

REPORT CONCERNING THE PRINCIPLES OF CORPORATE GOVERNANCE IN BANK MILLENNIUM IN 2008

I. Principles of Corporate Governance applied in 2008

In 2008 in the regulatory sphere the principles of Corporate Governance were determined by norms adopted by the Supervisory Board of the Warsaw Stock Exchange, contained in the document – “Good Practices in Public Companies on WSE” hereinafter called “Good Practices”, constituting an attachment to Resolution No. 12/1170/2007 of the Supervisory Board of WSE dated 4 July 2007 and available at www.corp-gov.gpw.pl

Bank Millennium in 2008 was fully observing all the norms of the Good Practices, contained in the aforementioned document.

In 2008 Bank Millennium, by virtue of Resolution No. 132/2008 of the Management Board of the Bank, adopted the “Principles of good practice of banks with respect to informing about belonging to the mandatory guaranteeing system” and “Principles of good practice of banks with respect to informing customers about their economic and financial situation”. Both documents were prepared by the Banking Guarantee Fund and are available on the website www.bfg.pl

II. Authorities of the Bank

General Shareholders’ Meeting

The General Shareholders’ Meeting is the supreme authority of the Bank. The General Shareholders’ Meeting acts under generally binding regulations, comprising in particular the Commercial Companies Code as well as Banking Law, Articles of Association of the Bank and the Bylaws. The text of the Articles of Association and of the Bylaws is available on the bank’s website. The authority of the General Shareholders’ Meeting includes in particular: consideration and approval of annual financial reports, passing resolutions on distribution of profit or covering losses as well as discharging members of the Bank’s authorities from performance of their duties, change of Articles of Association, including increase and reduction of share capital, issue of convertible bonds and bonds with priority rights as well as subscription warrants and cancellation of capital and funds as well as passing resolutions on their use, election and recalling of members of the Supervisory Board as well as determining their

remuneration, dissolution of the Bank or its sale or merger, selection of liquidators, all and any decisions concerning claims for redress of damage caused when establishing the Bank or exercising management or supervision, as well as redeeming shares and defining the detailed terms and conditions of redemption.

According to data in the Bank's possession, shareholders holding at least 5% of the total number of votes at the Bank Millennium S.A. GSM, as at 31 December 2008, were:

Shareholder	Number of shares	% share in share capital	Number of votes	% shares in votes at GSM
Banco Comercial Portugues S.A.	556 325 794	65.51	556 325 794	65.51
Commercial Union OFE	62 200 437	7.32	62 200 437	7.32

The Bank is not aware of any agreements concluded between shareholders concerning mutual cooperation and also the Bank is not aware of any agreements, which in, the future, may cause changes in proportions of shares held by shareholders.

The Bank's shareholders exercise their rights in the way and within the boundaries defined by generally binding regulations, Articles of Association of the Bank as well as Bylaws of the General Shareholders' Meeting. Each share of the Bank entitles to one vote, however registered founding shares in the outstanding number of 62,200 are preferential in that one share entitles to two votes at GSM. Registered founding shares constitute jointly 0.0073% of share capital of the Bank as well as 0.0146% of the total number of votes at GSM.

Subject to sale restrictions are founding shares in that their sale with consent of at least three quarters of founders to other founders results in no loss of their preferential status. The sale of registered founding shares in remaining cases results in loss of their preferential status. There are no restrictions on exercising voting rights under the Bank's shares and none of the holders of securities issued by the Bank has any special controlling rights with respect to the Bank.

On 28 March 2008 a General Shareholders' Meeting (GSM) was held in connection with end of the 2007 accounting year. The GSM approved financial reports of the Bank and of the Bank's Capital Group as well as reports of the Management Board and Supervisory Board from activity in the above-mentioned period. The GSM discharged each member of the Management Board from performance of duties and supplemented the composition of the Supervisory Board in the current term of office.

The General Shareholders' Meeting decided on the distribution of profit from 2007 accounting year, assigning part of the Bank's net profit from the accounting year ending 31 December 2007 in the amount of PLN 411.9 million for payment of dividend to shareholders – in the amount of PLN 0.19 per

share, which constituted the total amount of PLN 161.3 million and 39% of the Bank's profit in 2007 (35% of 2007 consolidated profit).

Supervisory Board

The Supervisory Board exercises permanent supervision over activity of the Bank. The Supervisory Board operates under legal regulations, the Articles of Association of the Bank, resolutions of the General Shareholders' Meeting as well as the Bylaws available on the Bank's website. The term-of-office of the Supervisory Board is 3 years.

The Supervisory Board of the Bank is composed of at least five members elected by the General Shareholders' Meeting, from whom at least half, including the Chairman, are of Polish nationality.

In the reporting period following persons were members of the Supervisory Board:

1. Maciej Bednarkiewicz – Chairman of the Supervisory Board,
2. Ryszard Pospieszynski – Deputy Chairman and secretary of the Supervisory Board,
3. Christopher de Beck - Member of the Supervisory Board until 26 March 2008,
4. Dimitrios Contominas - Member of the Supervisory Board until 13 February 2008,
5. Pedro Maria Calaínho Teixeira Duarte - Member of the Supervisory Board until 26 March 2008,
6. Marek Furtek - Member of the Supervisory Board until 28 March 2008,
7. Andrzej K. Koźmiński - Member of the Supervisory Board,
8. Francisco José Queiroz de Barros de Lacerda - Member of the Supervisory Board until 26 March 2008,
9. Marek Rocki - Member of the Supervisory Board,
10. Dariusz Rosati - Member of the Supervisory Board,
11. Zbigniew Sobolewski – Member of the Supervisory Board until 26 March 2008,
12. Carlos Jorge Ramalho dos Santos Ferreira since 28 March 2008,
13. Paulo Jose de Ribeiro Moita de Macedo since 28 March 2008,
14. Vitor Manuel Lopes Fernandes since 28 March 2008,
15. Nelson Ricardo Bessa Machado since 28 March 2008

The term-of-office of the current Supervisory Board ends on the day of holding the General Shareholders' Meeting approving the Bank's financial report on 2008 accounting year.

The Supervisory Board, for the purpose of collective performance of specific activities of the Board, has established standing committees: Audit Committee and Personnel Committee.

Tasks of the Audit Committee include monitoring of systems and processes of the Bank's financial reporting and risk management. In particular the Audit Committee is responsible for performance on behalf of the Supervisory Board of control over functioning of the Bank's internal audit.

The Personnel Committee is responsible for assessment of candidates for members of the Management Board and agreeing the terms and conditions of employment of members of the Management Board.

In the reporting period the Supervisory Board committees had following composition:

Supervisory Board Audit Committee:

1. Maciej Bednarkiewicz,
2. Dariusz Rosati,
3. Christopher de Beck (until 26 March 2008),
4. Paulo Jose de Ribeiro Moita de Macedo (since 18 April 2008).

Supervisory Board Personnel Committee:

1. Maciej Bednarkiewicz,
2. Ryszard Pospieszyński,
3. Carlos Jorge Ramalho dos Santos Ferreira (since 18 April 2008).

Remunerations and benefits paid to supervising persons in 2008

(in PLN thou.)

No.	Name and Surname	Remunerations	Benefits	Total
1	Bednarkiewicz Maciej	655,1	0,0	655,1
2	Pospieszyński Ryszard	353,8	0,0	353,8
3	Rosati Dariusz	209,6	0,0	209,6
4	Koźmiński Andrzej	104,8	0,0	104,8
5	Rocki Marek	104,8	0,0	104,8
6	Carlos Jorge Ramalho dos Santos Ferreira ***	157,5	0,0	157,5
7	Paulo Jose de Ribeiro Moita de Macedo ***	157,5	0,0	157,5
8	Vitor Manuel Lopes Fernandes ***	78,8	0,0	78,8
9	Nelson Ricardo Bessa Machado ***	78,8	0,0	78,8
10	Sobolewski Zbigniew **	26,1	0,0	26,1
11	Furtek Marek **	26,1	0,0	26,1
12	Dimitri Contominas *	17,4	0,0	17,4
13	Francisco De Lacerda **	52,1	0,0	52,1
14	Christoper De Beck **	26,1	0,0	26,1
15	Pedro Maria Teixeira Duarte **	26,1	0,0	26,1
	Total:	2 074,4	0,0	2 074,4

* until II/08 ; ** until III/08 ; *** until IV/08

Management Board

The Management Board is the executive authority of the Bank and manages the entirety of the Bank's operation. The Management Board operates pursuant to the Commercial Companies Code as well as other legal regulations, the Bank's Articles of Association, resolutions of the General Meeting and the Supervisory Board as well as provisions of Bylaws of as well as Bylaws of Management Board operations adopted by the Supervisory Board, which are available on the Bank's website. The competence of the Management Board includes all matters not restricted to other authorities of the Bank.

The Management Board is comprised of a minimum of three members, of whom at least half have Polish nationality. The Management Board is appointed by the Supervisory Board. The term-of-office of the Management Board is 3 years. A member of the Bank's Management Board may be recalled by the Supervisory Board at any time.

In the reporting period the Management Board was composed as follows:

1. Bogusław Kott – Chairman of the Management Board
2. Luis Pereira Coutinho – Deputy Chairman of the Management Board (until 12 February 2009)
3. Fernando Bicho - Member of the Management Board
4. Julianna Boniuk-Gorzelańczyk – Member of the Management Board
5. Joao Bras Jorge - Member of the Management Board
6. Wojciech Haase - Member of the Management Board
7. Zbigniew Kudaś - Member of the Management Board (until 12 February 2009)
8. Piotr Romanowski – Member of the Management Board (from 5 May 2008 to 12 February 2009)

The term-of-office of the current Management Board ends on the day of holding the General Shareholders' Meeting approving the Bank's financial report on 2008 accounting year.

Following persons are authorised to make statements of will as regards the Bank's financial rights and obligations as well as to sign documents on behalf of the Bank: the Chairman of the Management Board – independently and jointly two other members of the Management Board or a Management Board member with a proxy, or two proxies. Mr Jerzy Andrzejewicz holds powers of joint proxy. Attorneys-in-fact operating independently within the limits of their authorisation may be appointed to perform actions of a specified type.

Salaries, bonuses and benefits paid or due to managing persons for 2008

(in PLN thou.)

No.	Name and Surname	Remunerations and bonuses	Benefits	Total
1.	Kott Bogusław	2 160,0	18,1	2 178,1
2.	Coutinho Luis	2 871,2	102,1	2 973,3
3.	Boniuk-Gorzelańczyk Julianna	2 955,2	3,8	2 959,0
4.	Haase Wojciech	2 395,2	3,8	2 399,0
5.	Kudaś Zbigniew	3 115,2	4,8	3 120,0
6.	Romanowski Piotr *	1 927,5	1,5	1 929,0
7.	Bicho Fernando	2 875,2	41,7	2 916,9
8.	Jorge Joao Bras	2 475,2	828,7	3 303,9
	Total:	20 774,7	1 004,6	21 779,3

**since May 2008*

The total remuneration paid out or due, awards or benefits includes the gross value of remuneration paid out or due over the period between January - December 2008 and bonus for the year 2007 paid out in 2008 amounting to PLN 11,240.0 thousand

Value of advances, credit, loans and guarantees granted to managing and supervising persons (as at 31.12.2008).

1. The managing persons have a total debt limit on credit cards and current accounts of PLN 875.0 thousand including unutilised limit in the amount of PLN 795.9 thousand.
2. As at 31 December 2008 there were no active guarantees granted to the managing persons.
3. Supervising persons have a total debt limit of PLN 90.0 thousand including unutilised limit on credit cards in the amount of PLN 68.8 thousand.

III. Features of the internal control system with respect to the process of preparing financial reports.

The internal control system, introduced by the Management Board of the Bank as regards the process of preparing financial reports, was designed to be an effective instrument of risk control and supervision over proper flow of the process of collecting data, processing them and presenting in the form of financial reports in keeping with valid relevant legal regulations. The internal control, system functioning in the Bank, build from: mechanisms of functional control (preventive, detection and corrective) described in strict internal regulations of the Bank as well as systematised actions of a specialised independent unit of institutional control – the Internal Audit Department, to a significant

extent protects the bank from errors in financial reporting and delivers to the Bank's management information, which permits assessment of correctness, efficiency and security of operation of the process of preparing financial reports, aimed at the highest possible effectiveness of managing identified risks accompanying this process.

In April 2008 in the Internal Audit Department a specialised financial audit unit was separated-out and internal regulations were amended with the aim of adapting the internal audit process to the International Standards for the Professional Practice of Internal Auditing, prepared by the Institute of Internal Auditors.

Results of operation of the internal control system are regularly presented and reviewed by the Supervisory Board Audit Committee.

Signatures of Members of the Management Board:

<i>Date</i>	<i>Name and surname</i>	<i>Position/Function</i>	<i>Signature</i>
27.02.2009	Bogusław Kott	Chairman of the Management Board
27.02.2009	Rui Manuel Teixeira	Deputy Chairman of the Management Board
27.02.2009	Fernando Bicho	Member of the Management Board
27.02.2009	Julianna Boniuk-Gorzelańczyk	Member of the Management Board
27.02.2009	Wojciech Haase	Member of the Management Board
27.02.2009	Joao Bras Jorge	Member of the Management Board
27.02.2009	Artur Klimczak	Member of the Management Board