



CORPORATE RESPONSIBILITY CORPORATE RESPONSIBILITY CORPORATE RESPONSIBILITY

Millennium  
bank





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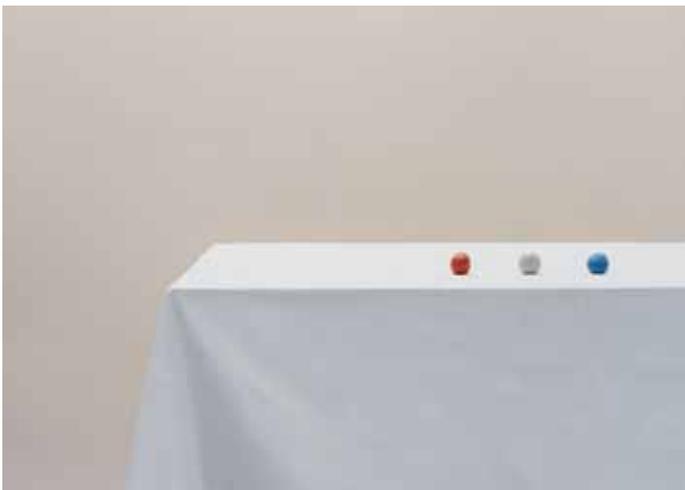
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## Introduction

For the fifth time in a row Bank Millennium presents its study containing the description of the Bank's corporate social responsibility activities, which constitute the Bank's daily routine and are part of its corporate culture.

The format of this publication is similar to the previous ones, allowing to compare information in particular fields. Wherever possible, the scope of information presented in the report was expanded. Also, the Bank spared no effort to make this report a balanced one.

The 2010 CSR report supplements the information contained in Bank Millennium's 2010 Annual Report, which presents basic areas of the Company's business activities with financials for 2010.





# Letter of the Chairman of the Management Board of Bank Millennium

Dear Readers,

This is the fifth Bank Millennium report on the Bank's activities guided by the principles of corporate social responsibility.

Our 2010 business activity was considerably affected by adverse factors connected with the world economic crisis, which was also suffered, albeit to a smaller degree than other European countries, by the Polish economy, including the banking system. Our purpose last year, after we have redefined our current business objectives and introduced the necessary organisational changes, continued to be professional service provided to our Clients.

We find particularly important the dialogue conducted at various levels of cooperation with our Clients allowing to better understand our mutual expectations and enabling to solve the problems resulting from a business relationship.

Information about our business results please find in the published Annual Report 2010.

In this difficult year we took good care to include in our activity the needs and interests of our Stakeholders, implement a sustainable development policy and run a responsible business. The practical implementation of CSR principles, information policy, investor relations and social relations, environmental matters and labour issues was the basis for including Bank Millennium in the group of sixteen listed companies making up the Respect Index – the first in our part of Europe index of socially responsible companies.

We consider it a major success and huge future challenge.

Sincerely,

**BOGUSŁAW KOTT**

*Chairman of the Management Board of Bank Millennium*



## Mission, Values and Corporate Culture

The environment of Bank Millennium's business in 2010 was significantly affected by the consequences of the economic crisis, which continued to bite the Polish economy and the banking system. This situation underscored the importance of the Bank's running its business in accordance with the set of values associated with its brand and transparent (characteristic for a public trust institution) communication of its plans and changes.

The necessary correction of the business strategy and accompanying organisational changes allowed the Bank to adjust to the changing business conditions. Special emphasis was placed on the set of activities improving the safety of the conducted business and mitigating its risks. Understanding Client needs and maintaining a mutual trust were the objectives of the dialogue conducted by the Bank with its partners at all cooperation stages. Thanks to this the Bank could consistently implement its strategy observing the standards and values resulting from its mission.



The Bank's motto "Life inspires us" accompanying the Bank's daily operations in the past year formed an obligation to satisfy Client needs for comprehensive bank service and to recognize active relations with them as the most important objective from the Bank's point of view.

The values linked to the Millennium brand continue to retain their currency:

- **Trust** – the Bank must observe high ethical standards and take responsibility for its actions;
- **Openness to the customer** – learning and meeting customers' expectations and needs;
- **Ethics and Responsibility** in action;
- **Excellence** – high quality of services rendered;
- **Innovativeness** – striving and searching for new customer service and financial market solutions;
- **Respect for Stakeholders.**

The achievement of the Bank's operating strategy in 2010 materially hinged on the development of the situation on the international and Polish economic market. Despite the sharp turmoil on the market the Bank steadily followed its program while observing the standards and values associated with its mission statement.



### VISION

We are part of a financial group with a trans-national identity whose actions are focused on value creation in core business areas in markets with distinct profiles based on excellent quality and innovation in the creation and distribution of financial products and services.

### MISSION

Our mission is to create value for customers by offering superior quality financial products and services, while complying with rigorous standards of conduct and corporate responsibility and facilitating stable and effective development to provide shareholders with steady growth in the value of their capital.

The motto "Life inspires us" is an element, which combines the requirements of our customers and the expectations of society as a whole and the employees.

*Life inspires us*

In 2010 the Bank built relations with its Clients and invested in the development of the Millennium brand while striving for the firm's daily operating practice to comply with the values inherent in the brand. These actions significantly enhanced the Millennium brand's recognition. Client surveys show that they also contributed to a better evaluation and perception. The Bank evolves in the direction of a more customer-friendly organization.



## Dialogue with Stakeholders

In accordance with the „Life inspires us” motto, which accompanies the Bank’s activity, dialogue with all stakeholder groups is treated by us as one of the basic principles of running a responsible business.

This dialogue gained special importance during the economic crisis, which forced both the bank and its Clients to undertake a number of non-standard activities as part of programmes mitigating the economic slowdown. The redefining of the business objectives, learning the changed principles of running a business, understanding mutual needs and regular dialogue were conducive to undertaking effective actions ensuring mutual cooperation.

The Bank’s biggest Stakeholder Groups are:

- Clients – the Bank has with them partnership relations, mutual trust and professional cooperation as part of which the bank provides services and products enabling the implementation of their needs and objectives.
- Employees – the Bank recognises them as its most important assets and tries to provide them with the most appropriate conditions of work and professional development enabling the implementation of their professional and life plans.
- Business partners – the Bank builds with them long-term relations based on transparent principles and mutually advantageous cooperation enabling the implementation of business objectives to each of the parties.
- Investors – the Bank builds and maintains with them relations based on value creation, transparent information policy and implementation of business objectives.
- Social partners – through cooperating with them Bank participates in social dialogue and implements programmes which have added value from the social point of view.



## Dialogue with Clients

### CLIENT SATISFACTION AND QUALITY SURVEY

Bank Millennium stays close to its Clients, regularly surveying the level of satisfaction with their cooperation with the Bank. In 2010 we were, like every year, open to the voice of our Clients. We listened to what they had to say about the Bank, its products and service standard. We asked about the Clients' opinion about all the business lines, using of all banking channels, starting from person-to-person service in the outlet, through our telephone service up to online banking. Almost 190 000 Clients were invited to take part in the survey (220 000 Clients in 2009, 90 000 Clients in 2008, 130 000 Clients in 2007).

The survey results about to be presented show that the strategy of listening to the Client reaps benefits. Our Clients told us that 84% of them (individual Clients) are very satisfied or satisfied with their cooperation with Bank Millennium. Last year 86% of the Clients had similar views. 79% of the Clients surveyed are very pleased or pleased with our products and services (75% in 2009). 87% of the Clients assess the quality of our service as very satisfactory or satisfactory.

The satisfaction of our Clients translates into their declared willingness to recommend Bank Millennium to other persons and willingness to further cooperate with the Bank. Over a half of our Clients (55%) will be happy to recommend our Bank's products and services to their friends and family, while 68% of the Clients are willing to use more Bank products. A definite majority of Clients (80%) declared their willingness of further cooperation with the Bank (77% in 2009).

In 2010 we resumed our external Mystery Shopping surveys. In the last quarter of 2010 the first phase of the survey took place. The results of this survey will be published at the beginning of 2011.

The survey was conducted in all Bank Millennium outlets. The auditors played the role of Clients interested in a current account. The survey supplied comprehensive knowledge about the degree of implementation of our adopted standards and the level of service quality. In addition to objective assessment auditors are asked to express their subjective feelings regarding their visit in the outlet.

This way we gathered interesting analytical material. The results of this survey and (later) the report are distributed among all the participants directly or indirectly involved in the Client service process.

In 2011 the Bank decided to intensify the above-described activities. We are aware that our purpose is to satisfy the Client, therefore a Bank-wide project was set up focusing on service quality at Bank Millennium.

In addition to Bank-internal steps Bank Millennium is actively involved in the work of the Quality Committee set up by the Polish Banks Association (ZBP). The Committee groups Banks interested in providing top standard services to Clients. Bank Millennium promotes this idea.

### Quality and Satisfaction Survey

	2010	2009
Surveys conducted	35	32
Number of customers surveyed	225 629	220 085
Number of responses received	76 837	58 248

Individual Clients satisfied with their cooperation with the Bank	84%	86%
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### COOPERATION WITH CLIENTS BASED ON MIFID

In 2010 Bank Millennium and Millennium Dom Maklerski adjusted their regulations to MiFID (Markets in Financial Instruments Directive).

The purpose of MiFID is to strengthen and harmonise the protection of Clients of investment companies and banks in the scope of using investment services and increasing the consistency and transparency of the operation of such companies.

In accordance with MiFID requirements and principles the Bank and Dom Maklerski segmented Clients into Retail and Professional ones and Eligible Counterparties, and, furthermore, informed them about the performed segmentation and rights and obligations exercised by them.

All Individual Clients of Bank Millennium were classified by the Bank – within the meaning of MiFID – as Retail Clients, thus obtaining the highest possible level of protection.

Classification according to the MiFID principles was also conducted among enterprises. A considerable majority of companies was classified as Retail Clients, which also gave them the highest possible protection level. A small group was classified in accordance with MiFID principles in the Professional Client category.

Upon similar principles classification was conducted in Dom Maklerski. All individual and part of corporate Clients were classified as Retail Clients. Other corporate Clients meeting the conditions specified by the provisions of law were classified as Professional Clients.

In accordance with the introduced principles as from 17 June 2010 the Bank provides investment services covered by the MiFID Directive after performing the appropriateness test of offered products in terms of the Client's knowledge and investment experience. Services are provided on the basis of a framework agreement concluded in writing. Prior to signing the agreement the Client will receive among others information about risks connected with investing in financial products and instruments.

The set of the most important information about the Clients' rights and the Bank's duties in connection with the Bank's application of the MiFID Directive is available from the Bank's branches and its Website.

## CLAIMS MANAGEMENT

In 2010 the Client Service Department focused on the improvement of the process of handling Client complaints and claims, upgrading the qualifications of employees processing complaints and eliminating the reasons for making complaints.

In the period from January till the end of December 2010 the Bank received 42 844 claims, which means a drop by about 26% compared to the year before. In 2010, on average 3 570 claims were registered in a month, compared to 4841 claims in 2009.

The lower number of claims results from cyclical meetings with Process Owners (representatives of supporting units) during which analyses are presented of the reasons for the origination of claims. During the same meetings proposals of changes are worked out with a view to improving the processes and eliminating errors causing Client dissatisfaction.

The biggest drop in the number of complaints with respect to 2009 took place in the area of cards, current accounts and statements. On the other hand, up went the number of complaints connected with mortgage loans (low downpayment insurance, bridge insurance).

In 2010 73% of claims were upheld, compared to 80% in 2009. The falling trend in the number of registered claims and in the manner of their handling shows that products offered by the Bank to the Clients increasingly meet their expectations and the Bank is increasingly less to blame.

The reorganisation of the Department conducted in May 2009 and upgrading employee qualifications contributed to the improvement of quality and speed of Client claims handling. In 2010 up went employee effectiveness and in the period from January till May the average monthly number of processed claims was 3360, while in the period of June – December it was at the level of 3 570.

In 2009 the average time of processing a claim was at the level 34 days. In 2010 this is 20 days, which constitutes a decrease by 39% (these times include: standard claims – (89%) and claims processed in accordance with the so-called extended procedure due to the necessity of contacting external institutions (e.g. Visa International, Western Union, etc.) (11%).

Cooperation with Process Owners brought about positive changes, which contributed to reducing the number of claims and thus increasing the Clients' satisfaction with the services offered by the Bank.

As part of eliminating the reasons for a claim we changed among others the manner of settling reimbursements to credit cards so that a reimbursement of a credit card resulting from cancelled transactions be treated as credit card repayment transactions, reducing the balance of debt. Shortened was also the time of waiting for money not withdrawn from ATMs due to errors and a number of system corrections were made, which guarantee sufficient information about the current status of the Client's debt.

In 2011 the Client Service Department will continue the implementation of current objectives focusing on a considerable shortening of the time of processing standard claims, increasing the level of Client satisfaction with every level of the complaint process at the Bank and reducing the reasons for Client complaints and claims.

In its bid to improve the dialogue with the Clients the Client Service Department is preparing a project to implement a new system to handle claims at Bank Millennium, which thanks to the most modern IT and business solutions will considerably improve the speed of claims handling. Project implementation is slated for the beginning of 2011.

## Claims Management

	2010	2009
<b>Number of submitted claims</b>		
Total	42 844	58 097
Retail	41 987	57 255
Corporates	857	842
<b>Number of claims decided in favour of the Bank</b>		
Total	11 284	11 445
Retail	10 945	11 232
Corporates	339	213
<b>Number of claims decided in favour of the Client</b>		
Total	30 509	49 752
Retail	29 594	49 050
Corporates	915	702
Number of claims against breach of Client privacy and loss of his personal data	248	26
<b>Result with respect to claims handling</b>		
up to 3 days	2 320	8 581
4-7 days	5 857	9 861
above 7 days	33 616	42 755
Average time of claims handling (days)	20	34
<b>Claims accepting channels</b>		
Branch	55%	57%
Millenet	16%	16%
Call Center	17%	13%
Head Office	11%	14%
CWK – Client Relationship Centre	1%	0%
Others	0%	0%

## CLIENT CONTACT CHANNELS

### Telemillennium

The Telemillennium electronic banking channel is available for Clients 24/7 every day in a year. This means that the Bank is always within easy reach.

Telemillennium enables not only to submit instructions pertaining to one's accounts and cards, but also guarantees the possibility of immediately reporting emergencies such as loss of card or need to unlock the internet service passwords.

In 2010 as many as 1 064 885 calls were made to the consultants. Almost as many were handled by the automatic service. Telemillennium perfectly supplements the remaining channels and provides a good alternative to the outlet and internet service. 192 000 Client orders were carried out last year through the telephone channel.

The issues raised during telephone conversations, and well as their breakdown reflect the Bank's current offer allowing to identify Client interests and their questions connected with the service. We are happy to share this information with other Bank areas.

Last year's experience has shown that our Clients' trust and good mutual relations must be closely monitored and require much care from the Bank. Our service performance in terms of incoming calls and satisfaction surveys are subject to detailed analysis. The quality of our service can thus be perfected.

The Monitoring and Customer Relations Analysis Team continued to run the Client Satisfaction Surveys (initiated back in 2008) relating to service quality performance in the telephone channel (Telemillennium). The 2010 survey results allowed to determine the level of our Clients' expectations. Based on these data line managers took a number of steps to revise the Consultants' approach to service. The 2010 survey results indicate that the level of satisfaction in the case of Clients serviced by Telemillennium is actually very good. Like in the previous years about 90% of our respondents were satisfied or very satisfied with their telephone service.

Client expectations provide an immediate impulse for introducing changes on all the service levels. This also pertains to the automatic telephone service (IVR). In cooperation with Carrywater Consulting we conducted IVR system usefulness tests and prepared a blueprint for changes, which we want to implement next year. We are convinced that this will lead to increasing the number of Clients using the self-service modules.

We want Telemillennium to be more user friendly and evolve with our users' changing needs.

**Telemillennium**

	2010	2009
Number of calls to Telemillennium	1 064 885	1 100 833
Number of accepted claims	6 554	8 248

**Telemarketing**

Telemarketing has played an increasingly important role as one the active forms of contact with Clients as part of communicating to Clients information on new products and services.

Clients appreciate the convenience, which Telemarketing provides in speed and ease of access to information. Following this expectation an increasing number of offers is presented to our Clients on the phone. This is best reflected in the growth of the number of contacted Clients in 2010 by about 2.5% compared to 2009 (in 2009 - 638214 effective contacts, in 2010 – 654 667 effective contacts).

We managed to reach over 600 thousand Bank Clients, 254 thousand of whom were interested in our offer. This means about 2.5% growth (248 thousand interested Clients) from 2009.

Because the time and interest of our Clients is very important to us we try to cut formalities to the bare minimum. On the phone the Relationship Manager will provide any information about the Bank's products, guaranteeing the highest quality of services provided.

Bank Millennium offers a broad package of products. As part of Telemarketing campaigns we contact both individual Clients and those from the SME segment. This is best illustrated by growth (compared to 2009) in the number of carried out telemarketing campaigns by about 19% y/y.

In 2009 we conducted 56 of those, followed in 2010 by 67 campaigns with attractive offers to our Clients.

One of the products proposed under the Telemarketing campaign is the innovative Karta Kredytowa Impresja card. As part of the campaign we contacted 85383 Clients, about 46% of whom decided to use the promotion.

Among all the tasks implemented by Telemarketing priority is given to the high quality of service provided to the Bank's Clients. Moreover, we spare no effort to match the offered products with our Clients' individual needs.

#### Telemarketing

	2010	2009
Number of contacts with Clients	<b>1 152 466</b>	<b>1 008 233</b>
Declaration of interest in the bank's offer	<b>254 563</b>	<b>248 290</b>

#### Millenet

In the Bank's relationship with the Clients each year an increasing role is played by electronic channels, mainly internet banking. Internet access to accounts and the possibility of managing one's finance 24/7 is now considered by Clients as something to be expected and natural and not (as even some years back) as an additional feature.

Some Clients use electronic banking only and do not go to branches at all.

The growing role of electronic banking channels constantly requires the highest service quality and the scope of functionalities must be extended all the time.

The internet banking system (Millenet) enables the Clients to contact the Bank by sending messages. This way we receive many suggestions relating to the operation of particular system functionalities. We also analyse questions relating to banking services and products and complaints.

The number of messages received keeps growing all the time in proportion to the growth of the number of Millenet Clients. Currently we receive on average 7 thous. messages in a month from our Clients, of which 90% are messages connected with products and services offered by the Bank, while 10% are claims.

We want the Client to receive a response to his question within 2 business days.

Suggestions of introducing new features contained in such messages are thoroughly analysed by us and taken into account when planning more changes and improvements in the transaction system.

We spare no effort to provide our Clients with access to current information on Millenet websites.

Our service always publishes the reports concerning financial results and any information about the Bank.

March 2010 saw the launching of a new website which is state of the art in terms of user friendliness and availability. We trust that we will thus be able to increase our Client satisfaction. Next year further work is planned on the improvement of our internet service.

2010 saw the introduction of many new functionalities in the transaction service, among others: deposit offer, possibility of opening an internet account, electronic invoice, additional options of MilleSMS notifications, improvements in credit products and others.

The campaign (initiated in 2009) encouraging Clients to protect the environment through resignation form paper-based statements and replacing them with electronic statements was successfully continued also in 2010.

Additionally in 2010 we started to promote yet another product whose purpose is not only to increase Client convenience, but also to protect the environment through eliminating paper in favour of electronic invoices.

#### Millenet\*

	2010	2009
Clients – users of Millenet	1 080 617	966 488
Clients – users of MilleSms	143 881	89 160
Clients – users of on-line statements	345 786	268 443
Queries in Millenet about system features	15 502	4 234
Queries in Millenet about products and services	48 466	61 158

\* for individual Clients

#### MilleSMS

MilleSMS service is yet another channel of communicating with the bank.

Thanks to this functionality our Clients can receive notifications relating to the operation on their account or card. The MilleSMS service is now used by 140 thous. users.

#### MARKETING COMMUNICATION

The basic purpose of Bank Millennium's advertising activities is to provide correct information about promoted products and make the Bank's offer well remembered and positively associated by the recipients. All the advertisements prepared by the Bank in accordance with the „Life Inspires Us“ motto are friendly and fully agree with existent regulations in this regard.

Advertising is an important instrument of Bank Millennium's communication with the existing as well as potential Clients. It is also one of the key tasks in building the Bank's image as a public trust institution. All the advertising messages of Bank Millennium, including TV commercials, radio, press and internet advertisements and posters and leaflets exhibited in Bank branches contain all the required information enabling the Client to learn the features of the offer and make the right choice.

In its advertising communication Bank Millennium employs the fair competition principles respecting the interest of the present and future Bank Clients as well as its market competitors.

Bank Millennium's advertising message is clear and understandable for recipients, transparent, as well as fully compatible with the Financial Market's Best Practices and guidelines of the Financial Supervision Commission in this regard. The Bank has also accepted internal regulations for employing the fair marketing message.

In accordance with the principles of advertising banking services, which were prepared by the Financial Supervision Commission the advertisements of Bank Millennium products and services are not misleading and show the important features of a service and related advantages and costs, as well as its legal nature. Moreover if a product is connected with risk for the Client the Bank Millennium commercials contain information on this subject. If the communication pertains to a promotional offer its time limit is always clearly defined. Bank Millennium monitors on an on-going basis all the recommendations of the Polish Financial Services Authority relating to the advertising of financial products and services and adjusts to the newly introduced regulations on an on-going basis.

Moreover, Bank Millennium takes good care that the advertising message be formulated in a manner adjusted to the knowledge and possibilities of the average recipient. Bank Millennium commercials are created in such a way that they are adjusted to the specificity of the medium in which they will be exposed. Thanks to this any information, including specific features of the offer, is fully legible to the recipients, TV commercials, radio, press and internet advertisements and posters or leaflets.

By observing the above communication standards the Bank Millennium advertising message effectively builds the brand's position in the market. Bank Millennium commercials aired in 2010 had an impact on the growth of brand recognition and sale of promoted products. The surveys regularly conducted by MillwardBrown SMG/KRC show that the spontaneous brand recognition of Bank Millennium oscillates at the level of 39%, which gives it 3-4th place among the most recognisable bank brands in Poland (after PKO BP, PEKAO and sometimes ING). The level of supported recognition of the Bank Millennium brand is 96%. The spontaneous awareness of the Bank's advertising communication is about 17%, which gives it the 3rd place in the market.

## AVAILABILITY OF SERVICES

In 2010 theBbank continued its strategy (started a year ago) of stabilising the sales network and upgrading the sale and Client service standards. The Bank performed an analysis of the operation of the sale network and based on its results took the decision to close or move to another location a dozen of its outlets. At the same time the Bank on the basis of the Clients' current comments adjusted the working hours of branches, so that Clients of various segments could conveniently use their services. Over the last twelve months the Bank opened new outlets in Warsaw and Suwalki.

### Availability of Services

	2010	2009
Number of branches	469	472
Number of branches with access from handicapped persons	469	472
Telemillennium – number of calls	1 064 885	1 100 883
Millenet – number of Clients in total*	1 080 617	966 448
Number of Bank Millennium ATMs	570	573
Bank Millennium ATMs	–	–
Number of BZ WBK and Cash4You ATMs	1 729	1 674

\* individual Clients

## SOCIALLY COMMITTED PRODUCTS

### Individual Clients

Bank Millennium offers to its individual Clients comprehensive banking services allowing to quickly and effectively manage their finances. Some of the offered products also enable the implementation of social objectives.

The WWF Millennium MasterCard offered by Bank Millennium is the market's first affinity credit card connected with the environmental protection idea.

By reaching for the unique WWF Millennium MasterCard (credit card) each Client can contribute to environmental protection through daily card payments.

Bank Millennium transfers to the WWF Poland account half of the annual card charge and a specific percentage of each non-cash transaction performed with the card.

In view of our hitherto excellent cooperation with the WWF Bank Millennium decided to prolong at year-end 2010 the cooperation with the Partner in terms of the co-branded card. We believe that the further cooperation, as up to now, will be connected with many advantages to each of the parties.

#### Millennium Visa Impresja / Millennium MasterCard Impresja (credit cards)

In June 2010 Bank Millennium started to offer the Millennium Visa Impresja credit card, and in October 2010 the Impresja card in the MasterCard system with the PayPass technology.

The Impresja credit card was created especially for women – each stage of working on the product concept focused on the lifestyle and needs of the contemporary woman. This resulted in a card which allows to draw more pleasure from daily shopping and also, thanks to an extended assistance package, to organise one's daily life.

Millennium Visa Impresja will reimburse 5% of the value of goods purchased in the shops of 25 leading brands (Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Baldinini, Coccinelle, Marella, Max Mara, Pennyblack, Pollini, Venezia, Deichmann, Francesco Biasia, Sephora, Apart, Zara Home, Carrefour, Piotr i Paweł, TUI, Scan Holiday, Empik, Sony, Smyk). Additionally, all credit card holders are entitled to an extended assistance package which in addition to standard benefits envisages among others the possibility of running a personal calendar, organising private lessons for one's child, specialist assistance in the installation of home appliances or make appointments with a cosmetician. Impresja's advantages also include the possibility of scheduling one's shopping with the card into 0% instalments, thanks to which twice a year you can use an interest-free credit even up to 12 months.

The Impresja card has only been in the market for a while. Even so it can claim a few trophies:

- The Millennium Visa Impresja card was recognised as the most innovative loyalty card in Europe 2010 and received the international 2010 Publi-News Trophy for Innovative Cards, being the first card from Poland which received the award in the Publi-News Trophies competition organised since 2006 as the main event of this type on the European payment card market and one of the most important ones in the world card market.
- The Impresja credit card was recognised as the nicest 2010 credit card in Poland in the Audience Award category in the competition accompanying the European Electronic Card Competition.

## Mortgage Banking Clients

2010 was the time of Bank Millennium's increased mortgage banking activity after a period of prudential and conservative credit policy in 2008-2009 in connection with the financial market turbulences.

As a result, the Bank significantly improved its sales compared to the previous year; disbursed mortgage loans stood at PLN 1 807 mln, i.e. 47% more than in 2009. An even higher sales growth (118%) was achieved by the Bank in the category of signed mortgage loans – the Millennium mortgage banking Clients signed with the Bank agreements totalling PLN 1 869 mln. At year-end 2010 the portfolio of Bank Millennium mortgage loans stood at PLN 24 854 mln (was PLN 21 909 mln the year before).

Irrespective of the activities connected with the implementation of business objectives, in 2010 Bank Millennium continued initiatives with a view to providing Clients with a socially responsible product, i.e. one which thanks to its broad availability, flexibility and universality would enable the implementation of the housing needs for the possibly broadest group of Clients. One of the most important events promoting the responsible business idea was to include in the Bank's offer loans from the „Family on Its Own” governmental programme. Pursuant to the Act on Financial Support to Apartment Buying Families from March the Bank has offered to its Clients loans with up to 50% of the interest covered by the State Treasury (through Bank Gospodarstwa Krajowego) in the first 8 years. Due to the pro-social character of the programme the offer of preferential loans is very popular among Clients – at the end of the year the share of subsidised loans in the monthly sale of Millennium mortgage loans constituted over 50%.

Also in response to Borrower expectations and to market trends in 2010 the Bank strived to increase the availability of its credit offer. The most important initiatives to this end included the relaxing of the criteria of loans granted for 100% of the value of the real estate, reduction and rationalising of the document requirements connected with contracting debt from the Bank (including i.a. the possibility of using electronic mortgage book extracts and KRS entries) and systematically making more attractive the funding principles for flats built as part of developer projects (this is currently possible with investments completed in as little as 10%). The purpose of these initiatives was not only the Bank's desire to meet its business objectives and to regain its competitive position, but also to help in implementing the most important housing needs to the broadest group of Bank offer recipients.

Traditionally the Bank takes numerous initiatives oriented towards developing its relations with its existing Clients. Since 2010 it has given premium treatment to its active Clients using other banking products by offering to them the possibility of obtaining more favourable terms of mortgage loans. In the opinion of brokers cooperating with Millennium the solution proposed by the Bank is very user-friendly and definitely encourages to use the Millennium offer, thus enabling the building of a long-term relationship of the Client with the Bank. This may be evidenced by the fact that almost 80% of the Borrowers who signed with the Bank a mortgage loan agreement benefit from the cross-selling offer.

The attractiveness of Bank Millennium loans is also shown by the Bank's high places in the rankings and listings of mortgage loans prepared by the media and independent financial adviser companies. Out of 303 mortgage loan rankings published in the period from January 2009 until the end of June 2010 Bank Millennium was ranked at the top (TOP3 banks) in every fourth publication, and came first in 15%. It is no accident that in 2010 the Millennium mortgage loan for the third time in a row won the Client Gold Laurel Wreath and was awarded with the Grand Prix Client Wreath.

2010 was yet another year in a row in which Bank Millennium was active in the field of culture promotion. The autumn advertising campaign for mortgage loans benefited from the participation of Kasia Kowalska, yet another artist who agreed to lend her image to Millennium commercials. The TV commercial prepared for the promotion's duration and CD with the artist's songs (distributed to Clients visiting Millennium's outlets) helped to promote her songs, which could thus reach a broader audience.

In the next year the Bank will undertake further efforts to adjust its mortgage products to the social needs of their recipients. One should expect that despite the announcement to reduce and gradually phase out the „Family on Its Own” program subsidised loans will continue to be a major tool in implementing the responsible business idea as part of Millennium mortgage banking.

#### **Lawsuit of the Chairman of the Office for the Protection of Competition and Consumers**

In April 2009 the Chairman of the Office for the Protection of Competition and Consumers filed to the Court for the Protection of Competition and Consumers a lawsuit against Bank Millennium for recognising as prohibited six clauses used by the Bank in model mortgage agreement.

On 14 December 2010 the Court for the Protection of Competition and Consumers recognised as abusive clauses six provisions of the Byelaws of Lending to Natural Persons as part of Mortgage Banking of Bank Millennium SA and prohibited their using. The ruling is not final.

After having familiarised itself with its justification the Bank appealed against this ruling to the Appellate Court in Warsaw. Moreover, in the case of two clauses Bank Millennium (even before the ruling was issued by the Court) amended the provisions questioned by the Office for the Protection of Competition and Consumers. Two more (out of the six clauses) are not binding in connection with the cessation as of 1 December 2008 of providing FX loans by the Bank.

#### **Corporate Clients**

The offer of Corporate Banking at Bank Millennium provides necessary, flexible and effective solutions for Entrepreneurs. The Bank also tries to construct its products in a clear way and in response to the requirements of the group of recipients whom they are addressed to. Some of them were included in the group of socially responsible products(CSR).

As part of its environmental activities Bank Millennium signed with the EBRD an agreement for the implementation of the Eko Energia loan as part of the Polish SME Sustainable Energy Financing Facility – PolSEFF. The programme is addressed to small and medium-sized enterprises. The programme's objective is to limit demand for energy in enterprises through using new, more efficient solutions and technologies enabling high efficiency energy management.

Programme beneficiaries may receive from 10% to 15% of cofinancing of energy saving projects. This is simultaneously the only programme enabling private companies to carry out a thermorenovation of their real estate. Planned investments can be funded through investment loans or leasing, while the total cost of the implemented project should not exceed the equivalent of 1 million euros.

What is also very convenient for enterprises-beneficiaries of this programme is the fact that the full documentation indispensable for conducting the investment is prepared free of charge by the project consultant – specialist external company appointed by the EBRD to coordinate the Programme. Moreover, entrepreneurs qualified for PolSEFF can count on full technical support from the Consultant and free consultation at each stage of investment implementation.

2010 in Corporate Banking was the year of developing and promotion of the Technological Loan. The loan is granted as part of the Innovation Economy Operational Programme, its purpose being growth in the effectiveness and thus competitiveness of Polish enterprises on the domestic and foreign market by supporting investments relating to the implementation of new technologies. This support is provided in the form of a technological premium, paid out by Bank Gospodarstwa Krajowego (BGK), intended for repaying part of the loan – even up to 70% of the amount.

The loan with a technological premium is offered to the SME sector, which includes companies with an annual turnover below 50 mln euros, total assets below 43 mln euro and up to 250 employees. The granted loan can be allocated for the implementation of a technological investment consisting in the purchase of an external technology or implementation of own new technology, which has been employed abroad for no longer than 5 years and then launching the production of new or significantly better goods, processes or services.

The whole year's activities with respect to supporting the availability of the Technological Credit among entrepreneurs were summarised in a free cycle of seminars „Technological Credit – with Innovation Into the Future” conducted jointly with BGL in the seven biggest towns of Poland.

Each meeting consisted of the presentation and consultative part. The presentation part consisted of 3 presentations conducted in turn by a Bank Millennium representative, BGK representative and a representative the Enterprise Europe Network. Thanks to this the participants could learn the features of the Programme, technical details of filling out the application and possibilities of obtaining/transfer of technology within the enterprise, and thus becoming sufficiently familiar with the Technological Loan. Some Entrepreneurs additionally benefited from the possibility of directly consulting their ideas or prepared projects with BGK experts.

These seminars were addressed to all the interested enterprises. About 90 companies took part in the whole cycle of the seminars. Additionally seminars were attended by consulting firms, which prepare or will prepare applications for a technological loan for their Clients.

### Principles of Socially Responsible Financing

As part of an agreement with the European Bank for Reconstruction and Development (EBRD), the Bank's principles of lending were supplemented by restrictions on financing socially irresponsible activities – entered on the List of Environmental Exclusions.

The introduced limitations commit all the Borrowers not to use funds derived from loans for projects connected first of all with:

- forced labour and any discrimination at work,
- production and trade in various substances recognised as dangerous and toxic for the environment.

Moreover, the Borrowers are obliged to conduct activity taking into account the provisions of environmental protection and other regulations with respect to health and safety protection and public policy.

## FINANCIAL FORWARDS

Due to high currency volatility and considerable zloty depreciation with respect to foreign currencies in Q4 of 2008 and at the beginning of 2009 a group of Bank Clients who at the time were party to forward financial operations (such as forwards and option structures) were unable to provide the required security or to settle these transactions.

As a result some Clients had problems with delivering on their financial forward obligations. The Bank started immediate talks with the Clients whose purpose was to establish the terms of repaying the Bank's forward receivables under a composition. As a result of these talks the Bank concluded with part of those Clients a number of compositions restructuring such receivables. The compositions establish the value of the Bank's receivables and envisage among others a change of the manner and time of repaying the receivables and the manner of their security.

Despite this some of the Clients being party to financial forward operations with the Bank, in their desire to extricate themselves in full or in part from their obligations, stopped settling the matured transactions and are trying to undermine these transactions by formulating various kinds of legal charges with respect to the Bank.

The demands and charges in particular lawsuits against the Bank are based on different legal grounds, but their purpose is either to prevent the Bank from pursuing receivables resulting from financial forwards or fully or partly extricate themselves from their liability to the Bank or undermine the validity of concluded agreements and demand payment from the Bank. The Bank questions these charges in full. As of 2010 most of the above lawsuits are at a precognition stage in the courts. In few cases rulings were issued in the first instance, but none of the rulings in lawsuits for inexistence of financial forward receivables was unfavourable to the Bank.

## PRODUCTS AND SERVICES AWARDED FOR THEIR HIGH QUALITY

### JANUARY 2010

#### Millennium Leasing Solid Taxpayer

For good cooperation in 2009 Millennium Leasing received a diploma from the 2nd Mazowiecki Tax Office in Warsaw for "properly carrying out its duties to the state budget and timely payment of taxes".

#### The mortgage loan of Bank Millennium is the best according to Money Expert

The mortgage loan of Bank Millennium came first in the ranking of zloty mortgage loans prepared by Money Expert (financial advisers).

#### Third place of Millennium Leasing

Millennium Leasing came third in the Telefektiv Top 10 ranking for the leasing sector in Poland. The best Client opinions in the survey were received by BZ WBK Leasing.

The report published in the "Flota Auto Biznes" magazine assessed the satisfaction of the buyers of leasing services. The most important survey area is the Client service process covering the whole relationship period – from the moment of submitting the leasing application through execution the agreement until buying out the vehicle after the expiry of the leasing agreement.

### FEBRUARY 2010

#### Best mortgage loan in PLN

The Bank Millennium mortgage loan came first in the ranking prepared by "Dziennik Gazeta Prawna" and Open Finance.

**APRIL 2010****The economists of Bank Millennium in Parkiet's ranking**

The economists from the Macroeconomic Research Bureau of Bank Millennium came 4th in the ranking of the most correct macroeconomic data forecasts in Q1 2010 prepared by Parkiet. The ranking was prepared on the basis of monthly forecasts of macroeconomic indicators, such as inflation, the labour market, balance of payments, GDP growth, industrial production and retail sales sent by 17 banks.

**3rd place of Millennium Leasing**

Millennium Leasing came 3rd in the ranking of leasing companies for Q1 2010 in terms of leased out assets.

Assets stood at PLN 428,3 mln, including movables PLN 385,5 mln and immovables PLN 42,8 mln. One should emphasise the highest in the Company's 19 year history monthly result achieved in March 2010 in the amount of PLN 282.1 million.

**BM mortgage loan the best according to Open Finance**

Bank Millennium came first in the ranking in Open Finance's FX mortgage loan ranking. Bank Millennium became the leader of the ranking ahead of 25 competitors. Critical to Millennium's recognition were the attractive price terms of the offer, as well as the loan's broad availability (realistic possibility of the Clients' obtaining the necessary amount of the loan, up to 100% of real estate value).

**Millennium in Rzeczpospolita's ranking – List of 500**

„Rzeczpospolita” daily published its annual ranking of 500 biggest Polish companies. Bank Millennium came 69th, up 9 places from 2009. In the “most valuable enterprises” category the Bank came 35th (93rd last year).

**MAY 2010****Millennium's third place in the ranking of listed banks**

Bank Millennium came third in the „Puls Biznesu” ranking of listed banks after Q1 2010. The ranking is based on the list of 10 key ratios defining bank results. Bank Millennium came first in the categories: dynamics of net interest income, dynamics of net profit and dynamics in the value of outstanding loans, thanks to which it moved several spots up compared to the previous ranking. The ranking is topped by ING BSK (68 points), then PKO BP (67 points), with Bank Millennium in third place (66 points).

**JUNE 2010****Ranking of “Rzeczpospolita”**

In the 2009 annual Rzeczpospolita daily's ranking of financial institutions Bank Millennium came 7th out of 101 Polish financial institutions by total assets.

**JULY 2010****Millennium analysts in Parkiet's ranking**

Economists from BM's Macroeconomic Research Bureau came 2nd in Parkiet's ranking of the most correct economic forecasts in the 1st half-year this year.

The list was prepared on the basis of monthly forecasts of macroeconomic ratios, such as demand, prices, balance of payments and labour market, sent by a dozen or so financial institutions..

**AUGUST 2010****BM online account tops  
the personal account ranking**

Bankier.pl published the ranking of personal accounts. Subject to assessment were the price terms: account fee, card fee, profit (interest, moneyback), transfer fees, ATM withdrawal fees. Bank Millennium's online account was the best and came first in the ranking.

**Millenet again the best  
in the Global Finance competition**

Already for the sixth time in a row Bank Millennium's internet banking system for individual Clients was recognised as Poland's best in the world ranking "World's Best Internet Banks", organised by an independent international Global Finance magazine.

Bank Millennium's internet banking offer already for the sixth time in a row came first in the "Best Consumer Internet Bank" category. The competition organisers again appreciated among others the scope of the online product offer available to Bank Clients, functionality and transparency of the internet service, as well as growth in the number of Clients using internet banking.

This year Bank Millennium also succeeded in another subcategory, which was "Best Online Deposits Acquisition" in the Central and Eastern Europe region. The Bank was distinguished for its broad online deposit offer: from traditional bank deposits to deposits connected with investment funds and structured/investment products linked to an underlying instrument (e.g. market value of selected stock companies, rate of selected currency).

**SEPTEMBER 2010****"Client Laurel" for BM's mortgage loans**

For the third time in a row Bank Millennium's offer of mortgage products was also awarded with the gold „Client Laurel” badge. The Bank was thus awarded the Client Laurel Grand Prix.

The "Consumer Laurel" is the biggest consumer programme in Poland. By way of competition the organisers select „popularity leaders" – the most popular products and brands in Poland. The winners of this year's competition were selected on the basis of a Poland-wide survey of products and services and votes from the "Rzecz o Biznesie" (Rzeczpospolita) readers. The survey aggregated the consumer knowledge, as well as attitude to brands, products and services.

**BM Internet Account among the top places  
in the Comperia Ranking**

Comperia.pl published a personal account ranking. Subject to assessment were the pricing terms: monthly cost of running the account, electronic banking access fees, using the debit card, external (internet) transfer, implementation of an online standing order, withdrawal from another bank's ATM, interest, moneyback, total return/annual cost. The internet account of Bank Millennium did very well and came 2nd in the ranking.

**OCTOBER 2010****Millennium among "Top Brands"**

The "Press" already for the third time published the ranking of the most media-friendly brands from the leading sectors. In the category of "banks" Bank Millennium is fourth, one place up compared to the previous year. PKO BP remained the ranking's leader.

The "Top brand" ranking is an attempt to specify the value of the perception of the brands most often written about in the press. Subject to the assessment is the number of press publications, their range and impact. The sectors and brands are selected through indicating those, which in the period from July 2009 till June 2010 were quoted in the biggest number of publications. In the period surveyed Bank Millennium was mentioned over about 6,5 thousand times.

The analysed publications were selected on the basis of the monitoring of 1000 titles of the all-Polish and regional press. Monitored were among others influential journals and weeklies, economic press, specialist press, lifestyle magazines or tabloids. 310 thousand publications were subject to qualitative and quantitative analysis.

#### **Millennium's second place in the credit card ranking**

In the ranking of credit cards prepared by Open Finance the Millennium Visa Impresja card came second (ex aequo with BGZ's MasterCard Standard). The ranking included the offer of 25 banks.

#### **DECEMBER 2010**

#### **Millennium Visa Impresja the "Nicest Polish Card of 2010"**

Millennium Visa Impresja became the "Nicest Polish card of 2010" (the viewer's award category).

The competition results were announced and prizes awarded on 1 December 2010 in Warsaw during the Card Gala – meeting of the community and companies connected with the Polish card market. The gala accompanied the conference: Central European Electronic Card Warsaw 2010.

#### **Millennium among the most valuable Polish brands**

In the most recent Rzeczpospolita Daily's Ranking of Most Valuable Polish Brands "Marki Polskie 2010" (the detailed ranking covering the strongest brands among financial institutions) Bank Millennium came fourth (3rd among banks), up by no fewer than 5 spots.

The value of the Millennium brand was estimated at PLN 618,5 mln, which means its 8% zloty growth compared to 2009 (PLN 570,6 mln). The „Rzeczpospolita” daily ranking has been published for 7 years and covers 330 Polish brands.

#### **Visa Impresja is the best loyalty card in Europe**

Millennium Visa Impresja received an international 2010 Publi-News Trophy for Innovative Cards. Impresja came first among loyalty cards in Europe.

Millennium Visa Impresja recognised as the most innovative loyalty card in Europe 2010 is the first card from Poland awarded in Publi – News Trophees. This competition organised since 2006 is the main event of this kind on the European payment card market and one of the most important ones in the scale of the world card market. Cards nominated to be awarded in the competition are selected from among many candidates sent from all over the world and are awarded in the following categories: loyalty cards, services, card image, prepaid cards, technological solutions. All awards are given in three geographical zones: France, Europe (excluding France) and the international market (with the exclusion of the European one). What is separately awarded are cards intended for corporate Clients.

The competition winners are selected on the basis of the votes of a jury, which includes international payment card experts.



## Investor Relations

The main purpose of Bank Millennium's activity in the area of investor relations is to build trust in the Bank among investors and other capital market institutions. Bank Millennium has a strategic investor – Millennium bcp – holding 65.5% of all the shares. The other major shareholder is Aviva OFE BZWBK, which as of 31.12.2010 had 5.06% shares. The remaining shares, i.e. 24.4% of the share capital are vastly dispersed among the Polish and foreign shareholding, both institutional and individual.

The Investor Relations Department, which has existed within the Bank for over 10 years, is responsible for fairly and truly communicating the strategy, business and financial results for the whole Bank Millennium Capital Group. The Bank in communication with the investor community is very keen on observing transparency and equal access to information for all its recipients. Guided by the above principles the Bank as a public company satisfies all the corporate governance principles described in the document „Good Practices for WSE-listed Companies” prepared by the Warsaw Stock Exchange. This is accompanied by the current information activity, which follows not only from statutory reporting duties, but also from the willingness to build a fair and transparent platform for communicating information to the Shareholders.

The Bank uses various communication channels in order to reach the present and potential Shareholders, mainly such as:

- Regular conferences with the participation of the Management Board on quarterly results of the Bank's Capital Group (in 2010 there were 4 such conferences),
- Participation in conferences and roadshows organised for domestic and foreign investors (11),
- Individual and group meetings with capital market participants (175),
- On-going stock exchange and press communiqués,
- Dedicated website in the Bank's portal on investor relations,
- Encouraging to participate in the Annual Shareholder Meeting,
- On-going contacts with market participants (by e-mail or telephone).

#### Dialogue with Investors

	2010	2009
Number of organised meetings	175	134
Number of meeting participants	347	354

At quarterly conferences pertaining to the current situation of the financial group the journalists, investors and market analysts can ask any questions to the Bank's Management Board. As part of implementing the best practices relating to equal access to information from 2006 the Bank ensures an unlimited access to such conferences through the Internet (webcast) and telephone. The recording of each conference is available on the Bank's website at least for a quarter after the conference. In 2010 the Bank also conducted a webcast from the General Shareholder Meeting. The recording of the discussion along with the resolutions is also available from the Bank's website.

In January 2010 the Bank organised the first video-chat addressed to individual investors. This meeting had 240 participants, and 29 of them actively participated in the chat.

An important information channel for investor communities are the Bank's analyses prepared by specialised brokerage houses. In 2010 analytical reports on Bank Millennium were prepared by 15 brokerage houses: DI BRE Bank SA, BZ WBK Brokerage, Citi Investment Research (CitiGroup), Credit Suisse, Deutsche Securities, DM IDM SA, DM PKO BP, ING Securities, IPOPEMA Securities, KBC Securities, Nomura Financial Services, Raiffeisen Research (RZB Group), UBS Investment Search, UniCredit (CA IB Group) and Wood&Company Financial Services.

Investors thus have access to a broad scope of analyses and forecasts about the Bank.



The effect of all the above activities is an increasingly better perception of the Bank and its capital group by the market. In 2010 Bank Millennium was appreciated by Puls Biznesu for active participation in information exchange platform between individual investors and stock exchange companies.



Also this year Bank Millennium joined the "10 out of 10" programme organised by the Individual Investor Association, whose purpose is to create and promote the highest standards in the area of listed companies' communication with individual investors. As part of the programme the Bank participated in the Wall Street SII and Akcjonariat fairs. The Bank's investor relations website was also audited as part of the "10 out of 10" programme.

Moreover the Bank continued its cooperation with rating agencies, which present their opinions for the needs of entities investing both in shares and debt instruments issued by the Bank. The Bank has agreements for cooperation with two rating agencies: Fitch Ratings and Moody's Investor Services and is additionally assessed by Standard & Poor's and Capital Intelligence on the basis of publicly available data. Despite the Bank's not always agreeing with the assessments issued by rating agencies, it continues its cooperation due to the needs of both investors and lenders.

### Bank Millennium in the RESPECT Index

Bank Millennium is now part of the RESPECT Index – Central and Eastern Europe's first index of socially responsible companies. The publication of the new index composition will start on 1 February 2011.

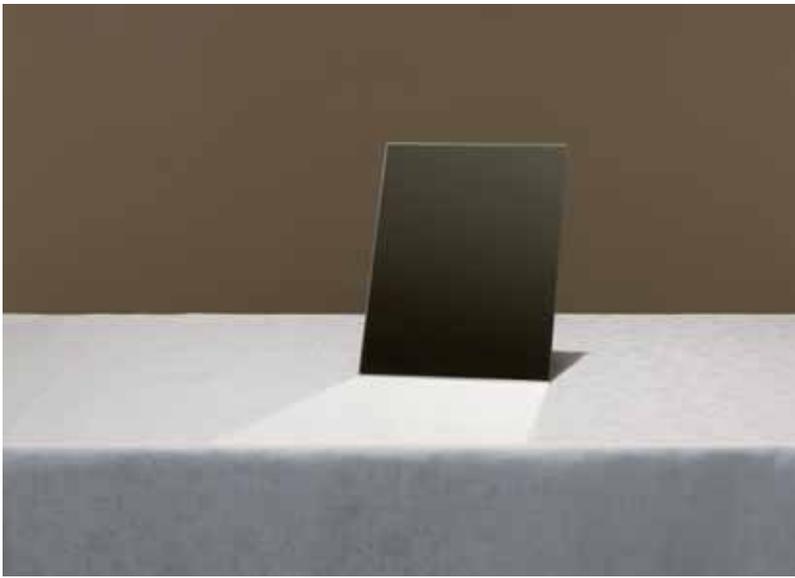
The Project, led by the Warsaw Stock Exchange in cooperation with the Stock Exchange Issuers Association and Deloitte consultants aims at identifying companies managed in a responsible and sustainable manner.

The RESPECT Index comprises companies listed on the Warsaw Stock Exchange in Warsaw acting in accordance with the best management standards in terms of corporate governance, information and investor relations, as well as in environmental matters, social relations and employee issues.

16 companies joined the index and were selected in 3 stages. The first stage, which was to identify the group of companies with highest liquidity, namely those included in the WIG20, mWIG40 and sWIG80 indices. 360 companies were qualified. In the next stage the practice of companies was examined with respect to corporate, information and investor relations governance on the basis of information and reports published by companies. The third decisive stage covered a detailed verification of the data provided by companies. It was conducted by the Project Partner – Deloitte auditors.

The Index comprises the following companies:

- Barlinek SA
- Bank Handlowy in Warsaw SA
- Bank Millennium SA
- BRE Bank SA
- Budimex SA
- BZ WBK SA
- Elektrobudowa SA
- Grupa Lotos SA
- ING Bank Śląski SA
- KGHM Polska Miedź SA
- LW Bogdanka SA
- Mondi Świecie SA
- PGNiG SA
- PKN Orlen SA
- Telekomunikacja Polska SA
- Zakłady Azotowe in Tamów-Mościce SA



## Dialogue with Business Partners

The Bank runs its business in cooperation with many entities as a buyer of goods and services from various market segments. The Bank's internal regulations formalize the procurement process, including the process of selecting suppliers who according to the principles are selected by way of bidding.

The Central Procurement Department is the Bank's organizational unit, which specializes in conducting bidding procedures and is responsible for overseeing the procurement process. Procurement regulations define the organization of the procurement process, decision-making levels and roles of various participants in the process. To ensure the objectivity of decision-making decisions and equal treatment of persons taking part in the biddings, the bids are evaluated as to their content and commercial terms by functionally independent organizational units of the Bank. The results of biddings, depending on their value, are subject to decisions of the Cost and Investment Committee and Management Board.

The procurement process is constantly being improved in order to optimally implement its main objective, which is to provide uninterrupted access to goods and services of the highest quality/ price ratio, while retaining full control over expenditures.

In 2010, we introduced new effectiveness metrics of the procurement process relating to the timeliness of payments to suppliers and quality control of goods and services delivered. This is yet another step towards creating the best procurement organisation in the Polish financial services market. Additionally new internal provisions governing the procurement process sanction the existing practice of incorporating ethical and environmental norms in bidding processes, when evaluating potential suppliers.

In 2010 the Central Procurement Department closed 101 cases of biddings and negotiations with the initial value of about PLN 89 million and final value of approximately PLN 79 million.

### Suppliers

	2010	2009
<b>Biddings</b>		
Number of biddings	101	85
Initial amount (mln zł)	89	103
End value (mln zł)	79	90
<b>Suppliers</b>		
Total amount paid to suppliers in PLN	889 245 720	922 267 706
Total number of suppliers	5 341	4 989



## Dialogue with Employees

### EMPLOYEE SURVEY

Being aware that Employees are as important to the quality chain as Clients, in 2010 we asked our employees once more to participate in the employee satisfaction survey. We used an anonymous electronic survey to gather information about our Employees' level of satisfaction with: working in their unit, cooperation with the boss, internal communication, career and possibility of professional development, terms of employment. Additionally we asked about the intention to remain a Bank Employee and readiness to recommend the Bank as an employer and willingness to recommend products and services offered by the Bank.

Each year a definite majority of Employees takes part in the survey. In 2008 over 70% of our Employees shared their comments with us.

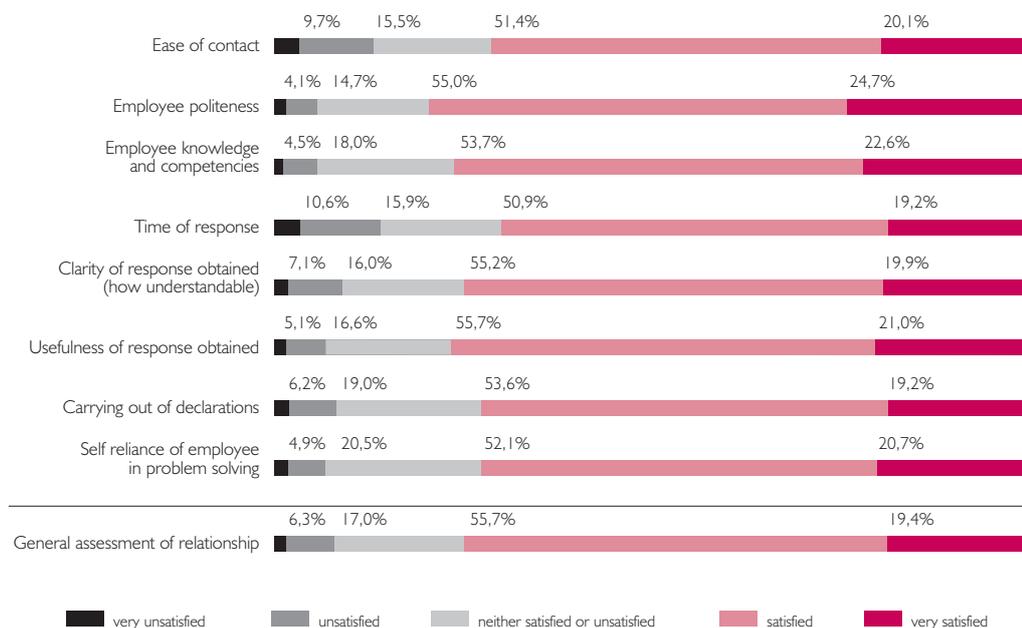
The gathered results are sent to the Management Board and Directors of particular Departments. The reports prepared by the Quality and Innovation Team are a departure point for further detailed analysis, identification of key areas impacting employee satisfaction, proposed changes in order to increase the satisfaction and motivation of Bank Employees.

The survey was important in as much as it referred to the assessment of the year, which was very difficult also for our Employees. In the context of the economic crisis (which had some impact on employee satisfaction) the results achieved are very good and bode well for the next year.

From 2007 onwards (as part of process management, which we have implemented) we carry out surveys assessing the relationships between internal Clients participating in particular processes: assessment of quality of cooperation of the sales network with support units, assessment of the quality of work of internal audit or assessment of the quality of internal regulations. We asked our Employees both for the opinions on the Bank's internal situation, as well as changes taking place in its environment (i.a. in the matter of proposed changes in the product offer and market situation). We encouraged employees to share their opinions as part of the Call-2-Action campaign.

Being aware of the close interdependence between the satisfaction of Bank Clients and Bank Employees and satisfaction with bank internal processes in 2010 we carried an internal employee satisfaction survey, which covered all Bank Employees. In order to improve the work comfort at the Bank we asked Our Employees to assess the mutual cooperation.

65% of employees took part in the survey. 75% of employees are very pleased or pleased with the cooperation with other units. What was given highest rating were: politeness, knowledge and competence of Employees.



## INNOVATION CENTRE

The main task of the Innovation Centre (CI) is the promotion of creativeness and innovation among Bank Employees. Each employee may report his idea on the Good Ideas Form available on the Innovation Centre Intranet Pages. The sent ideas are analysed by experts in a given field and the best of them are implemented.

In 2010 the activities of the Innovation Centre focused around the perfection of the base of good ideas proposed by Employees, Call to Action (CTA) campaign and creative "brainstorming" meetings.

CTA campaigns enjoy much interest and popularity among Employees. As part of a CTA campaign we are looking for solutions to a specific problem reported to the Innovation Centre. Each Bank employee may participate in idea-gathering campaigns and best ideas are rewarded. In 2010 we gathered almost 180 ideas during three CTA campaigns.

We also searched for new solutions for a given problem during a brainstorming session. An open and creative atmosphere of such meetings encourages Employees to have their say. This way we found interesting ideas to improve work whose purpose is to increase Employee satisfaction.

Intranet has an Innovation Centre Website available for all Employees where many exercises and puzzles can be found inspiring the development of creativity, interesting articles and list of sent ideas. This layout and content of pages allow quick access to ideas, which is conducive to the dissemination of knowledge at the Bank.

The Innovation Centre also has a library with books and opinion-making periodicals, openly available. Employees have the possibility to deepen their knowledge about innovations and learn the most recent trends in business.

## INTERNAL COMMUNICATION

The Bank considers an effective internal communication system to be an essential element of the management process and an important instrument of building the corporate culture. The purpose is to provide employees of all the companies of the Bank Millennium Group with simple and quick access to current information useful in daily work; moreover, with a possibility of information sharing, participation in training and publishing of information and materials on own activities.

### "Millenniumnet"

In order to carry out its employee communication programme the bank created an internal "Millenniumnet" intranet service, which was transformed in 2010 on the basis of the opinions of its users (also, new sections were added). The service is available to all bank employees and contains basic, statutory information about the bank and the group useful in current work (such as product offer, basic procedures, market economic information), information on conducted marketing campaigns and current news bulletin. The part of the service dealing with employee issues has an operational character and is used for direct communication between individual employees and the Personnel Department's organisational units. This allowed the bank to eliminate the internal circulation of almost all paper documents in this area. The Bank created the possibility of presenting in the "Millenniumnet" service information on various forms of employee group activity. This information is authored bank employees themselves. The "Millenniumnet" service is published both in Polish and in English.

### “Świat Millennium”

Since 1992 the Bank has published “Świat Millennium” – an in-house employee magazine. This is a 16-page colour monthly edited by PR department employees. The periodical format allows to publish longer specialist texts, conversations, features and photo stories connected with the most important events in the life of the bank. A large part of the materials are own texts of the bank’s employees.

Also, the magazine contains a summary of the most important information in English. In 2010 due to the savings programme the “Świat Millennium” monthly was published in electronic version available in the Millenet intranet service.

### “About us”

The international Millenniumbcp Group publishes a weekly, electronic newsletter containing information about the group’s activity on particular markets. The newsletter is prepared in Lisbon and distributed by the PR Department of Millenniumbcp – the strategic investor of Bank Millennium. The magazine brings brief information connected with the business activities conducted under the Millennium brand in Portugal and international markets. The newsletter is published in English.

### “Millennium News”

The „Millennium News” weekly is produced by the PR department of Millenniumbcp based on the production facilities of the BCP corporate TV station. The magazine is distributed through the Internet and Intranet and provides all employees of the international Millenniumbcp Group with the current news, interviews and opinions bulletin. Published in Portuguese it contains an English translation.

## SPECIAL EVENTS

### The Management Meeting of the Bank Millennium Group

Every year Bank Millennium organises a meeting of managers occupying posts at all the Group levels to summarise the previous year’s performance and plans for the current year. The meeting is also an opportunity to present the most important information about the macroeconomic conditions of the bank’s activity, market trends, new regulations, Client quality surveys. Every year a special guest is invited, who is an eminent person from the world of business, science, culture or sport. Discussion is part of the meeting and everybody can participate. This is also an opportunity to award outstanding employees. The meeting is not just a working meeting, it also has its social part.

### Employee Picnic

In 2010 due to the continuing economic crisis the Picnic for Bank Millennium Group Employees did not take place.





## Transparency and Safety

The Bank being a public financial sector company runs its business in accordance with the best market standards based on current legal regulations and ethical principles.

In Bank Millennium's business of paramount importance is the transparency of conducted operations and safety of funds entrusted to it by the Stake- and Shareholders.



### GOOD PRACTICE

The principles of corporate governance are a set of norms jointly creating the system of company management and control, specifically with respect to the rights of particular company bodies. The process of developing common principles for all public companies to the above extent, coordinated and shaped by the Stock Exchange through the document “Good Practices of Companies Listed on the Stock Exchange”.

2010 brought some changes with respect to some of the Good Practices in force in the previous year. What was retained, however, is the basic standard of the rule “comply or explain”, which means that the infringement of any of the principles described in Good Practices should be promptly publicised by in the form of an appropriate report.

Bank Millennium in recognising the value of the standards constituting Good Market Principles exercises due diligence in shaping contractual, corporate and investor relations in compliance with such norms. In the reporting period in the opinion of the Management Board the Bank did not deviate from the principles contained in Good Practices.

## COMPLIANCE POLICY

The Compliance Department is responsible for implementing the policy of compliance within the whole Bank Millennium Group and monitoring the implementation of external regulations. The risk of non-compliance means the risk of legal or regulatory sanctions, physical losses or loss of reputation, which could threaten the Bank as a result of the non-observance of laws and regulations, rules, related organisational standards (including self-regulatory) and codes of conduct, with respect to banking activity.

The laws, principles and standards pertaining to ensuring compliance pertain to such issues as the observance of appropriate market behaviour standards, managing conflicts of interest, fair treatment of Clients and providing them with appropriate advice. At the same time the Bank Millennium Group thinks that the following areas are most important:

- a) counteracting money laundering and financing of terrorism;
- b) ensuring the compliance of internal normative acts of Bank Millennium with generally binding legal regulations as well as with recommendations formulated by supervisory authorities;
- c) managing conflicts of interest;
- d) limiting personal transactions and protecting confidential information connected with Bank Millennium, financial instruments issued by the Bank as well as information connected with the sale/purchase of such instruments.

Entities of the Bank Millennium Group take appropriate steps and employ suitable means in order to monitor, on an on-going and continuous basis, changes in the general law and recommendations issued by supervisory organs, both domestic and EU-based.

In order to assure the compliance of internal legal acts with provisions of the general law, solutions adopted by the Bank Millennium Group take into account the needs of a periodic review of all the internal normative acts binding at the Group.

The scope of tasks undertaken by the Group generates the possibility of a conflict between such tasks and Client interests. The Group's main principle is to take any rational steps in order to identify a conflict of interests between the Group and its Clients (and also between particular Clients) as well as establish the principles ensuring that such conflicts have no adverse impact on Client interests.

Bank Millennium Group entities undertake appropriate steps and employ appropriate measures in order to ensure the treatment of personal transactions in accordance with the standards and the law.

These steps and measures consist in (suitably to the circumstances) limiting or even preventing personal transactions by Relevant Persons in situations, which can cause a conflict of interest or be connected with access to confidential information or access to Client transaction data. Bank Millennium shares are admitted to public trading on the Warsaw Stock Exchange.

This status requires particular attention and observance of the duty of maintaining the highest standards with respect to financial market transparency. It is the policy of the Bank Millennium Group to maintain strict control over the protection of the flow of confidential information.

The Bank prohibits the use and disclosing of Confidential Information in any form. The buying and selling of shares at the Bank and derivative rights relating to the Bank's shares and any financial instruments connected with them is prohibited in closed periods.

## THE ANTI MONEY LAUNDERING POLICY

The AML programme employed at Bank Millennium is an overall system for identifying the areas under threat, transactions subject to registration and transactions which can be connected with money laundering or funding of terrorism; the steps, procedures and organisational solutions employed with respect to them ensuring the efficient operation of the programme.

Key issues covered by the Bank Millennium programme include:

- Detailed guidelines on the identification of individuals and legal entities without legal personality, their representatives and the real beneficiaries. Such guidelines include the specification of the required data and a list of documents necessary to establish the appropriate dossier,
- Application of financial security measures consisting in the assessment of the risk of money laundering and financing of terrorism,
- Specific guidelines and criteria for Clients to be qualified in particular risk groups, and the resulting course of action,
- Guidelines and procedures for the compulsory registration of transactions with a value of more than 15 thousand euros, as well as providing monthly reports of such transactions to the GIIF (General Inspector of Financial Information),
- Basic methods of recognition of the transaction which gives rise to suspicion, especially related to money laundering,
- Exhaustive guidelines, list of criteria, warning and alarm systems for the identification or diagnosis of suspicious transactions,

Supervision and control of "AML Program", division of responsibilities between particular organizational units, annual report to the Bank's Board on the implementation of this program. The "AML Program" also contains detailed procedures for the following issues:

- Analysis of transactions and internal reporting in the case of suspicion or diagnosis of circumstances indicative of money laundering,
- Suspicious Activity Report (SAR) - development, testing, internal acceptance and transfer to the GIIF,

- Preparation and possible suspension of transactions and/or blocking accounts and freezing of funds,
- Providing information constituting bank secrecy to prosecution and/or GILF.

The main element affecting the effectiveness of combating money laundering and funding of terrorism is the systematic training of Bank employees. In 2010, 5649 employees were trained in these issues.

In 2010 there were registered and transferred to the General Inspector of Financial Information the total of 1,002,311 transactions above the threshold of 15 thousand euros.

The total volume of transactions in respect of currency transactions was as follows:

#### Value of Transactions

	No transactions	Volume in mln
CAD	19	0,71
CHF	1 859	113,18
CZK	614	580,33
DKK	184	32,38
EUR	47 666	8229,42
GBP	4 101	135,56
HUF	97	13950,74
JPY	35	261,82
NOK	367	81,72
SEK	243	102,12
USD	14 320	3757,64
PLN	932 806	851690,53

GILF was sent in total 115 Suspicious Activities Reports (SAR). The reports pertained to 452 Clients

#### INTERNAL AUDIT

The Internal Audit Department is a specialised institutional control unit whose purpose is to assess the adequacy, correctness and effectiveness of the system of internal control and management, including risk management. In particular this is connected with the assessment of the quality, correctness and safety of conducting banking operations. In carrying out its mission Internal Audit takes into account the strategic objectives and tasks of the organisation specified by the Bank's Management Board and Supervisory Board. The audit process is carried out in accordance with the Internal Audit Methodology promoting international audit standards and good banking practices. The activity of internal audit is a scheduled activity based on the annual audit plan.

The planning process is based on the assessment of the risk of the Bank's particular areas and processes used to identify the increased risk and supporting the priorities and resources for implementing tasks.

The planning process takes into account consultations with senior management and key process owners.

The annual audit plan is approved by the Audit Committee of the Bank's Supervisory Board and is implemented, on a quarterly basis, by experienced and highly qualified professionals. Internal audit independently and objectively assesses and advises to units in order to work out mutual added value supporting the operation of the Bank. Advisory activities may be provided, if their character does not comprise the principle of the internal auditor's objectivity and independence.

In 2010 the Internal Audit Department carried out 1537 audit tasks in the Bank, its subsidiaries, as well as within the BCP Millennium Group. The planned activity covered among others the carrying out of duties under the Independent Review Function, which is an independent review carried out in accordance with the requirements of the New Capital Accord with respect to the processes of managing various risks: credit, market and operational risks. The Internal Audit Department is independent and reports to the Chairman of the Bank's Management Board, while audit results are reported to the Audit Committee of the Bank's Supervisory Board.

#### Structure of Implementation of Tasks of the Internal Audit Department in 2010

	Completion as of 31.12.2010
Process audits	67
Financial audits	8
Outlet audits	256
IRF and MIFID audits	25
Investigations	378
<b>Audits and investigations (in total)</b>	<b>734</b>
Additionally – Preventive control	803

#### EXTERNAL AUDIT OF BANK MILLENNIUM

By law the reports of the Bank (solo) and the Bank's capital group (consolidated report), are subject to respectively: a review (semi-annual report) or audit (annual report) performed by an independent entity authorised to audit financial reports – External Auditor. The selection of the External Auditor is performed by the Supervisory Board based on a recommendation of the Supervisory Board's Audit Committee. Additionally, in view of the quality of financial data presented in the remaining published quarterly periodic reports the Bank jointly with the External Auditor implemented the cooperation procedures ensuring the on-going consulting of the important issues connected with the recognition of economic events in financial books and reports. Moreover, at the meetings of the Supervisory Board's Audit Committee the External Auditor presents key findings pertaining to financial reporting issues.

In 2010 (as in previous years) KPMG Audyt Sp. z o.o. was the Bank's External Auditor. KPMG Audyt Sp. z o.o. is one of the "Big Four" companies offering auditor and advisory services.

## OPERATIONAL RISK

2010 was yet another year of effectiveness of the solutions in terms of the efficient management of the operational risk consistent with the best practices adopted in this regard by international financial institutions.

According to such practices risk management is the process of constant improvement through:

- Gathering operational risk events,
- Self-assessment of operational risk in particular processes,
- Analysis and monitoring of risk ratios.

Operational risk events are gathered by Bank Millennium in the improved IT tool supporting operational risk management. These events are subject to analysis of their causes and possibility of mitigation of the effects and employing preventive actions. In the IT system these events are ascribed to a specific risk category and concrete process, which is later (among others) an element of risk self-assessment reporting and validation. The internal risk event base meets the qualitative and quantitative requirements of using advanced methods for calculating the capital requirements on operational risk.

As regards risk identification and assessment in 2010 yet another audit was conducted of risk self-assessment and control in particular business and support processes. This audit was carried out jointly with the review of processes consisting in the assessment of effectiveness of the adopted solutions for meeting the requirements of Clients and business partners with respect to service quality and cost optimisation.

The methodology of Millennium Group with respect to the self-assessment of risks and control allowed to assess the level of risk in a given process in view of existing controls based on the adopted scenarios. In order to assess the risk level of the above-adopted appetite there have been proposed and are monitored certain preventing steps.

During the examination of the self-assessment of risk and control subject to analysis were also key performance ratios, including also risk ratios defined for each process. The key persons responsible for the designing and implementation of tasks in particular processes defined and adjusted the ratios to make them the best predictors of impending threats.

## BUSINESS CONTINUITY

The ability to ensure the uninterrupted functioning of key business processes is the distinctive feature of a modern financial institution. Continuity of business should also be ensured in emergency situations caused by unforeseen circumstances, natural disasters, epidemics or acts of terrorism. An institution should thus also have plans to recover and maintain the functionalities of processes within such time, which will allow it to avoid losses, possibly minimise their level.

This area requires continuous supervision and optimisation. Continuity plans must thus be permanently adjusted to the features of the environment in which a given institution functions in view of its specificity and needs.

In order to ensure that the adopted assumptions are not obsolete the Bank performs an annual, comprehensive verification of particular processes. Reanalysed are also estimates of the resources necessary to sustain particular functionalities of each of the critical processes. Subject to detailed analyses are existing plans connected with the continuity of business, crisis management model, principles relating to internal as well as external communication and procedures and possibilities of action in alternative locations.

These plans constitute an integral element of the overall business continuity plan. They define i.a. the principles of evacuating premises under threat, principles of restarting activities on backup sites and guidelines for crisis management. These plans also detail the principles of activities in the face of a natural disaster causing total unavailability of the buildings of the Bank's head office.

In 2010 Bank Millennium performed the optimisation of solutions on the site, which is to take over the functionality of the Head Office in an emergency situation. A test programme was prepared and implemented for this location to be conducted every 6 months. The tests verify among others the capability of particular Bank units to work in emergency conditions, the Bank's efficiency and potential limitations. The tests each time contribute to further improvement of the continuity plans, as well as the infrastructure necessary for their implementation.

## COOPERATION WITH REGULATORS AND BANKING SUPERVISION

The highlight of 2010 was the efficient implementation of the rights issue process. The rights issue was conducted through a closed subscription by way of a public offer. As a result of the issue the Bank's equity was increased from PLN 849.181.744 to PLN 1.213.116.777. The share issue coincided with the modification of the legislation relating to listed company prospectuses. Lack of existing market experience as to the new legal environment called for more than standard communication with the supervisor and market regulator (Polish Financial Services Authority). The Bank's professionally organised process of applying for legal consents and approvals directly translated into the shortening (as much as possible) of the time necessary for the Polish Financial Services Authority to consider the Bank's applications. This created the groundwork for the final success of the Bank's share issue.

During the reported year the Bank was subject to a problem examination of the Polish Financial Services Authority. Its process and findings confirmed the existence at the Bank of an efficient model of flow of information between the Bank and the control institution.

In the Bank's assessment a two-way communication between the supervisory organs and institutions and entities operating in the market is a necessary condition of its stability with a simultaneous observance of the market's ability of adaptation and dynamic development. A practical expression of this aspect of the cooperation with the regulator was the Bank experts' participation in the process of consulting draft normative acts whose purpose was to regulate the market.

The Bank attaches utmost importance to the issue of cooperation with bodies supervising its activity and its particular areas. The Bank is consistent in observing the regulations of law providing safety to the Clients' funds and preventing fraud.

## CORPORATE COMMUNICATION

One of Bank Millennium's basic obligations as a public company listed on the Warsaw Stock Exchange is to conduct active and transparent information policy. In accordance with market standards and best practices in this regard the Bank is careful to ensure all groups of recipients with equal access to information pertaining to the Bank and Bank Millennium Group companies.

The corporate communication programme is implemented by two specialised Bank units. These are the Investor Relations Department preparing information and running on-going contacts with the community of shareholders, investors, financial market analysts and organisations representing them and the Public Relations Department responsible for the preparation of information for the media and publication of own information relating to the current work of the Bank. Also, both units coordinate information provided by the Group's companies (Millennium Dom Maklerski, Millennium Leasing and TFI Millennium).

On the basis of a preannounced timetable the Bank regularly publishes information about its data and financials in the form of quarterly, semi-annual and annual reports. The Bank also publishes in the form of a printed publication the Annual Report for the previous financial year (Polish and English version). The most important current events connected with the Bank's operation constitute the subject of current reports. The Bank also announces public press information pertaining to the Bank's and companies' current activities and organises press conferences for representatives of the media and conferences for financial market analysts. The latter (like the Bank's shareholder meetings) are also available to market participants in the online.

In 2010 in connection with the public issue of shares Bank Millennium published the Issue Prospectus constituting its current knowledge base about all the areas of its activity.

All the information of corporate nature is public and published in generally available, updated and run in Polish and English pages of the Bank's internet portal. Such information is also provided to the employees of the Bank Millennium Group on the intranet.

The Bank is also open to dialogue with its stakeholders and answers various questions sent to it.



## Good Place to Work

The biggest value of each company are its Employees, who are critical to its competitiveness and market position. Bank Millennium is aware of their value and attaches very high importance to the level of motivation of its Employees, offering to them professional development through participation in training or development programmes. The Bank also takes care of non-professional sphere by providing rich social programmes and packages.



## Personnel Development

### DEVELOPMENT PROGRAMMES

Employee professional development is one of the values which Bank Millennium pays particular attention to. The Bank created special development programmes whose purpose is to stimulate employee development, increasing their exposure and recruiting young, ambitious employees from the labour market. In 2010 the Bank executed two programmes oriented on students and graduates.

“**People Grow**”, is a two-year programme of management competencies development based on the system of rotation and the “*training on the job*” principle, which allows to gain experience in various areas of the Bank’s operation. The participants of the Programme supported by the Mentor – Bank’s management board member – have the possibility of working for various departments, participating in selected projects and training sessions, and by the same token to learn from scratch the principles of operation of a financial institution. In 2010 roku 10 new participants joined the programme.

“**Expert Start Up**”, is a seven month-long internship programme targetted on students and graduates interested in working in the risk area, broadly understood. The programme consists of work – upon the rotation principle – in three Bank units: the Risk Department, unit responsible for credit decisions and in the Retail Recovery Department. The participants of the Programme receive the support of their Mentor – director of the selected unit and Coach – manager of the area in which they are currently working. Upon completion of the Program the best participants are proposed an employment contract for an unspecified time in a specific unit in the risk assessment area at Bank Millennium. In 2010 10 participants were admitted to the programme.

Employee development at Bank Millennium is also supported by various evaluation methods of potential, including the tools *Assessment and Development Center* and "3600 evaluation". In 2010 the Recruitment and Development Team organised and conducted two projects for managers of the Direct Banking Department: "3600 evaluation" project and *Development Center Project*. The participants of the project were given feedback information about their competencies and development guidelines while their superiors material which constitutes the basis for *coaching* and monitoring the progress of employee development.

#### Development Programmes

	Number of participants	
	2010	2009
People Grow	10	18
Expert Start Up	10	–
<b>Total</b>	<b>20</b>	<b>18</b>

#### EMPLOYEE AWARDS

At Bank Millennium there exists the annual Chairman's Award, which is a token of appreciation of exceptional Employee achievements. Its winners are managers and project leaders who significantly contributed to achieving an annual Bank Millennium profit among others through annual sales results, lowering costs, building positive Client relations, improving processes or impact on productivity growth. As a rule the award is given at the annual Management Meeting of the Bank Millennium Group. In 2010 Chairman's Awards were given to six persons.

#### TRAINING ACTIVITIES

In 2010 security was the main training topic with a focus on comprehensive training in crisis procedures, especially with respect to Bank robbery. The training in this area, scheduled for years 2010-2011, will be attended by all employees of the retail banking network.

The process of corporate employee training was also initiated in 2010. The participants were trained in negotiations, personal effectiveness, time management and treasury products. Next year, the above training process will be further enhanced by training in financial analysis and cash management products.

In 2010, internal coaches not only provided employees with broad access to soft skills and management training, but also extensively worked on the extension of the offer of internal training courses, which was last year increased by:

- assertiveness,
- personal effectiveness,
- providing feedback
- motivating,
- negotiations,
- effective recruitment,
- managing your own image,
- change management,
- introduction to finance,
- introduction to credit analysis.

The training process for new employees introduced in 2010 was a great success, ensuring a continuous improvement of product knowledge for all new employees in the retail banking sales network. The training, which was conducted in the form of e-learning and workshop, expanded their knowledge about: consumer loans, investment funds and mortgages.

At the same time new Prestige workers attended certification training allowing to sell PZU products and, moreover, training in the cycle of "New Prestige Customer Service Model."

An important project was also training in new MilleTeller application support.

More than 11 000 Bank employees participated in all traditional methodology workshops.

After the good experience of previous years e-learning has become the preferred form of learning and is steadily growing.

In 2010 over 40 thousand people were trained with the use of e-learning. This method extended the competence of workers, inter alia in the following areas:

- worktime management process at the Bank Millennium head office,
- T recommendation implementation,
- MilleTeller application (for the sales network of retail banking),
- application of the MiFiD regulation (retail and corporate banking area),
- anti-money laundering,
- "Impresja" new credit card,
- occupational health and hygiene.

Everything seems to indicate that e-learning as a form of teaching is yet to grow in 2011. From the beginning of the next year the following topics will be prepared as part of this form of training:

- support for the MillOffice project (launching of Windows 7 and MS Office 2010),
- set of courses to support the career development path in the Operations Department.

On average in 2010, every employee participated in about 40 hours of training.

#### Training Activities

	2010	2009
<b>trainee-persons:</b>	<b>54 741</b>	<b>50 642</b>
traditional	11 108	7670
e-learning	43 633	42 976
<b>number of training hours::</b>	<b>232 872</b>	<b>216 349</b>
traditional	183 150	154 966
e-learning	49 722	61 383
<b>average number of training hours per employee:</b>		
traditional	31,70	26,3
e-learning	8,6	10,4

## INTERNAL JOB EXCHANGE AND RECRUITMENT POLICY

Bank Millennium has uniquely defined principles of selecting staff and personnel. The recruitment processes at the Bank are optimised, governed by internal regulations and computerised, which guarantees their high quality and effectiveness.

Job offers at the Bank are first of all directed to Employees of the Bank's Capital Group. Employees who voice their interest in a selected job offer have a chance of rotation.

In 2010 over 150 employees of the Bank benefited from such possibility of switching their organisational units thanks to internal recruitment. Such activity complies with the Bank's basic, namely employee development. Job advertisements intended for Employees in the organisation are published on the intranet platform available to everyone integrated with the recruitment application. If it is not possible to find persons with appropriate competencies inside the organisation Bank Millennium looks for candidates on the external labour market. The manner of recruitment differs depending on whether the offer is directed to students and graduates or professionals.

In 2010 as in previous years activities were conducted with respect to students and graduates under the "Come and Grow with Us" programme. Thanks to the programme the Bank enables students to gain precious experience and knowledge on the subject of work in banking.

In implementing the cooperation idea and sharing the knowledge by the "Come and Grow with Us" programme, the Bank organised numerous trainings and workshops, prepared competitions and dozens of stages for students of all the years and faculties. The Bank also runs an internet service intended for persons entering the labour market.

In addition to students and graduates another group of candidates to work at the Bank are persons with at least one year's seniority – professionals. Candidates to work with professional experience are expected to have competencies, which will be necessary to work according to the Bank's key values. It is equally important for these candidates to meet the Bank's requirements as to specific competencies necessary to perform a given function. In order to ensure the objectivity and adequacy of candidate assessment the Recruitment and Development Team develops tools necessary in the selection of employees, which it uses in close cooperation with internal Clients.

The process of communicating job offers is transparent. Job advertisements directed to professionals are published on the Bank's website and internet portals. There is a single set of personal data of candidates to work at Bank Millennium. These data are safe. Their processing is monitored on an on-going basis and subject to internal audit. Each candidate invited to a job interview receives feedback information about the recruitment outcome. In 2010 the willingness to work at the Bank was reported by 75 000 persons – over 21% more than in the previous year.

### Recruitment

	2010			2009		
	Women	Men	Total	Women	Men	Total
Applications received			75 000			59 000
Conducted recruitment interviews			4 000			1 200
<b>Hired:</b>						
Total	608	392	1 000	458	292	750
Secondary education			368			307
Higher education			632			443

### EXIT INTERVIEWS

Bank Millennium strives to guarantee appropriate working conditions. For this purpose, in addition to a satisfaction survey there are regular exit interviews with persons leaving the Bank. We analyse reasons for employee resignations, opinions on the subject of working conditions at Bank Millennium and employee needs. The results achieved on the basis of conducted conversations and proposals for changes reported by employees allow to obtain general conclusions and are a departure point for recommended changes.

### HOLIDAY BENEFITS

In 2010 a group of former and current Employees submitted to the Bank questions pertaining to the principles employed by the Bank when calculating benefits for the duration of a holiday leave (some of them asked for recalculating of such benefits). The applications pertained to historical periods.

In connection with the fact that during the period covered by these questions the Bank had several separate bonus systems, differing between themselves and covering several Employee groups the Bank wishing to address the received questions asked their authors for additional information allowing to establish which of the operating bonus systems and in what time covered each of the persons asking the questions. Each of the reported cases was treated and responded to individually.

The Bank is of the opinion that the remuneration to its Employees resulting from the holiday leave was paid out in accordance with the binding law.

## Employees of Bank Millennium

	2010			2009		
	Women	Men	Total	Women	Men	Total
<b>General data</b>						
Total number of employees	4 264	1 951	6 215	4 344	1 977	6 321
Average employee age	34,2	33,6	34,0	33	33	33
Average no of years at Bank Millennium	5,3	4,9	5,2	4	4	4
Qualifications						6 321
primary education	0	0	0			1
secondary education			1 924			2 039
higher education			4 291			4 281
<b>Form of employment</b>						
agreement for an indefinite time			4 948			5 129
agreement for a definite time			1 267			1 192
part-time agreement			139			-
handicapped employees			22			19
net growth of employment			167			-349
employee departures			1 229			1 502
on employee initiative			811			780
mutual consent			64			80
redundancies			345			632
old age pensions			8			9
death			1			1
Annual absences ratio			6,46%			-
<b>Internal mobility</b>						
Turnover ratio			250			2 612
%			0,4%			3,6%
<b>Division of management staff</b>						
Higher management staff			84	27	75	102
Management staff			873	498	379	877
Total			957	525	454	979



## Social Activites

### MEDICAL CARE

From 2006 onwards Bank Millennium S.A. has continued its regular cooperation with the ENEL-MED medical centre. The network of medical outlets selected by the Bank offers access to qualified medical staff and modern diagnostics to employees of the Bank and Subsidiaries making part of the Bank Millennium Group. The private medical care programme provides all employees with equal access to the basic and specialist medical consultations, detailed diagnostics and preventive programmes. The network of the partners is regularly growing (518 surgeries were located in 233 Polish towns in 2010). With so many medical partners each employee, including employees of Poland-wide network of outlets, has a possibility of using private medical care.

Additionally in 2010 a head office surgery was opened at the seat of Bank Millennium S.A. in Warsaw providing services in the field of basic medical and outpatient care. The employees of the Bank's Head Office in Warsaw can easily ask for medical advice and quickly check their health.

Like every year, in the autumn the Poland-wide vaccination campaign against influenza was conducted. Vaccination was organised both at company offices in Warsaw and Gdańsk – and directly in medical outlets.

In the interest of the health not only of its employees, but also members of their families Bank Millennium negotiated (as part of the medical agreement) preferential prices for medical packages for the spouses, life partners and children up to 25 years of age. The scope of medical packages allows to effectively carry out both health prevention programmes, and specialist treatment in the case of sudden illness.

#### Medical Care

	2010	2009
Number of medical partners	508	381
Number of towns with medical care	233	182
Employees covered by private medical care	6 165	6 234

#### OCCUPATIONAL HEALTH AND SAFETY

In 2010 the OHS service put special emphasis on the completion of the process of regular training programmes for all Bank Millennium Group employees, covering the generalised subject of safety.

The process of regular training initiated in November 2008 on the basis of the e-learning platform and own training programme was continued in 2009 and in the first half of 2010. The process considerably deepened the knowledge of safety issues. Training is provided on an on-going basis in accordance with the provisions of the general law.

One very important new initiative improving the employee safety level is the training project introduced in Q3 2010 for Bank outlet employees on dangers connected with crime.

The cooperation of the Bank's organisational units tasked with security problems and training subunit allowed to launch a new training programme to teach employees the skills of preventing and coping with extreme threats such as an armed robbery or terrorist acts.

The Project assumption is to repeat the training every two years for the whole network.

The professional training company acting under the supervision of the Safety and Business Continuity Department has already carried out 10 such training sessions all over the country. In the opinion of both the participants and coordinating employees from DBB the training modules carried out as well as their hitherto standard were very satisfactory.

The classes include in detail certain predictable needs for knowledge and skills in various situations, starting from threats by aggressive Clients up to extreme incidents, such as an armed robbery or terrorist attack.

A programme of regularly improving first aid skills, using first aid kits or portable extinguishing equipment is also being implemented.

## SPORT AND RECREATION ACTIVITIES

The main purpose of the activities is to ensure to all the employees broad access to various forms of sports and recreation activity. The offer of the activities is so constructed that each interested employee can freely select for himself an appropriate form of activity or recreation.

Each of the employees once in a quarter can select either a carnet (book of vouchers) for sport activities or cinema tickets. In 2010 employees were offered a new form of sport classes accessed with the MultiSport card. The classes offered as part of the MultiSport card comprehensively assure to employees access to diversified sport activities such as the swimming pool, fitness, squash, as well as learning to dance or to climb. A card-holding employee has the possibility of running a healthy and active lifestyle. The basic benefits resulting from card possession are:

- unlimited access to sport facilities,
- unlimited selection of various sport activities,,
- unlimited territorial scope.

In 2010 the MultiSport card could be used in 2500 sport facilities all over Poland. The offer of leisure facilities is constantly growing and every employee can propose the inclusion of any facility in the offer.

Employees who prefer cultural events are offered cinema tickets to be used in large multiplexes, as well as local cinemas with a non-commercial programme

The offer is presented in such a way that each of the employees after the working hours could benefit from, in accordance with their interests and preferences, a broad array of sport and recreation services available in the market.

Through active and pleasant recreation after work our employees can develop their passions, stay fit and integrate with workmates.

On average in every quarter 2010 the MultiSport offer was used by 1850 employees, while cinema tickets were taken by 3250 employees.

#### CASH BENEFITS AND LOANS FOR HOUSING PURPOSES

Each Bank employee who as a result of a disaster found himself in a financial, family or life crisis can apply for a non-reimbursable financial benefit. Most often employees applied for a benefit resulting from a long-term illness, as well as natural disasters, such as flood or fire.

130 financial benefits were granted in 2010 for the total amount of PLN 292 951.

As part of Social Fund-based social assistance the Bank offers low interest loans for housing purposes granted for the refurbishment or finishing a flat, building or purchasing a flat or a house, repayment of the housing loan. The purpose of these loans is to provide material assistance to all those employees who continue the already started housing investment from own funds or bank loans. In 2010 there were granted 170 loans totalling PLN 1 926 092, of which 149 for refurbishment and 21 for other housing purposes.

The above social benefits can also be used by employees who retired or went on pension directly after the cessation of the labour relationship.

#### Loans for Employees

	2010	2009
<b>For housing purposes</b>		
Amount (PLN)	2 001 683	1 773 495
Number of employees	175	156
<b>For social purposes</b>		
Amount (PLN)	292 951	269 620
Number of employees	130	149



## Aspects of Environmental Protection

Due to the nature of the conducted activity the Bank's tasks in the field of reducing the environmental impact consist first of all in rational material management, monitoring energy consumption and control of waste management.

In 2010 the Bank did not receive information on any case of infringing environmental protection regulations.



## CONSUMPTION AND RECYCLING OF MATERIALS PURCHASED BY THE BANK

### Procurements

In 2010 as a follow up of the Bank's ecology-friendly action (initiated back in 2008) consisting in the leasing of multifunctional equipment and creating the so-called print rooms we recorded a 5.6% drop in paper consumption.

A slight 0.04% growth of envelope consumption is caused by changes of data on company envelopes.

In addition to paper materials the Bank uses plastics, such as disposable cups, spoons, coffee stir sticks, plastic water bottles and safe envelopes. The maintaining of limits with respect to ordering by the Bank's organisational units of bottled mineral water and utilisation of plastic safe envelopes allowed to reduce plastic consumption by 40% compared to 2009.

The consumption of chargeable batteries used at the Bank for various types of opening equipment, alarms and remote controls increased by 7.8% compared to the previous year.

#### Consumption of Materials

Type of materials	Consumption in the period of I – XII		
	2010	2009	change
Paper (for operational needs)	373 325	402 040	4%
Envelopes (various)	123 873	125 583	7%
Plastics	14 271	23 407	-35%
Consumables for printers (toners, cartridges)	1 479	1 732	-9%
Batteries	364	337	21%

#### RECYCLING AND DISPOSAL

In mid-2010 the Bank signed an agreement for recycling/disposal of any equipment and electric and telecom and IT appliances, data carriers, power supply equipment with the company with a permit for running a business of recovery, collection and transport of dangerous waste, so in 2010 there were sent for recycling and recycled 8880 kg of telecom and IT equipment (including monitors, computers, servers, printers, faxes, keyboards, hubs, UPS, HDD, switches, routers) and 1 201 kg of metal waste.

#### Recykling

Type of material	Recycling in the period of I – XII		
	2010	2009	change
Tele IT equipment	9 489	31 470	-70%
Metal waste	4 280	2 136	100%
Paper (scrap)	72 168	396 570	-82%

The continuation of discipline with respect to the number of printed documents contributed to reducing paper consumption and by the same token to reducing the amount of scrap paper sent for recycling.

### Waste Management

Type of materials	Waste management in the period of I – XII		
	2010	2009	change
Equipment	7792	1052	641%
CCTV cassettes	485	2 200	-78%
Used toners	653	1 245	-48%

As part of the outsourcing agreement signed in 2009 own machines (xerox copiers and printers) were withdrawn from the Head Office's field outlets and organisational units and replaced with multifunctional equipment owned by the outsourcing company. The responsibility for the receiving and regeneration of used toners for the above equipment rests with the outsourcer, so the amount of toner waste for recycling considerably fell.

The redundant furniture equipment no longer to be used at the Bank and equipment with a technical expertise allocating it for destruction (shredders, counters, xerox copiers) was classified and sent for scrapping. In 2010 7792 kg of the above equipment was sent. The growth was caused by the finalising of the Bank's head office consolidation project and relocation and modernisation of bank branches.

The principles of recycling and waste management are specified by the following regulations in terms of environmental protection:

- Environmental Protection Act (Dz. U. 2001 No 62, item 627 as later amended),
- Used Electric and Electronic Equipment Act (Dz. U. 2005 No 180, item 1495 as later amended),
- "2nd State Ecological Policy",
- National Waste Management Plan (Monitor Polski of 2002 No 11, item 159).

Environmental protection regulations impose on the Bank certain duties with respect to appropriate waste management, which include among others the completion of Waste Cards and Destruction Protocols.

## CONSUMPTION OF ENERGY AND WATER

Lower consumption of electric power in 2010 compared to 2009 results from steps in order to reduce it, namely:

- Introducing an automatic switching off system in Head Office buildings;
- Application of an annual dock controlling of the illumination of external advertisements;
- Introducing in the newly constructed branches the LED illumination system in external advertisements;

Moreover, already in 2010 all branches had working air conditioning equipment powered by ecological fuel provided with automatics adjusting its operation to ambient conditions, thus limiting energy consumption. Guidelines are at all times implemented regarding rational energy consumption, mainly with respect to heating and air conditioning equipment.

## PROTECTED AREAS

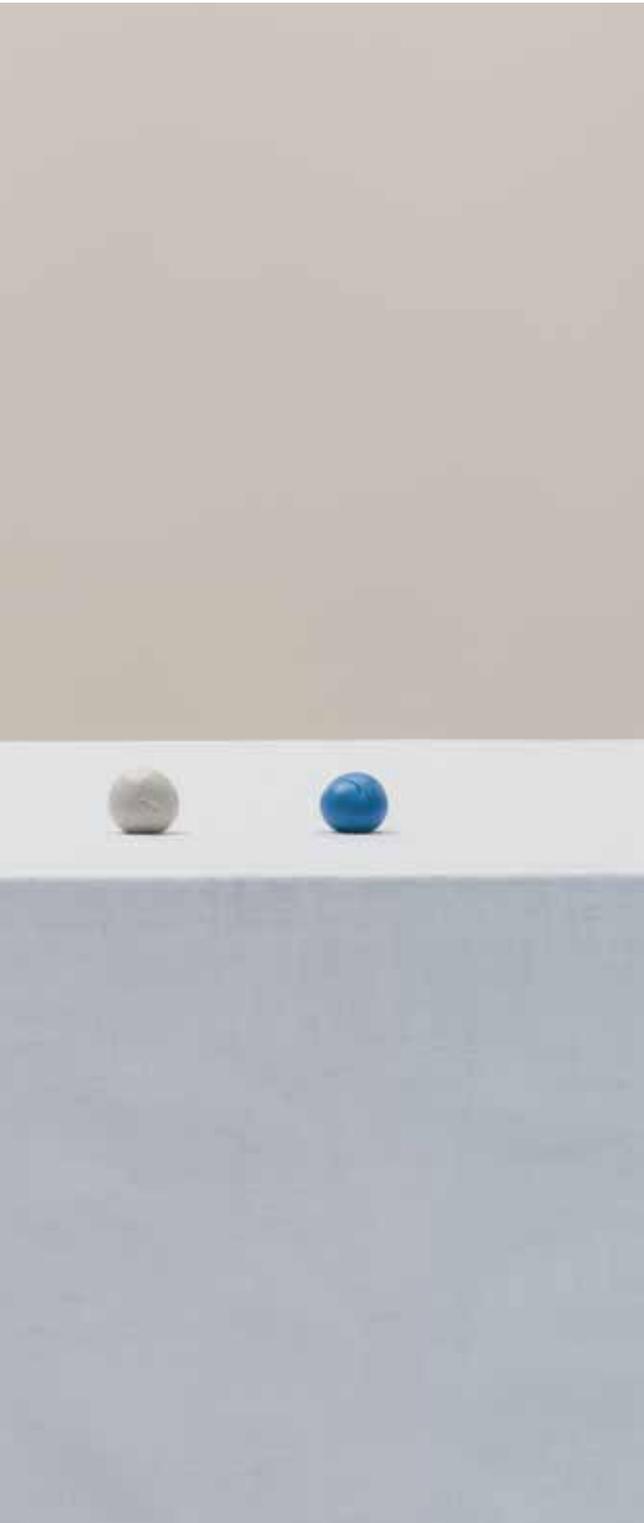
The Bank owns land, adjacent to protected areas, but does not run any operational activities on it. The land (2813 square meters) is located in Warsaw, Werbeny St. (Mazowieckie voivodship) in the Buffer Zone of the Mazowiecki Landscape Park.

### Consumption of Power and Water

	2010	2009	Unit.	change
Purchased electric power	29 224 062	33 920 000	kWh	-13,8%
Purchased heat energy*	101 358	77 554	GJ	23,4%
Natural gas	189 887	234 370	m <sup>3</sup>	-18,9%
Heating oil	77 200	75 200	litre	2,5%
Water*	1 17 163	71 200	m <sup>3</sup>	39,2%

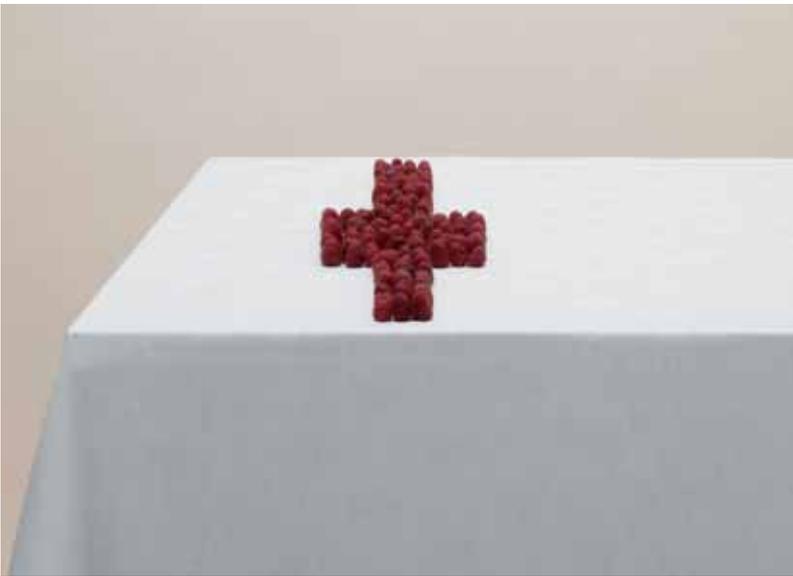
\* water and heat energy consumption has risen in the Head Office in Warsaw (in 2010 the operation of buildings B and C started)





## Activity for Society

Bank Millennium is a socially committed organisation. In cooperation with non-governmental organisations and foundations it implements its education programmes and cultural events thus embodying part of its mission as a public trust institution.



## Social Activities

### “EARTH HOUR”

For the second time in a row Bank Millennium participated in the 2010 Polish part of the environmentalist “Earth Hour” campaign organised by the WWF Polska Foundation.

The purpose of that Poland-wide campaign was to draw public attention to the problem of Earth climate change, especially global warming, and manifest support for the activities of governments and non-governmental organisations in order to mitigate the consequences of such changes.

The campaign consisted in a voluntary switching off on 28 March 2009 between 20.30 and 21.30 (1 hour) in the campaign countries of the lights in flats, institutions, offices and external illumination of public buildings. This includes the switching off of advertisements and neon signs. In Poland the campaign was joined by 40 towns, including 14 voivodship ones, and numerous group of companies and institutions, politicians and show business stars.

As part of its participation in the Earth Hour the Bank:

- conducted an internal information program for the employees on causes of the campaign and its objectives,
- switched off for one hour the illumination of the offices in the Bank’s head offices (Warsaw and Gdansk) and the advertisement panels on head office buildings, as well as lights and advertising panels of the Bank’s outlets in all of Poland,
- conducted a public awareness campaign for the bank’s Clients to inform them about the objectives of the campaign and the bank’s participation in it,
- informed employees about the results of the campaign in Poland.

The Bank’s participation in the project was based on the voluntary activity of employees and was in the interest of general promotion of environmental protection issues.

### ECCO WALKATHON

ECCO Walkathon is the world's biggest charity walk, in which the distance of the walk is converted into money later to be donated to a selected charitable cause. Bank Millennium – like in previous years – also joined the campaign and funded for its employees 150 tickets authorising to take part in the event. The participants of the walk had a choice of walking two routes: six or ten kilometers. For every walked kilometer Ecco donated 4 zloties to a charity selected by the organisers. In 2010 almost 20 thos. people took part in the walk and “walked” exactly PLN 702 284! The monies gathered during last year's Ecco Walkathon were sent to projects implemented by: SOS Children's villages – Society providing assistance to orphaned and deserted children, WWF – protecting Arctic polar bears, and TVN foundation collecting funds for the construction of the Cancer Prevention Centre (CPN).

### GDAŃSKI AREOPAG

Bank Millennium supported the organisation of “Gdański Areopag” Forum Dialogu, which celebrated its 10th anniversary. The Forum constitutes a unique and socially important platform of discussion and dialogue between various communities on subjects connected with challenges and the most important moral problems of our times. The main subjects of meetings in the year 2010 were: “Welfare” (spring session) and “Respect”(autumn). The discussion was attended by a group of eminent intellectuals representing various scientific communities, views and religions.



## In Support of Education

### COME AND GROW WITH US

Since 2002 the Bank has provided support to students and graduates in their first steps of professional life, giving them a chance to gain experience, develop competencies and interests. To this end the programme “Come and Grow with us” was created, through which the Bank outreaches to students, participates in academic life and recruits ambitious students and graduates.

The programme includes paid internships at the Bank and competitions with valuable prizes. The Bank also participates in major trade fairs and educational events, including “Career Days”, organized by the AIESEC international association of students and conferences for students, as well as provides training in their universities and in the Bank's head office. This way the Bank addresses its offer directly to young people and can adjust its actions to their needs. During the events it promotes the “People Grow” programme, which is one of the Bank's Development Programmes aimed at students of their final year and graduates.

In 2010 we also established a new Experts Incubation Programme – “Expert Start Up” zeroing in on students and graduates of business schools who wish to link their future professional career with banking risk, in a broad sense.

In 2010 the “Come and Grow with Us” Programme included a series of meetings (Millennium Academy) with students in the 10 largest universities. In each city two training sessions were organised. Thanks to such meetings the Bank can directly reach young people. Bank staff can answer all the questions raised by students, and use the occasion to promote the Bank as a good employer.

### PRACTICAL TRAINING AND INTERNSHIPS

The Bank organizes internships for students of all years and faculties. Internships are held mainly in the departments of the Bank’s Warsaw Head Office. In the academic year 2009/2010 we took on 45 trainees. In addition to internships at the Head Office we organized three international internships in Greece and Portugal and 10 in the Bank’s Corporate Centres across the country. In previous years the majority of internships covered the period of one month. This year we extended the internships held at the Bank for three months, so that students can get involved in longer and more interesting projects and thus have more to learn. All internships ended with filling in the questionnaire by the student, as well as his tutor.

During the holidays we also organized a series of meetings for our trainees to enable them to better understand the Bank and provide an opportunity to share experiences. An additional benefit coming from the internship is the possibility of extending cooperation with the Bank following the successful completion of the internship.

In 2010, the Bank for the first time took part in the “Win an internship” contest organized by “Gazeta Wyborcza” and PricewaterhouseCoopers. In the competition 32 students solved our competition task. One participant was accepted as an intern, and then hired on an employment contract at the Risk Department.

### TRAINING FOR STUDENTS

Under the "Come and Grow with us" Programme Bank Millennium periodically organizes a series of trainings, workshops and presentations for students. These events take place in academic centres throughout the country. The subject of training changes each year in response to the current needs of students. In 2010, the Bank Millennium staff have prepared a number of soft skills training, such as: the art of presentation, negotiation, assertiveness, building of self-image, self-management over time.

Academic youth also had an opportunity to participate in training related to the area of risk, financial analysis, or job-seeking.

With so diversified a training offer almost every student could find something for himself or herself – regardless of the year and field of study. In 2010 we organized over 50 trainings.

### COOPERATION WITH STUDENT ORGANISATIONS

Bank Millennium acknowledges the contribution of student organizations enabling students to gain first professional experience and develop skills and interests. The Bank provides financial and intellectual support for student organizations in their activities and implementation of statutory objectives.

Since 2003 we have cooperated with the AIESEC international student association. As part of this cooperation the Bank was involved in the "Ambassador" project by selecting in 10 largest university centres its representatives (AIESEC members) called Ambassadors. These persons are envoys of the "Come and Grow with Us" programme to students of their universities, inform about development possibilities at the Bank and organize banking events at universities. In return for their commitment and promoting the program the Ambassadors are given a chance to gain experience in cooperation with the Bank and opportunity to participate in special training sessions and workshops prepared by the Bank.

In 2010, Bank Millennium took part in ten fair events – "career days" and two international conferences for students.

In 2010, we set up cooperation with the Scientific Section for Personnel Advice (known as "Advisor") of the Economic University in Krakow. The result of the cooperation was the organization of two training courses for students.

In cooperation with "CEMS Club" we organized an exchange for two students. We set a marketing internship in Portugal for a Polish participant of the program in Portugal and for a member from Portugal in Poland.

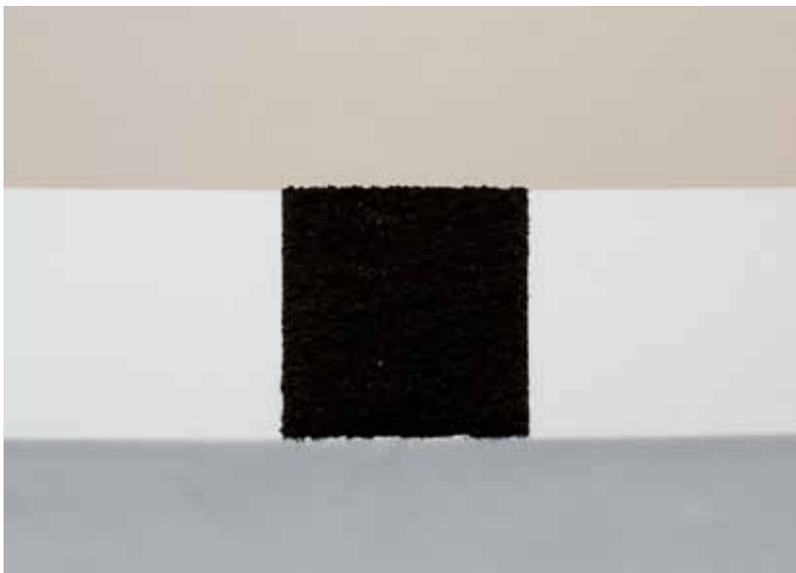
## COMPETITIONS

One form of activating students by Bank Millennium is to encourage competition participation.

In 2010, Bank Millennium organized the following competitions for students:

- “Marketing Challenge” – a competition in the marketing area, with an internship in Millennium bcp in Greece as the main prize.
- “Millennium Chance” – through this context we recognised and supported interesting student passions. The prize was PLN 10 thousand and a grant for the winning project.
- “MilleWorkshopProject” – competition whose participants had the chance to make their mark as an idea provider and implementor of the workshop for students created by themselves. HP Mininote was the award.

In total, over 50 people took part in competitions organised by the Bank in 2010.



## Promoting Culture

One part of the bank's social mission is to support important high culture artistic events. The Bank runs selected cultural programs both independently and in collaboration with art institutions, foundations and media professionals involved in the organization of cultural events and cultural promotion.

### Złote Berło

In 1999, Bank Millennium, and the Polish Cultural Foundation established the "Golden Sceptre" award given annually to eminent Polish culture luminaries. This is an award for "intellectual creation (in the fullest sense of the term) of an individual or groups of artists, social organisation, artistic institution, cultural or scientific movement". It is given by a Selection Committee consisting of eminent artists and culture animators and the award-giving ceremony is accompanied by a specially prepared artistic programme whose topic is related to the winner's creative effort.

The award has also its own promotional dimension. Its winner may award the "Little Sceptre" to an artist of a younger generation whose work – in his opinion – is most fully informed by the artistic guidance of his master.

In 2010 the "Golden Sceptre" went to Józef Wilkoń, an eminent draftsman, illustrator and sculptor as "a work full of subtle balance between perfectionist technique and perfect simplicity of the humanistic message".

The winner gave the Little Sceptre to Mateusz Dąbrowski – an outstanding graphic designer of the young generation.

The ceremony was accompanied by a specially designed program featuring outstanding musicians: Tomasz Stanko, Jozsko Broda, Joachim Mencil, Marcin Pospieszalski, Robert Uzewicz and folk musicians: Jan Gaca and Józef Pańczuk. The sets prepared by Józef Wikoń consisted of his sculptures.

Bank Millennium has been the founder of the award (since it started) and sponsor of artistic events accompanying the festival. "Golden Sceptre 2010" was the twelfth season. In previous years the winners were: Jerzy Giedroyc, Wojciech Kilar, Stanislaw Lem, Roman Pagan, Ewa Podleś, Sławomir Mrożek, Janusz Gajos, Tadeusz Różewicz, Maria Fołtyn, Wojciech Młynarski and Krzysztof Penderecki.

#### Planete Doc Review

7th Planete Doc Review Film Festival was held in Warsaw on 7-16 May 2010 and had its mini-replica (six selected films) in 20 cities in Poland. The festival has become one of the most important film events in the country. Its film program was watched by over 31,000 viewers, which puts this event in third place in terms of popularity among European documentary film festivals.

The festival program consisted of 152 documentary films arranged in 17 thematic sections, accompanied by a retrospective review of the work of Werner Herzog, Alan Berliner and Nicolas Philibert..

The festival is also a competition giving viewers and a professional jury a chance to evaluate the films. Six of them were in competition for the main festival trophy, namely "Millennium Award". This was taken by the film "Steam of Life", directed by Joonas Berghäll and Miki Hotakainen. Other awards were the Magic Hour Prize (for movies up to 70 minutes' long), Ecumenical Dialogue Award (for films about the dialogue between different worldviews), "Panasonic Green Award" (for a film about ecological issues), "Amnesty International Award" (for films about human rights), Chopin's Nose Award (for a film about musical issues), and – the most popular – Audience Award. Also, the festival gave the spectators an opportunity to meet with the filmmakers and film students – to participate in workshops, master classes run by prominent documentary makers.

The artistic success (also measured in the number of viewers) of the festival, which Bank Millennium has sponsored for years confirms the huge demand for an artistic film presentation of important problems of the world today.

### Art Colony in Kazimierz

2010 was the eleventh season of cooperation between Bank Millennium and Museum Nadwiślańskie in Kazimierz Dolny with a view to recalling, preservation and presentation of art from the unique (in Europe) colony of artists in Kazimierz and contemporary artists continuing their tradition. In 2009 the following projects were jointly implemented:

- the painting exhibition "Władysław Ślewiński. From Pont Aven to Kazimierz", showing 34 works from Polish museums of arguably the greatest Polish colorist (including canvasses from the period of his fascination with impressionism). This also provided an opportunity to remind the artist's connections with Kazimierz, which he visited and painted on numerous occasions, from his young days when he was Wojciech Gerson's student,
- the painting exhibition "Artists' Colony in Kremenets-upon-Ikva" depicting the work of artists from the Kremenets colony focused around the intellectual gravity centre, which was Kremenets High School. The exhibition also allowed to compare the development trends and history of the Kazimierz and Kremenets colonies, which had their heyday in the thirties of the last century. The exhibition showed a representative selection of paintings, prints and drawings by artists associated with the Kremenets colony including: Alexander Blonder, Stanisław Borysowski, Jan Cybis, Eugeniusz Geppert, Marcin Kitz, Stanisław Kramarczyk, Emil Krcha, Władysław Lam, Bronisław Rychter-Janowska, Czesław Rzepiński, Juliusz Studnicki. The exhibition recreated the artistic history of the community and (after a gap of many years) put Kremenets again on the map as an interesting centre of culture,
- the photography exhibition "Mięćmierzenie", which consisted of portraits and photographs of Janusz Kobyliński, as well as old photography. The photographs depict the residents of Mięćmierze, (former rafting village near Kazimierz). These are both old photographs and contemporary portraits. The exhibition constitutes a collective portrait of the village and its residents over the space of several decades.

The above exhibitions document art created in the artists' colony of Kazimierz Dolny upon Vistula.

### Multicultural Gdansk

In 2010 the Bank continued its long relationship with the National Museum in Gdansk. This included a unique exhibition, "Van Eyck-Memling-Breughel. Masterpieces from the Collection of the Bruckenthal National Museum in Sibiu". The exhibition showed a selection of major Dutch and Flemish paintings, including works of the masters: Jan van Eyck ("Man in a Blue Chaperon"), Hans Memling ("Portrait of a Man Reading a Book" and "Portrait of a Praying Woman") and Peter Brueghel the Younger ("Landscape with Winter Skaters and Trap for Birds"). The exhibition became a genuine artistic event not only because of its artistic values, but also because it beautifully fitted into the context of own collections of the National Museum in Gdansk ("The Last Judgement" of Memling) and the city itself, which in its years of historical glory hosted many Dutch merchants and artists, who worked and lived there.

The exhibition was put together thanks to an international cooperation with the museum in Sibiu (Romania), which has an impressive art collection originated by Baron Samuel von Brukenthal, Habsburg monarchy official and Transylvania governor. He donated his collection to Sibiu's Lutheran community on condition that it would be publicly exhibited. This made possible to create in 1807 a museum – one of Europe's oldest of its kind.

### 14th Ludwig van Beethoven Festival

The Ludwig van Beethoven Festival is one of the biggest and most important events of its kind in Poland. The Bank was the event's partner for the third time in its history. The 14th festival consisted of 22 concerts performed by 1,800 artists. The festival's title was "The Piano Phenomenon" and, in fact, there were more pianists this time due to the Chopin Year. The climax came with the performance of all of Beethoven's symphonies by the Deutsche Kammerphilharmonie Bremen orchestra conducted by Paavo Jarvi. In addition to the big concert halls (National Concert Hall and the Grand Theatre) a chamber music concert was also organised in the Royal Castle in Warsaw, and a special program, "Our Chopin Affair", which was prepared especially for this festival by Misia, the Fado singer. Festival Concerts were also held in Krakow and Gdansk.

### We remember Osiecka

In 2010 (like many times before) Bank Millennium was a partner of the "Okularnicy" Foundation in the "We Remember Osiecka" Festival Project. The festival's intention was to promote the opus of Agnieszka Osiecka, the eminent poet and songwriter. The most important part of the festival is a nationwide singing contest for young artists, who interpret songs with lyrics by the poet. In 2010 such competition was held for the thirteenth time, and in the finals 13 artists presented their interpretations. The winner was Joanna Kaczmarek for her rendering of "Then my Songs will Come Back." This competition is considered one of the most important events promoting young Polish song performers.

The artistic event of the festival was the concert "Osiecka-Karczmarzski-Tuwim", in which the "Karuzela" Group made up of Polish and Norwegian artists, presented songs with lyrics by Polish poets performed in Norwegian.

### Radio and TV Theater

For many years now Bank Millennium has cooperated with "Two Theatres" – Radio and TV Theatre Festival", which presents the yearly output of the Polish Radio Theatre – which in 2010 included 14 radio plays and TVP Theatre – 15 theatrical productions. The festival is also a unique forum for discussion (with audience participation) on the public role of the media in creating and promoting culture. During the festival Bank Millennium sponsored the award for the Best Cinematography for a TV play. Its winner was Jeremi Prokopowicz for pictures for Henrik Ibsen's "Enemy of the People", directed by Piotr Trzaskalski.

### Castle Concerts

This is a long tradition. Every January Bank Millennium organises a "New Year's Concert" at the Royal Castle in Warsaw for a large number of partners, associates and customers. The concert program is usually crowned with classical music performed by young artists and a star-studded gala. These concerts traditionally start the calendar of events sponsored by the Bank.

## Share your opinion with us

Thank you for reading our Report.  
If you want to share your opinion about it with us,  
please send your comment to: [csr@bankmillennium.pl](mailto:csr@bankmillennium.pl)



Photographs by:

**PAWEŁ ŻAK**

Born 1965.

Paweł Żak studied social sciences at Warsaw University. Graduated from the Multimedia Communication Department of the Academy of Fine Arts in Poznań (in 2002). Since 1994 he has participated in tens of collective exhibitions, also had a dozen individual exhibitions in Poland and abroad.

Paweł Żak's best-known and valued photographs come from the artistic cycles: "Parables", "Untitled", "Close Acquaintance", "Sweet Monday and Other Still Lives" and the cycle (initiated in 2008) entitled "Still Lives", which consists of large-format colour photographs.

In this cycle the Author attempts to assign to common objects (on a white-clothed table) certain symbolic meanings relating both to the sphere of sacrum (broadly understood) and intensive day-to-day experience. At the same time he tries to avoid formulating an ideological message and leaves the sphere of meanings open to interpretation. The original photographs are 70 x 100 cm prints, which allow to see the subject matter in a scale approximating 1:1. This publication is illustrated by a selection of photographs from this cycle.

Paweł Żak's works are to be found in the collections of among others: Bibliotheque Nationale in Paris, National Museum in Warsaw, Contemporary Art Centre in Warsaw, Art Museum in Łódź, as well as in private collections in Poland, France, Norway, Denmark, Netherlands, Belgium, United Kingdom, Brazil and the USA.



**Bank Millennium SA**  
ul. Stanisława Żaryna 2A  
02-593 Warszawa

[www.bankmillennium.pl](http://www.bankmillennium.pl)

TeleMillennium 0 801 331 331