



Bank Millennium S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 11 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2010



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

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OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Bank Millennium S.A.

We have audited the accompanying separate financial statements of Bank Millennium S.A., seated in Warsaw, Stanisława Żaryna 2a ("the Bank"), which comprise the balance sheet as at 31 December 2010, the income statement and total comprehensive income statement, the statement of changes in equity, the cash flows statement for the year then ended and notes to the financial statements, comprising of a summary of accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Bank is responsible for the correctness of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations and preparation of the Report on the Bank's activities. Management of the Bank is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), Management of the Bank and members of the Supervisory Board are required to ensure that the separate financial statements and the Report on the Bank's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these 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, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with 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 policies 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 separate financial statements of Bank Millennium S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2010 and its unconsolidated financial performance and its unconsolidated 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 articles of association that apply to the Bank's separate 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 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) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Sp. z o.o. registration
number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

.....
Certified Auditor No. 90115
Magdalena Szymańska-Serwa

.....
Certified Auditor No. 9941
Director
Bożena Graczyk

25 February 2011
Warsaw, Poland



TRANSLATION

Bank Millennium S.A.

**Report supplementing
the auditor's opinion
on the separate financial
statements**

**Financial Year ended
31 December 2010**

The report supplementing the auditor's opinion
contains 11 pages

Report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2010

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Contents

1.	General	3
1.1.	General information about the Bank	3
1.1.1.	The Bank's name	3
1.1.2.	Registered office	3
1.1.3.	Registration in the National Court Register	3
1.1.4.	Management of the Bank	3
1.2.	Auditor information	4
1.2.1	Key certified auditor information	4
1.2.2	Authorized auditor information	4
1.3.	Prior period financial statements	4
1.4.	Audit scope and responsibilities	4
2.	Financial analysis of the Bank	6
2.1.	Summary of the separate financial statements	6
2.1.1.	Balance sheet	6
2.1.2.	Income statement	8
2.1.3.	Statement on the comprehensive income	9
2.2.	Selected financial ratios	9
3.	Detailed report	10
3.1.	Proper operation of the accounting system	10
3.2.	Notes to the separate financial statements	10
3.3.	Compliance with banking regulations	10
3.4.	Report on the Bank's activities	10
3.5.	Information on the opinion of the independent auditor	11

1. General

1.1. General information about the Bank

1.1.1. The Bank's name

Bank Millennium S.A.

1.1.2. Registered office

Ul. Stanisława Żaryna 2a
02-593 Warsaw

1.1.3. Registration in the National Court Register

Registration court:	District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	7 May 2001
Registration number:	KRS 0000010186
Initial capital as at balance sheet date:	PLN 1,213,116,777

1.1.4. Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2010, the Management Board of the Bank was comprised of the following members:

- | | |
|--------------------------------|--------------------------------|
| • Bogusław Kott | – President of the Board, |
| • Joao Bras Jorge | – Vice-President of the Board, |
| • Fernando Bicho | – Board Member, |
| • Julianna Boniuk-Gorzelańczyk | – Board Member, |
| • Andrzej Gliński | – Board Member, |
| • Wojciech Haase | – Board Member, |
| • Artur Klimczak | – Board Member, |
| • Antonio Pinto Junior | – Board Member. |

On 22 April 2009 Supervisory Board of the Bank accepted the resignation of Mr. Rui Manuel da Silva Teixeira from the position of Management Board Vice-President. The Supervisory Board assigned Mr. Joao Bras Jorge for the position of Management Board Vice-President and Mr. Andrzej Gliński and Mr. Antonio Pinto Junior for the position of Management Board Member.

1.2. Auditor information

1.2.1 Key certified auditor information

Name and surname: Bożena Graczyk
Registration number: 9941

Name and surname: Magdalena Szymańska – Serwa
Registration number: 90115

1.2.2 Authorized auditor information

Name: KPMG Audyt Sp. z o.o.
Registeres 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. Prior period financial statements

The separate financial statements for the period ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 22 April 2010 where it was resolved to allocate the profit for the prior financial year of PLN 84,441,713.73 for the reserve capital.

The separate financial statements were submitted to the Registry Court on 29 April 2010 and were published in Monitor Polski B No. 2179 on 02 November 2010.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Millennium S.A. seated in Warsaw, Stanisława Żaryna 2a and relates to the separate financial statements comprising: the balance sheet as at 31 December 2010, the income statement and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of accounting policies and other explanatory information.

The audited Bank prepares its separate 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 dated 6 April 2006.

The financial statements have been audited in accordance with the contract dated 09 November 2010, concluded on the basis of the resolution of Supervisory Board dated 09 February 2010 on the appointment of the auditor.

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

We audited the separate financial statements in the Bank's head office during the period from 25 October 2010 to 25 February 2011.

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

Our responsibility is to express an opinion and to prepare a supplementing report on the separate financial statements and whether the 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 separate financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649). 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 separate financial statements

2.1.1. Balance sheet

ASSETS	31.12.2010 PLN '000	% of total assets	31.12.2009 PLN '000	% of total assets
Cash, balances with the Central Bank	2 050 515	4.5	2 191 027	5.0
Loans and advances to banks	1 485 797	3.2	695 689	1.6
Financial assets valued at fair value through profit and loss	1 429 543	3.1	3 029 253	6.9
Hedging derivatives	80 231	0.2	377 334	0.9
Loans and advances to customers	35 677 997	77.5	32 482 473	73.9
Investment financial assets	4 507 847	9.8	4 163 076	9.5
- available for sale	4 507 847	9.8	4 163 076	9.5
Investments in associates	312 105	0.7	262 288	0.6
Receivables from securities bought with sell- back clause	55 085	0.1	208 781	0.5
Property, plant and equipment	233 167	0.5	285 490	0.7
Intangible assets	29 798	0.1	18 458	0.0
Receivables from Tax Office resulting from current tax	2 952	0.0	36 548	0.1
Deferred income tax assets	102 807	0.2	102 660	0.2
Other assets	82 221	0.2	116 073	0.3
TOTAL ASSETS	46 050 065	100.0	43 969 150	100.0

EQUITY AND LIABILITIES	31.12.2010	% of total	31.12.2009	% of total
	PLN '000	assets	PLN '000	assets
Liabilities				
Deposits from banks	2 084 456	4.5	4 909 356	11.2
Financial liabilities valued at fair value through profit and loss	804 965	1.8	683 378	1.6
Hedging derivatives	1 315 321	2.9	122 813	0.3
Deposits from customers	35 525 839	77.2	31 653 587	72.0
Liabilities from securities sold with buy-back clause	674 194	1.5	2 346 190	5.3
Debt securities	384 537	0.8	262 466	0.6
Provisions	20 503	0.0	23 196	0.1
Other liabilities	512 217	1.1	504 744	1.2
Subordinated debt	911 988	2.0	945 795	2.2
Total liabilities	42 234 020	91.7	41 451 525	94.3
Equity				
Share capital	1 213 117	2.6	849 182	1.9
Share premium	1 147 241	2.5	472 343	1.1
Revaluation reserve	(50 256)	(0.1)	11 199	0.0
Retained earnings	1 505 943	3.3	1 184 901	2.7
Total equity	3 816 045	8.3	2 517 625	5.7
TOTAL EQUITY AND LIABILITIES	46 050 065	100.0	43 969 150	100.0

2.1.2. Income statement

	1.01.2010 - 31.12.2010 PLN '000	1.01.2009 - 31.12.2009 PLN '000
Interest income	2 204 316	2 207 880
Interest expense	(1 403 943)	(1 740 794)
Net interest income	800 373	467 086
Fee and commission income	568 136	525 443
Fee and commission expense	(46 045)	(70 149)
Net fee and commission income	522 091	455 294
Dividend income	20 191	101 446
Result on investment financial assets	6 372	22 950
Result on financial instruments valued at fair value through profit and loss and foreign exchange result	210 340	319 754
Other operating income	27 199	58 769
	264 102	502 919
Operating income	1 586 566	1 425 299
General and administrative expenses	(949 646)	(910 886)
Impairment losses on financial assets	(146 139)	(358 448)
Impairment losses on non financial assets	(2 218)	(150)
Depreciation and amortization	(71 716)	(50 602)
Other operating expenses	(27 499)	(24 678)
Operating expenses	(1 197 218)	(1 344 764)
Operating profit / (loss)	389 348	80 535
Corporate income tax	(68 306)	3 580
Profit / (loss) after taxes	321 042	84 115

2.1.3. Statement on the comprehensive income

	1.01.2010 - 31.12.2010 PLN '000	1.01.2009 - 31.12.2009 PLN '000
Profit / (loss) after taxes	321 042	84 115
Other elements of total comprehensive income		
Effect of valuation of available for sale debt securities	2 182	(4 022)
Effect of valuation of available for sale shares	(2 193)	3 543
Hedge accounting	(75 859)	(35 373)
Other elements of total comprehensive income before taxes	(75 870)	(35 852)
Corporate income tax on other elements of total comprehensive income	14 415	6 810
Other elements of total comprehensive income after taxes	(61 455)	(29 042)
Total comprehensive income of the period	259 587	55 073

2.2. Selected financial ratios

	2010	2009	2008
Total assets (PLN '000)	46 050 065	43 969 150	45 996 853
Profit (loss) before income tax (PLN '000)	389 348	80 535	587 460
Profit (loss) for the period (PLN '000)	321 042	84 115	496 928
Shareholders' equity (PLN '000)*	3 495 003	2 433 510	1 965 624
Return on equity	9.2%	3.5%	25.3%
Receivables to total assets	81%	75%	74%
Income generating assets to total assets	94%	86%	95%
Interest bearing liabilities to total liabilities	88%	93%	94%

* excluding current-year net profit

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 and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No. 191, item 1279).

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

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 separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Bank performed a physical verification of assets in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No. 191, item 1279).

3.2. Notes to the separate financial statements

All information included in the notes to the separate 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 separate 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. 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 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) and the information is consistent with the separate financial statements.



3.5. Information on the opinion of the independent auditor

Based on our audit of the separate financial statements as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Sp. z o.o. registration
number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

.....
Certified Auditor No. 90115
Magdalena Szymańska-Serwa

25 February 2011
Warsaw, Poland

Signed on the Polish original

.....
Certified Auditor No. 9941
Director
Bożena Graczyk