

Bank Millennium S.A. Group

**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 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 2011**



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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, whose parent entity is seated in Warsaw, Stanisława Żaryna 2a ("the Group"), which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant 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 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 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 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 2011 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

Signed on the Polish original

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

.....
Director
Stacy Ligas

28 February 2012
Warsaw

Bank Millennium S.A. Group

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

**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 2011**

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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
Share 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 2011, 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, |
| • 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 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2011, 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 Service Sp. z o.o.,
- Millennium Telecommunication Services Sp. z o.o.,
- BBG Finance B.V.,
- MB Finance AB,
- Orchis Sp. z o.o. (special purpose vehicle (SPV) without Group's capital exposure, which is consolidated in accordance with the provisions of IAS 27, IAS 39 and SIC 12).

In September 2011 two entities conducting leasing activities remaining under common control of the Bank were merged – Millennium Leasing Sp. z o.o. (acquiring company) and Millennium Lease Sp. z o.o. (acquired company).

1.2.2 Entities excluded from consolidation

As at 31 December 2011, the following subsidiaries of the Group were not consolidated:

- Lubuskie Fabryki Mebli S.A.
- BG Leasing S.A. w upadłości.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Bogdan Dębicki
Registration number: 796

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,
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.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Shareholders Meeting on 31 March 2011.

The consolidated 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.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Millennium S.A. seated in Wasaw, Stanisława Żaryna 2a and relates to the consolidated financial statements comprising: the consolidated balance sheet as at 31 December 2011, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant 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 the General Shareholders Meeting dated 6 April 2006.

The consolidated 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 consolidated financial statements in the Parent Company's head office during the period from 24 October 2011 to 28 February 2012.

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 auditor and KPMG Audyt Sp. z o.o. fulfill 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 2011 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.	31.12.2011	in the process of audit
Millennium Dom Maklerski S.A.	KPMG Audyt Sp. z o.o.	31.12.2011	in the process of audit
Millennium TFI S.A.	KPMG Audyt Sp. z o.o.	31.12.2011	in the process of audit
Millennium Service Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2011	in the process of audit
MB Finance AB	Deloitte AB	31.12.2011	in the process of audit
Orchis Sp. z o.o.	KPMG Audyt Sp. z o.o.	31.12.2011	in the process of audit
BBG Finance B.V.	No requirement for statutory 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	31.12.2011 PLN '000	% of total assets	31.12.2010 PLN '000	% of total assets
Cash, balances with the Central Bank	2 017 798	4.0	2 050 736	4.4
Loans and advances to banks	2 660 374	5.2	1 485 810	3.2
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	729 825	1.4	1 429 820	3.0
Hedging derivatives	130 636	0.3	80 231	0.2
Loans and advances to customers	41 332 337	81.3	36 738 493	78.2
Investment financial assets	3 133 595	6.2	4 508 430	9.6
- available for sale	3 133 595	6.2	4 508 430	9.6
Investments in associates	11 155	0.0	12 000	0.0
Receivables from securities bought with sell-back clause (loans and advances)	2 209	-	55 085	0.1
Property, plant and equipment	212 347	0.4	242 052	0.5
Intangible assets	32 267	0.1	30 407	0.1
Non current assets held for sale	32 713	0.1	599	-
Receivables from Tax Office resulting from current tax	101 985	0.2	6 176	0.0
Deferred income tax assets	113 816	0.2	146 014	0.3
Other assets	327 042	0.6	198 565	0.4
TOTAL ASSETS	50 838 099	100.0	46 984 418	100.0

EQUITY AND LIABILITIES	31.12.2011	% of total	31.12.2010	% of total
	PLN '000	assets	PLN '000	assets
Liabilities				
Deposits from banks	1 831 577	3.6	2 084 456	4.4
Financial liabilities valued at fair value through profit and loss (held for trading)	574 215	1.1	804 331	1.7
Hedging derivatives	2 298 099	4.5	1 315 321	2.8
Deposits from customers	37 427 835	73.6	35 395 147	75.3
Liabilities from securities sold with buy-back clause	1 606 628	3.2	670 691	1.4
Debt securities	1 071 193	2.1	1 141 007	2.4
Provisions	35 427	0.1	21 445	0.1
Deferred income tax liabilities	1 320	-	-	-
Other liabilities	742 332	1.5	549 060	1.2
Subordinated debt	663 228	1.3	911 988	1.9
Total liabilities	46 251 854	91.0	42 893 446	91.3
Equity				
Share capital	1 213 117	2.4	1 213 117	2.6
Share premium	1 147 502	2.3	1 147 502	2.4
Revaluation reserve	99 865	0.2	(50 256)	(0.1)
Retained earnings	2 125 761	4.2	1 780 609	3.8
Total equity	4 586 245	9.0	4 090 972	8.7
TOTAL EQUITY AND LIABILITIES	50 838 099	100.0	46 984 418	100.0

2.1.2. Consolidated income statement

	1.01.2011 - 31.12.2011	1.01.2010 - 31.12.2010
	PLN '000	PLN '000
Interest income	2 719 920	2 359 969
Interest expense	(1 578 029)	(1 432 482)
Net interest income	1 141 891	927 487
Fee and commission income	646 930	625 282
Fee and commission expense	(85 177)	(60 358)
Net fee and commission income	561 753	564 924
Dividend income	1 954	2 003
Result on investment financial assets	8 419	6 445
Result on financial instruments valued at fair value through profit and loss and foreign exchange result	187 731	213 529
Other operating income	49 156	57 273
	247 260	279 250
Operating income	1 950 904	1 771 661
General and administrative expenses	(1 059 246)	(1 007 004)
Impairment losses on financial assets	(174 313)	(225 225)
Impairment losses on non financial assets	536	(1 650)
Depreciation and amortization	(64 833)	(74 621)
Other operating expenses	(61 760)	(55 359)
Operating expenses	(1 359 616)	(1 363 859)
Operating profit / (loss)	591 288	407 802
Share in net profit of associated companies	(232)	-
Profit / (loss) before taxes	591 056	407 802
Corporate income tax	(124 592)	(81 805)
Profit / (loss) after taxes	466 464	325 997

2.1.3 Consolidated statement of comprehensive income

	1.01.2011 - 31.12.2011	1.01.2010 - 31.12.2010
	PLN '000	PLN '000
Profit / (loss) after taxes	466 464	325 997
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	616 585	264 542
Profit/(loss) attributable to:		
Owners of the parent	466 464	325 997
Non-controlling interest	-	-
Profit/(loss) for the period	466 464	325 997
Total comprehensive income attributable to:		
Owners of the parent	616 585	264 542
Non-controlling interest	-	-
Total comprehensive income of the period	616 585	264 542
Earnings per share		
Basic earnings per ordinary share (in PLN)	0.38	0.28
Diluted earnings per ordinary share (in PLN)	0.38	0.28

2.2 Selected financial ratios

	2011	2010	2009
Total assets (PLN '000)	50 838 099	46 984 418	44 913 824
Profit (loss) before income tax (PLN '000)	591 056	407 802	1 875
Profit (loss) for the period (PLN '000)	466 464	325 997	1 495
Shareholders' equity (PLN '000) *	4 119 781	3 764 975	2 785 841
Return on equity	11.3%	8.7%	0.1%
Receivables to total assets	87%	81%	76%
Income generating assets to total assets	94%	94%	87%
Interest bearing liabilities to total liabilities	85%	87%	92%

* *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.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' 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

Based 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 significant 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.

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 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
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