



Bank Millennium S.A. Group

**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 15 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2010



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OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Bank Millennium S.A.

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

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

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated 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 Group's activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated 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 Parent Entity and members of the Supervisory Board or another body supervising the entity are required to ensure that the consolidated financial statements and the Report on the Group'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 consolidated financial statements. 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 whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements of Bank Millennium S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the Report on the Group'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 consolidated 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

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

25 February 2011
Warsaw, Poland

Signed on the Polish original

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



TRANSLATION

Bank Millennium S.A. Group

**Report supplementing
the auditor's opinion
on the consolidated financial
statements
Financial Year ended
31 December 2010**

The report supplementing the auditor's opinion
contains 15 pages

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

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

Bank Millennium S.A. Group

1.1.2 Registered office of the Parent Company of the Group

Ul. Stanisława Żaryna 2a
02-593 Warsaw

1.1.3 Registration of the Parent Company 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 Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2010, the Management Board of the Parent Company 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 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2010, the following companies were consolidated by the Group:

Parent Company:

- Bank Millennium S.A.

Subsidiaries consolidated on the full consolidation basis:

- Millennium Leasing Sp. z o.o.,
- Millennium Dom Maklerski S.A.,
- Millennium TFI S.A.,
- Millennium Lease Sp. z o.o.,
- Millennium Service Sp. z o.o.,
- Millennium Telecommunication Services Sp. z o.o.,
- TBM Sp. z o.o.,
- BBG Finance B.V.,
- MB Finance AB,
- Orchis Sp. z o.o.

1.2.2 Entities excluded from consolidation

The Group applied the article 8 of IAS 8 “Accounting policies, changing in accounting estimates and errors”, according to which IFRS are the complete set of accounting principles, which entity may not apply if impact of their application is not material.

Following that article, as at 31 December 2010 the Group has not applied with reference to the following subsidiaries, belonging to the Group:

IAS 27 “Consolidated and separate financial statements”:

- BG Leasing S.A. – in liquidation.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname:	Bożena Graczyk
Registration number:	9941

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

1.3.2 Authorized 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.

1.4 Prior period consolidated financial statements

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

The consolidated financial statements were approved at the General Meeting on 22 April 2010.

The financial statements were submitted to the Registry Court on 29 April 2010 and were published in Monitor Polski B No. 2179 on 2 November 2010.

1.5 Audit scope and responsibilities

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

The Parent Company prepares its consolidated 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 consolidated 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 consolidated financial statements in the Parent Company's head office during the period from 25 October 2010 to 25 February 2011.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated 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 Group's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated 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. fulfil independence requirements from the companies included in the Group 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.



1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Millennium Leasing Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2010	in the process of audit
Millennium Dom Maklerski S.A.	KPMG Audyt Sp. z o.o.	31.12.2010	in the process of audit
Millennium TFI S.A.	KPMG Audyt Sp. z o.o.	31.12.2010	in the process of audit
Millennium Lease Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2010	in the process of audit
Millennium Service Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2010	in the process of audit
BBG Finance B.V.	Steens & Partners Auditors and Advisors	31.12.2010	in the process of audit
MB Finance AB	Deloitte AB	31.12.2010	in the process of audit
Orchis Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2010	in the process of audit
Millennium Telecommunication Services Sp. z o.o.	No requirement for statutory audit		
TBM Sp. z o.o.	No requirement for statutory audit		



2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated 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	2 050 736	4.4	2 191 227	4.9
Loans and advances to banks	1 485 810	3.2	695 697	1.6
Financial assets valued at fair value through profit and loss (held for trading)	1 429 820	3.0	3 032 081	6.8
Hedging derivatives	80 231	0.2	377 334	0.8
Loans and advances to customers	36 738 493	78.2	33 484 935	74.6
Investment financial assets	4 508 430	9.6	4 163 657	9.3
- available for sale	4 508 430	9.6	4 163 657	9.3
Investments in associates	12 000	0.0	12 000	0.0
Receivables from securities bought with sell-back clause (loans and advances)	55 085	0.1	208 781	0.5
Property, plant and equipment	242 052	0.5	346 671	0.8
Intangible assets	30 407	0.1	22 821	0.1
Non current assets held for sale	599	0.0	869	0.0
Receivables from Tax Office resulting from current tax	6 176	0.0	37 475	0.1
Deferred income tax assets	146 014	0.3	140 325	0.3
Other assets	198 565	0.4	199 951	0.5
TOTAL ASSETS	46 984 418	100.0	44 913 824	100.0



Bank Millennium S.A. Group
*Report supplementing the opinion on the consolidated financial statements
for the financial year ended 31 December 2010*
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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	4.4	4 909 370	10.9
Financial liabilities valued at fair value through profit and loss (held for trading)	804 331	1.7	682 203	1.5
Hedging derivatives	1 315 321	2.8	122 813	0.3
Deposits from customers	35 395 147	75.3	31 558 664	70.3
Liabilities from securities sold with buy-back clause	670 691	1.4	2 342 684	5.2
Debt securities	1 141 007	2.4	1 024 335	2.3
Provisions	21 445	0.1	24 577	0.1
Current tax liabilities	0	0.0	2 080	0.0
Other liabilities	549 060	1.2	513 967	1.1
Subordinated debt	911 988	1.9	945 795	2.1
Total liabilities	42 893 446	91.3	42 126 488	93.8
Equity				
Share capital	1 213 117	2.6	849 182	1.9
Share premium	1 147 502	2.4	472 343	1.1
Revaluation reserve	(50 256)	0.1	11 199	0.0
Retained earnings	1 780 609	3.8	1 454 612	3.2
Total equity attributable to equity holders of the parent	4 090 972	8.7	2 787 336	6.2
Non-controlling interests	-	-	-	-
Total equity	4 090 972	8.7	2 787 336	6.2
TOTAL EQUITY AND LIABILITIES	46 984 418	100.0	44 913 824	100.0



Bank Millennium S.A. Group
*Report supplementing the opinion on the consolidated financial statements
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2.1.2 Consolidated income statement

	1.01.2010 - 31.12.2010 PLN '000	1.01.2009 - 31.12.2009 PLN '000
Interest income	2 359 969	2 373 617
Interest expense	(1 432 482)	(1 775 079)
Net interest income	927 487	598 538
Fee and commission income	625 282	576 378
Fee and commission expense	(60 358)	(82 532)
Net fee and commission income	564 924	493 846
Dividend income	2 003	2 165
Result on investment financial assets	6 445	22 950
Result on financial instruments valued at fair value through profit and loss and foreign exchange result	213 529	316 685
Other operating income	57 273	79 579
	279 250	421 379
Operating income	1 771 661	1 513 763
General and administrative expenses	(1 007 004)	(942 707)
Impairment losses on financial assets	(225 225)	(436 078)
Impairment losses on non financial assets	(1 650)	(579)
Depreciation and amortization	(74 621)	(79 646)
Other operating expenses	(55 359)	(59 878)
Operating expenses	(1 363 859)	(1 518 888)
Operating profit / (loss)	407 802	(5 125)
Share in net profit of associated companies	-	7 000
Operating profit / (loss)	407 802	1 875
Corporate income tax	(81 805)	(380)
Profit / (loss) after taxes	325 997	1 495



2.1.3 Consolidated total comprehensive income statement

	1.01.2010 - 31.12.2010 PLN '000	1.01.2009 - 31.12.2009 PLN '000
Profit / (loss) after taxes	325 997	1 495
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	264 542	(27 547)
Profit/(loss) attributable to:		
Equity holders of the parent	325 997	1 495
Non-controlling interest	-	-
Profit/(loss) for the period	325 997	1 495
Total comprehensive income attributable to:		
Equity holders of the parent	264 542	(27 547)
Non-controlling interest	-	-
Total comprehensive income for the period	264 542	(27 547)
Earnings per share		
Basic earnings per share (PLN)	0.28	0.00
Diluted earnings per share (PLN)	0.28	0.00



2.2 Selected financial ratios

	2010	2009	2008
Total assets (PLN '000)	46 984 418	44 913 824	47 104 643
Profit (loss) before income tax (PLN '000)	407 802	1 875	521 736
Profit (loss) for the period (PLN '000)	325 997	1 495	413 409
Shareholders' equity (PLN '000)*	3 764 975	2 785 841	2 401 474
Return on equity	8.7%	0.1%	17.2%
Receivables to total assets	81%	76%	75%
Income generating assets to total assets	91%	87%	95%
Interest bearing liabilities to total liabilities	87%	92%	93%

** excluding current-year net profit*



3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Bank Millennium S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation.

3.3 Method of consolidation

The method of consolidation is described in note VI of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note VI of the notes to the consolidated financial statements.

3.5 Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.



Minority interests in subsidiaries included in the consolidated financial statements were determined based on the minority shareholders' share in the subsidiaries' equity as at the end of the reporting period.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Bank Millennium S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.7 Compliance with banking regulations

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

3.8 Notes to the consolidated financial statements

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

3.9 Report of the Management Board of the Parent Company on the Group's activities

The Report of the Management Board of the Parent Company on the Group'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 consolidated financial statements.



3.10 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group 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

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Certified Auditor No. 9941
Director
Bożena Graczyk