaw

1.1.3 Registration in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Date:	7 May 2001
Registration number:	KRS 0000010186

1.1.4 Tax Office and Provincial Statistical Office registration

NIP number:	526-021-29-31
REGON:	001379728

1.2 Auditor information

Name:	KPMG Audyt Sp. z o.o.
Registered office:	Warsaw,
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number.:	KRS 0000104753
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register;
Share capital:	PLN 125,000
NIP number:	526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.3 Legal status

1.3.1 Share capital

The Bank was established for an indefinite period under the terms of its Statute dated 7 June 1989.

The share capital of the Bank amounted to PLN 849,181,744 as at 31 December 2007 divided into 849,181,744 ordinary shares with a nominal value of PLN 1 each.

As at 31 December 2007, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares PLN	Percentage of share capital (%)
Banco Comercial Portugues S.A.	556 325 794	65.51%	556 325 794	65.51%
Others < 5%	292 855 950	34.49%	292 855 950	34.49%
	849 181 744	100.00%	849 181 744	100.00%

1.3.2 Related parties

The Bank is a member of the Banco Comercial Portugues Group.

1.3.3 Management of the Company

The Management Board is responsible for management of the Bank.

At 31 December 2007, the Management Board of the Bank comprised the following members:

- Mr. Bogusław Kott President of the Board,
- Mr. Luis Pereira Coutinho Vice-President of the Board,
- Mr. Fernando Bicho Board Member,
- Mrs. Julianna Boniuk - Gorzelańczyk Board Member,
- Mr. Wojciech Haase Board Member,
- Mr. Joao Bras Jorge Board Member,
- Mr. Zbigniew Kudaś Board Member.

On 18 April 2007 Mr. Wiesław Kalinowski resigned from the function of the Bank's Management Board Member.

1.3.4 Scope of activities

The business activities listed in the Bank's Statute include the following:

- opening and maintaining bank accounts and accepting a vista and term deposits;
- maintaining other banking accounts;
- granting credits and loans;
- granting and accepting banking guarantees and opening letters of credit;
- issuing banking securities;
- conducting money settlements;
- granting consumer credits and loans in accordance with other legal requirements;
- cheques and bill of exchange services and performing warrants operations;
- granting payment cards and performing payment cards operations;
- performing term financial operations;

TRANSLATION

- purchasing and selling receivables;
- safe-keeping of valuables and securities;
- performing purchase and sale of currencies;
- issuing and accepting guarantees;
- performing contracted operations regarding issuing securities;
- intermediary in money transfers and settlements in foreign exchange turnover;
- issuing electronic cash instrument;
- performing banking activities for third parties in accordance with the banking law.

1.4 Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2006 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the General Shareholders Meeting on 26 March 2007 where it was resolved to allocate the profit for the prior financial year of PLN 662,681,688.00 as follows:

- cover of International Accounting Standards implementation effect that was included in the financial statement as 'retained earnings – undistributed result' – PLN 518,320,791.52,
- the dividend distribution – PLN 144,360,896.48.

The closing balances as at 31 December 2006 have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 4 April 2007 and were published in Monitor Polski B No. 1073 on 8 June 2007.

1.5 Audit scope and responsibilities

This report was prepared for the General Shareholders Meeting of Bank Millennium S.A. seated in Warsaw, Al. Jerozolimskie 123a and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2007 with total assets and total liabilities and equity of PLN 29,242,011 thousand, the profit and loss account for the year then ended with a net profit of PLN 411,922 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 254,938 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 527,880 thousand and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The audited Bank prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Shareholders Meeting of Bank Millennium S.A. dated 6 April 2006.

The unconsolidated financial statements have been audited in accordance with the contract dated 29 June 2007, concluded on the basis of the resolution of the Supervisory Board dated 18 April 2007 on the appointment of the auditor.

TRANSLATION

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the unconsolidated financial statements in the Bank's head office during the period from 22 October 2007 to 28 February 2008.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the unconsolidated financial statements, and whether the unconsolidated financial statements are derived from properly maintained accounting records, based on our audit.

Management of the Bank submitted a statement dated the same date as this report as to the true and fair presentation of the unconsolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the unconsolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the unconsolidated financial statements of the Bank fulfil independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2 Financial analysis of the Bank

2.1 Summary of the unconsolidated financial statements

2.1.1 Balance sheet

ASSETS	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
Cash, balances with the Central Bank	1 255 055	4.3	965 817	4.0
Loans and advances to banks	1 053 052	3.6	1 123 131	4.6
Financial assets valued at fair value through profit and loss	3 127 988	10.7	3 742 385	15.4
Derivative assets held for risk management	218 321	0.8	108 027	0.4
Loans and advances to customers	20 881 303	71.4	14 109 193	57.9
Investment financial assets	1 893 949	6.5	2 929 896	12.0
Investments in associates	191 343	0.7	159 156	0.7
Receivables from securities bought with sell-back clause	28 807	0.1	15 509	0.1
Property and equipment	247 382	0.9	263 910	1.1
Intangible assets	16 646	0.1	20 936	0.1
Non current assets held for sale	-	-	12 086	0.1
Current tax assets	81 132	0.3		
Deferred tax assets	25 843	0.1	82 451	0.3
Other assets	221 190	0.8	837 466	3.4
TOTAL ASSETS	29 242 011	100.0	24 369 963	100.0

LIABILITIES AND EQUITY	31.12.2007	% of	31.12.2006	% of
	PLN '000	total	PLN '000	total
Liabilities				
Deposits from banks	2 568 688	9.5	3 600 205	16.0
Financial liabilities valued at fair value through profit and loss	569 729	2.1	298 744	1.3
Derivative liabilities held for risk management	20 220	0.1	14 506	0.1
Deposits from customers	22 021 633	81.1	16 195 022	71.9
Liabilities from securities sold with sell-back clause	729 993	2.7	1 477 686	6.6
Debt securities issued	-	-	5 705	-
Provisions	12 351	0.1	10 400	0.1
Other liabilities	409 376	1.5	631 338	2.8
Subordinated liabilities	826 035	3.0	307 309	1.4
Total liabilities	27 158 025	100.0	22 540 915	100.0
Equity				
Share capital	849 182	40.8	849 182	46.4
Share premium	472 343	22.7	472 343	25.8
Revaluation reserve	(2 742)	(0.1)	9 881	0.5
Retained earnings	765 203	36.7	497 642	27.2
Total equity	2 083 986	100.0	1 829 048	100.0
TOTAL LIABILITIES AND EQUITY	29 242 011		24 369 963	

TRANSLATION

2.1.2 Profit and loss account

	1.01.2007 - 31.12.2007	1.01.2006 - 31.12.2006
	PLN '000	PLN '000
Interest income	1 500 467	1 161 456
Interest expense	(845 417)	(655 826)
Net interest income	655 050	505 630
Fee and commission income	502 946	327 538
Fee and commission expense	(72 862)	(46 618)
Net fee and commission income	430 084	280 920
Dividend income	112 638	508 936
Result on investment financial assets	5 770	3 549
Result on financial instruments valued at fair value through profit and loss	84 338	50 968
Foreign exchange profit	241 373	177 419
Net other operating income	24 916	4 429
Operating income	1 554 169	1 531 851
Net impairment loss on financial assets	(77 392)	(42 060)
Net impairment loss on non financial assets	(1 670)	(1 130)
General and administrative expenses	(900 205)	(728 610)
Depreciation and amortization	(77 974)	(58 287)
Operating costs	(1 057 241)	(830 087)
Profit before income tax	496 928	701 764
Income tax expense	(85 006)	(39 082)
Net profit / (loss) for the period	411 922	662 682
Basic and diluted earnings per share (PLN)	0.49	0.78

2.2 Selected financial ratios

	2007	2006
Total assets	29 242 011	24 369 963
Gross profit	496 928	701 764
Net profit	411 922	662 682
Shareholders' equity *	1 672 064	1 166 366
Return on equity*	24.64%	56.82%
Capital adequacy ratio	12.09%	11.92%
Receivables to total assets	75.09%	62.57%
Income generating assets to total assets	93.03%	90.39%
Interest bearing liabilities to total liabilities	91.43%	89.86%

* excluding current-year net profit

2.3 Interpretation of selected financial ratios

- Total assets increased by 20% as at 31 December 2007 compared to 31 December 2006. The highest increase was recorded in loans and advances to customers, including mortgage loans, which increased by PLN 6,772,110 thousand (48%). The highest increase in liabilities was recorded in deposits from customers, which increased by PLN 5,826,611 thousand (36%).
- The net result of the Bank Millennium S.A. for 12 months ended 31 December 2007 decreased by 37.84% in comparison to prior year. Higher net profit of the prior year was a result of dividend income received from the Bank's subsidiary.
- Capital adequacy ratio of Bank increased by 0.17 percentage point and as at 31 December 2007 reached the level of 12.09%. Increase of the ratio, in spite of significant growth of loans and advances to customers, results mainly from inclusion into Bank's own funds of subordinated liabilities from bonds issue in amount of PLN 537,300 thousand.

3 Detailed report

3.1 Proper operation of the accounting system

The Bank maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2 Verification of assets and liabilities

The Bank performed a verification of assets and liabilities and in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act.

Count differences have been recorded in the period covered by the unconsolidated financial statements.

3.3 Compliance with banking regulations

Based on our audit we have not identified any significant deviations in the bank's compliance with the banking regulatory norm pertaining among other to loan concentration, obligatory reserve and capital adequacy ratio.

3.4 Audit materiality

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the unconsolidated financial statements taken as a whole are free of material misstatements.

3.5 Notes to the financial statements

All information included in the notes to the unconsolidated financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the financial statements taken as a whole.

3.6 Report on the Bank's activities

The Report on the Bank's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

3.7 Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2007, we have issued an unqualified opinion.

Signed on the Polish original

.....
Certified Auditor No. 9941/7390
Bożena Graczyk

Signed on the Polish original

.....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk
Member of the Management Board

Warsaw, 28 February 2008