

Bank Millennium S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2012**

The opinion contains 2 pages
The supplementary report contains 13 pages
Opinion of the independent auditor
and the supplementary report
on the audit of the consolidated financial statements
for the financial year ended
31 December 2012

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.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Bank Millennium S.A. with its registered office in Warsaw, Stanisława Żaryna 2a ("the Group"), which comprise the consolidated balance sheet as at 31 December 2012, 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 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 the 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 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 2012 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.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we 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 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Bogdan Dębicki
Key Certified Auditor
Registration No. 796
Management Board Member of KPMG Audyt Sp. z o.o.
General Partner of KPMG Audyt Spółka
z ograniczoną odpowiedzialnością sp.k.

Signed on the Polish original

.....
Stacy Ligas
Limited Liability Partner with power of
attorney

27 February 2013

Bank Millennium S.A. Group

Supplementary report
on the audit of the consolidated
financial statements
Financial Year ended
31 December 2012

The supplementary report contains 13 pages
The supplementary report
on the audit of the consolidated financial statements
for the financial year ended
31 December 2012

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

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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 the 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.

As at 31 December 2012, the Management Board of the Parent Company was comprised of the following members:

- | | |
|--------------------------------|--------------------------------------|
| • Bogusław Kott | – President of the Board, |
| • Joao Bras Jorge | – First Vice-President of the Board, |
| • Fernando Bicho | – Vice-President of the Board, |
| • Artur Klimczak | – Vice-President of the Board, |
| • Julianna Boniuk-Gorzelańczyk | – Board Member, |
| • Wojciech Haase | – Board Member, |
| • Andrzej Gliński | – Board Member, |
| • Maria Jose Campos | – Board Member, |

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2012, 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.,
- TBM Sp. z o.o.,
- 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).

As a result of the liquidation of the BBG Finance BV, on 29 June 2012, Chamber of Commerce in Rotterdam, deregistered company from the Commercial Register ("Commercial Register"). Until the liquidation, BBG Finance BV was a subsidiary of the Group and used to be included in the consolidated financial statements using full consolidation method.

1.2.2 Entities excluded from consolidation

As at 31 December 2012, the following subsidiaries of the Group were not consolidated:

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

The Lubuskie Fabryki Mebli S.A. is not consolidated as the Group actually affect neither financial nor operational policy of the company. The Group does not consolidate accounts of BG Leasing S.A. w upadłości in the view of the ongoing company bankruptcy proceedings.

1.3 Auditor information

1.3.1 Key Certified Auditor information

Name and surname: Bogdan Dębicki
Registration number: 796

1.3.2 Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546, maintained by the National Council of Certified Auditors.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2011 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 20 April 2012.

The consolidated financial statements were submitted to the Registry Court on 27 April 2012 and were published in Monitor Polski B No. 1446 on 10 July 2012.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Millennium S.A. with its registered office in Warsaw, Stanisława Żaryna 2a and relates to the consolidated financial statements comprising: the consolidated balance sheet as at 31 December 2012, 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 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 Shareholders Meeting dated 6 April 2006.

The consolidated financial statements have been audited in accordance with the contract dated 15 June 2012, concluded on the basis of the resolution of the Supervisory Board dated 30 January 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the

Accounting Act”), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 26 October 2012 to 27 February 2013.

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 supplementary 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 accompanying consolidated financial statements, 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 were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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 the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfil the 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 Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649 with amendments).

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

1.6.1 Parent Company

The separate financial statements of the Parent Company for the year ended 31 December 2012 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, 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 Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2012	In the process of audit
Millennium Dom Maklerski S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2012	In the process of audit
Millennium TFI S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2012	In the process of audit
Millennium Service Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2012	In the process of audit
MB Finance AB	Deloitte AB	31.12.2012	In the process of audit
Orchis Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31.12.2012	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 analysis of the consolidated financial statements

2.1.1 Consolidated balance sheet

ASSETS	31.12.2012 PLN '000	% of total assets	31.12.2011 PLN '000	% of total assets
Cash, balances with the Central Bank	2 465 879	4.7	2 017 798	4.0
Deposits in other banks and loans and advances to banks	1 392 424	2.6	2 660 374	5.2
Financial assets valued at fair value through profit and loss (held for trading) and adjustment from fair value hedge	662 404	1.3	729 825	1.4
Hedging derivatives	277 812	0.5	130 636	0.3
Loans and advances to customers	40 232 240	76.3	41 332 337	81.3
Investment financial assets	6 751 104	12.8	3 133 595	6.2
- available for sale	6 751 104	12.8	3 133 595	6.2
Investments in associates	13 352	0.0	11 155	0.0
Receivables from securities bought with sell- back clause (loans and advances)	17 469	0.0	2 209	0.0
Property, plant and equipment	184 642	0.4	212 347	0.4
Intangible assets	43 694	0.1	32 267	0.1
Non current assets held for sale	24 954	0.1	32 713	0.1
Current tax receivables	16 270	0.0	101 985	0.2
Deferred income tax assets	165 206	0.3	113 816	0.2
Other assets	495 049	0.9	327 042	0.6
TOTAL ASSETS	52 742 499	100.0	50 838 099	100.0



Bank Millennium S.A. Group
*The supplementary report on the audit of the consolidated financial statements
for the financial year ended 31 December 2012*
TRANSLATION

EQUITY AND LIABILITIES	31.12.2012	% of total	31.12.2011	% of total
	PLN '000	assets	PLN '000	assets
Liabilities				
Deposits from banks	2 491 745	4.7	1 831 577	3.6
Financial liabilities valued at fair value through profit and loss (held for trading)	467 573	0.9	574 215	1.1
Hedging derivatives	1 115 202	2.1	2 298 099	4.5
Deposits from customers	41 434 077	78.6	37 427 835	73.6
Liabilities from securities sold with buy-back clause	174 788	0.3	1 606 628	3.2
Debt securities	900 016	1.7	1 071 193	2.1
Provisions	44 805	0.1	35 427	0.1
Current tax liabilities	2 484	0.0	1 320	0.0
Other liabilities	674 029	1.3	742 332	1.5
Subordinated debt	613 610	1.2	663 228	1.3
Total liabilities	47 918 329	90.9	46 251 854	91.0
Equity				
Share capital	1 213 117	2.3	1 213 117	2.4
Share premium	1 147 502	2.2	1 147 502	2.3
Revaluation reserve	(134 391)	(0.3)	99 865	0.2
Retained earnings	2 597 942	4.9	2 125 761	4.2
Total equity	4 824 170	9.1	4 586 245	9.0
TOTAL EQUITY AND LIABILITIES	52 742 499	100.0	50 838 099	100.0



2.1.2. Consolidated income statement

	1.01.2012 - 31.12.2012	1.01.2011 - 31.12.2011
	PLN '000	PLN '000
Interest income	3 120 385	2 719 920
Interest expense	(1 959 202)	(1 578 029)
Net interest income	1 161 183	1 141 891
Fee and commission income	655 666	646 930
Fee and commission expense	(109 629)	(85 177)
Net fee and commission income	546 037	561 753
Dividend income	4 013	1 954
Result on investment financial assets	25 362	8 419
Result on financial instruments valued at fair value through profit and loss and foreign exchange result	214 461	187 731
Other operating income	57 096	49 156
	300 932	247 260
Operating income	2 008 152	1 950 904
General and administrative expenses	(1 065 259)	(1 059 246)
Impairment losses on financial assets	(238 042)	(174 313)
Impairment losses on non financial assets	(179)	536
Depreciation and amortization	(55 388)	(64 833)
Other operating expenses	(55 528)	(61 760)
Operating expenses	(1 414 396)	(1 359 616)
Share in net profit of associated companies	2 198	(232)
Profit before taxes	595 954	591 056
Corporate income tax	(123 773)	(124 592)
Profit after taxes	472 181	466 464

2.1.2. Consolidated statement of comprehensive income

	1.01.2012 - 31.12.2012 zł '000	1.01.2011 - 31.12.2011 zł '000
Profit after taxes	472 181	466 464
Other elements of total comprehensive income:		
Effect of valuation of available for sale debt securities	46 046	(13 249)
Effect of valuation of available for sale shares	263	(2 532)
Hedge accounting	(335 514)	201 115
Other elements of total comprehensive income before taxes	(289 205)	185 334
Corporate income tax on other elements of total comprehensive income	54 949	(35 213)
Other elements of total comprehensive income after taxes	(234 256)	150 121
<i>Total comprehensive income of the period</i>	<i>237 925</i>	<i>616 585</i>

2.2 Selected financial ratios

	2012	2011	2010
Total assets (PLN '000)	52 742 499	50 838 099	46 984 418
Profit before income tax (PLN '000)	595 954	591 056	407 802
Profit for the period (PLN '000)	472 181	466 464	325 997
Shareholders' equity (PLN '000)*	4 351 989	4 119 781	3 764 976
Return on equity	10.8%	11.3%	8.7%
Receivables to total assets	79%	87%	81%
Income generating assets to total assets	93%	94%	94%
Interest bearing liabilities to total liabilities	87%	85%	87%

* 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 VII 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 significant incompliance by the Bank Millennium S.A. Group with the banking prudential regulatory norms pertaining among other to exposure concentration, obligatory reserve and capital adequacy.

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 with amendments)) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Bogdan Dębicki
Key Certified Auditor
Registration No. 796
Management Board Member of KPMG Audyt Sp. z o.o.
General Partner of KPMG Audyt Spółka
z ograniczoną odpowiedzialnością sp.k.

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.....
Stacy Ligas
Limited Liability Partner with power of
attorney

27 February 2013