



Bank Millennium S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011**

**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 2011**



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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 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 2011, 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 significant 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 accuracy 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 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 the 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 2011 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 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. 796
Director
Bogdan Dębicki

.....
Director
Stacy Ligas

28 February 2012
Warsaw



TRANSLATION

Bank Millennium S.A.

**Report supplementing
the auditor's opinion
on the separate financial
statements
Financial Year ended
31 December 2011**

**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
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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 |
| Share 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 2011, 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, |
| • Maria Jose Campos | – Board Member, |
| • Andrzej Gliński | – Board Member, |
| • Wojciech Haase | – Board Member, |
| • Artur Klimczak | – Board Member. |

The Supervisory Board of the Bank, at its meeting on 22 July 2011, accepted the resignation – effective as of 22 July 2011 – of Mr. Antonio Pinto Junior from the function of Member of the Bank's Management Board.

Moreover, on 22 July 2011 the Supervisory Board changed the composition of the Management Board of the current term in office appointing Ms. Maria Jose Henriques Baretto De Matos De Campos for the post of Bank's Management Board Member.

1.2. Auditor information

1.2.1. Key certified auditor information

Name and surname: Bogdan Dębicki
Registration number: 796

1.2.2. 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,
XIII 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 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Shareholders Meeting on 31 March 2011 where it was resolved to allocate the profit for the prior financial year of PLN 321,042,404.69 as follows:

- PLN 121,311,677.70 for the dividend for shareholders,
- PLN 199,730,726.99 for the reserve capital.

The separate financial statements were submitted to the Registry Court on 13 April 2011 and were published in Monitor Polski B No. 1051 on 14 June 2011.

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 2011, 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 significant 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 the General Shareholders Meeting dated 6 April 2006.

The separate financial statements have been audited in accordance with the contract dated 19 October 2011, concluded on the basis of the resolution of Supervisory Board dated 28 January 2011 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 the 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 24 October 2011 to 28 February 2012.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the 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 auditor 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 | 31.12.2011 | % of total | 31.12.2010 | % of total |
|--|-------------------|-------------------|-------------------|-------------------|
| | PLN '000 | assets | PLN '000 | assets |
| Cash, balances with the Central Bank | 2 017 550 | 4.1 | 2 050 515 | 4.5 |
| Loans and advances to banks | 2 660 366 | 5.4 | 1 485 797 | 3.2 |
| Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge | 729 029 | 1.5 | 1 429 543 | 3.1 |
| Hedging derivatives | 130 636 | 0.3 | 80 231 | 0.2 |
| Loans and advances to customers | 39 832 055 | 80.3 | 35 677 997 | 77.5 |
| Investment financial assets | 3 133 585 | 6.3 | 4 507 847 | 9.8 |
| - available for sale | 3 133 585 | 6.3 | 4 507 847 | 9.8 |
| Investments in associates | 311 303 | 0.6 | 312 105 | 0.7 |
| Receivables from securities bought with sell-back clause | 2 209 | - | 55 085 | 0.1 |
| Property, plant and equipment | 206 525 | 0.4 | 233 167 | 0.5 |
| Intangible assets | 31 895 | 0.1 | 29 798 | 0.1 |
| Receivables from Tax Office resulting from current tax | 86 342 | 0.2 | 2 952 | 0.0 |
| Deferred income tax assets | 66 750 | 0.1 | 102 807 | 0.2 |
| Other assets | 405 032 | 0.8 | 82 221 | 0.2 |
| TOTAL ASSETS | 49 613 277 | 100.0 | 46 050 065 | 100.0 |



Bank Millennium S.A.
*Report supplementing the opinion on the separate financial statements
for the financial year ended 31 December 2011
TRANSLATION*

| EQUITY AND LIABILITIES | 31.12.2011 | % of total | 31.12.2010 | % of total |
|---|-------------------|-------------------|-------------------|-------------------|
| | PLN '000 | assets | PLN '000 | assets |
| Liabilities | | | | |
| Deposits from banks | 1 522 406 | 3.1 | 2 084 456 | 4.5 |
| Financial liabilities valued at fair value through pro fit and loss | 574 418 | 1.2 | 804 965 | 1.8 |
| Hedging derivatives | 2 298 099 | 4.6 | 1 315 321 | 2.9 |
| Deposits from customers | 37 549 802 | 75.7 | 35 525 839 | 77.2 |
| Liabilities from securities sold with buy-back clause | 1 622 335 | 3.3 | 674 194 | 1.5 |
| Debt securities | 394 775 | 0.8 | 384 537 | 0.8 |
| Provisions | 34 970 | 0.1 | 20 503 | 0.0 |
| Other liabilities | 693 048 | 1.4 | 512 217 | 1.1 |
| Subordinated debt | 663 228 | 1.3 | 911 988 | 2.0 |
| Total liabilities | 45 353 081 | 91.4 | 42 234 020 | 91.7 |
| Equity | | | | |
| Share capital | 1 213 117 | 2.5 | 1 213 117 | 2.6 |
| Share premium | 1 147 241 | 2.3 | 1 147 241 | 2.5 |
| Revaluation reserve | 99 865 | 0.2 | (50 256) | (0.1) |
| Retained earnings | 1 799 973 | 3.6 | 1 505 943 | 3.3 |
| Total equity | 4 260 196 | 8.6 | 3 816 045 | 8.3 |
| TOTAL EQUITY AND LIABILITIES | 49 613 277 | 100.0 | 46 050 065 | 100.0 |



2.1.2. Income statement

| | 1.01.2011 - 31.12.2011 PLN '000 | 1.01.2010 - 31.12.2010 PLN '000 |
|--|--|--|
| Interest income | 2 574 691 | 2 204 316 |
| Interest expense | (1 552 230) | (1 403 943) |
| Net interest income | 1 022 461 | 800 373 |
| Fee and commission income | 579 946 | 568 136 |
| Fee and commission expense | (64 276) | (46 045) |
| Net fee and commission income | 515 670 | 522 091 |
| Dividend income | 13 545 | 20 191 |
| Result on investment financial assets | 8 419 | 6 372 |
| Result on financial instruments valued at fair value through profit and loss and foreign exchange result | 185 033 | 210 340 |
| Other operating income | 29 272 | 27 199 |
| | 236 269 | 264 102 |
| Operating income | 1 774 400 | 1 586 566 |
| General and administrative expenses | (997 427) | (949 646) |
| Impairment losses on financial assets | (150 277) | (146 139) |
| Impairment losses on non financial assets | 562 | (2 218) |
| Depreciation and amortization | (62 325) | (71 716) |
| Other operating expenses | (40 994) | (27 499) |
| Operating expenses | (1 250 461) | (1 197 218) |
| Profit / (loss) before taxes | 523 939 | 389 348 |
| Corporate income tax | (108 597) | (68 306) |
| Profit / (loss) after taxes | 415 342 | 321 042 |

2.1.3. Statement of comprehensive income

| | 1.01.2011 - 31.12.2011 | 1.01.2010 - 31.12.2010 |
|--|-----------------------------------|-----------------------------------|
| | PLN '000 | PLN '000 |
| Profit / (loss) after taxes | 415 342 | 321 042 |
| Other elements of total comprehensive income | | |
| Effect of valuation of available for sale debt securities | (13 249) | 2 182 |
| Effect of valuation of available for sale shares | (2 532) | (2 193) |
| Hedge accounting | 201 115 | (75 859) |
| Other elements of total comprehensive income before taxes | 185 334 | (75 870) |
| Corporate income tax on other elements of total comprehensive income | (35 213) | 14 415 |
| Other elements of total comprehensive income after taxes | 150 121 | (61 455) |
| Total comprehensive income of the period | 565 463 | 259 587 |

2.2. Selected financial ratios

| | 2011 | 2010 | 2009 |
|---|-------------|-------------|-------------|
| Total assets (PLN '000) | 49 613 277 | 46 050 065 | 43 969 150 |
| Profit (loss) before income tax (PLN '000) | 523 939 | 389 348 | 80 535 |
| Profit (loss) for the period (PLN '000) | 415 342 | 321 042 | 84 115 |
| Shareholders' equity (PLN '000)* | 3 844 854 | 3 495 003 | 2 433 510 |
| Return on equity | 10.8% | 9.2% | 3.5% |
| Receivables to total assets | 86% | 81% | 75% |
| Income generating assets to total assets | 94% | 94% | 86% |
| Interest bearing liabilities to total liabilities | 85% | 88% | 93% |

* 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 (Dz. U. z 2010 r., nr 191, poz. 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. 26 of the Accounting Act. and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Dz. U. z 2010 r., nr 191, poz. 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 2011, 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

Signed on the Polish original

.....
Certified Auditor No. 796
Director
Bogdan Dębicki

.....
Director
Stacy Ligas

28 February 2012
Warsaw