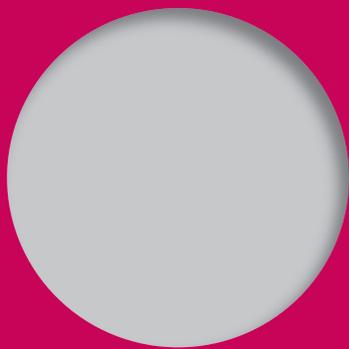


corporate responsibility

2011

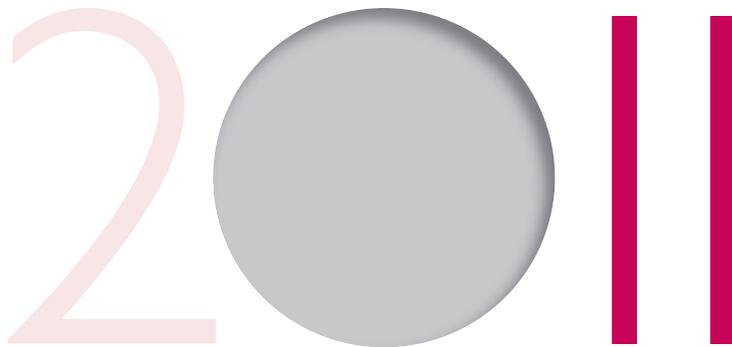




corporate responsibility

2011





5 Introduction

**7 Letter from the Chairman
of the Management Board**

9 Mission, Values and Corporate Culture

13 Parameters of the Report

15 Organisational Profile

- Organisational Structure
- Range of Business
- Governing Bodies and Oversight Structure
- Markets Serviced and Scale of Business
- Bank's Products and Services

21 Financial Performance

23 Dialogue with Stakeholders

25 • Dialogue with Clients

Customer Satisfaction and Service Quality Surveys

Claims Management

Contact Channels with Clients

Telemillennium

Telemarketing

Millenet, MilleSMS, Mobile Access Channel

Marketing Communication

Availability of Services

Partnership Offer of Bank Millennium and Makro Cash & Carry

Socially Committed Products

Individual Clients

Mortgage Banking Clients

Corporate Clients

Microbusiness

Products and Services Distinguished
for Their High Quality

45 • Dialogue with Investors

49 • Dialogue with Business Partners

51 • Dialogue with Employees

Employee Opinion Survey

Innovation Centre

Internal Communication

Special Events

55 Transparency and Security

- Best Practices
- Compliance Policy
- Anti Money Laundering (AML) Policy
- Bank Millennium's Internal Audit
- Bank Millennium's External Audit
- Operational Risk
- Business Continuity
- Cooperation with Market Regulators and Supervision
- Corporate Communication

65 Good Workplace

- Human Resources Development
 - Development Programs*
 - Training Activity*
 - Internal Job Exchange and Recruitment Policy*
- Employment Structure
- Social Activity
 - Medical Care*
 - Occupational Health and Safety*
 - Sport and Recreation Activities*
 - MilleKlubs*
 - Cash Benefits and Loans for Housing Purposes*



77 Bank's Impact on the Natural Environment

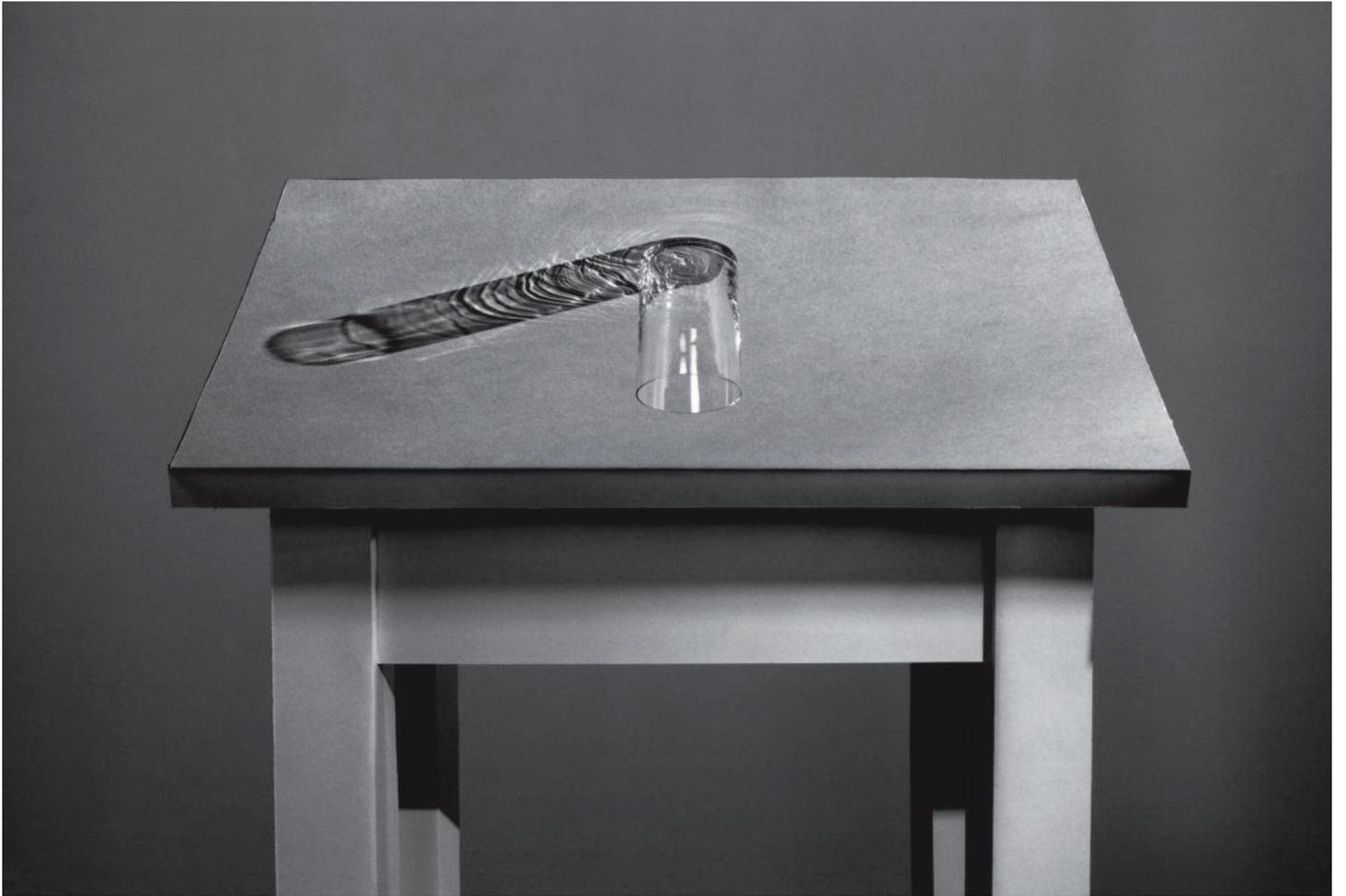
- Consumption and Recycling of Materials Purchased by the Bank
- Recycling and Disposal
- Consumption of Power and Water

81 Activities Benefiting Society

- Social Activities
- Supporting Education
- Promotion of Culture

92 GRI Index

95 Contact Person



from the cycle **Impossible Objects #3**, 1989 (gelatine silver print 25 x 35 cm)

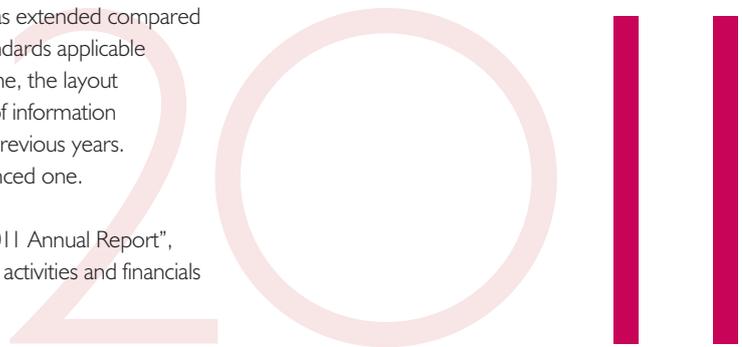
corporate responsibility

Introduction

Every year, the Bank Millennium Group prepares and publishes a report describing all the activities associated with the implementation of corporate social responsibility principles by the Bank and Group companies. Those activities result from principles applicable to all employees and form part of the Bank's corporate culture.

The scope of information included in this year's edition was extended compared to previous editions, since we are striving to meet the standards applicable to reports compliant with GRI regulations. At the same time, the layout of chapters was maintained, which facilitates comparison of information in respective areas with corresponding information from previous years. Also, the Bank spared no effort to make this report a balanced one.

The 2011 CSR report accompanies Bank Millennium's "2011 Annual Report", which presents the main areas of the Company's business activities and financials for 2011.





corporate responsibility

Letter from the Chairman of the Management Board

Ladies and Gentlemen,

It is with great pleasure that we present you with the "2011 Corporate Responsibility" Report. This is the sixth publication presenting Bank Millennium's activities in pursuit of its Corporate Social Responsibility policy. The Report complies with the GRI G3 standards at level C.

Activities of the Bank Millennium Group in 2011 were affected by the pressure of events on international markets. We witnessed slower economic growth and deteriorating sentiments among entrepreneurs. Polish banks were also affected, albeit to a much lesser extent than European banks. In this situation, Bank Millennium continued to implement its strategy, while making the necessary adjustments in its action plan.

Our goal was unaffected: to serve our customers professionally, maintain continued dialogue and build long-term, mutually beneficial relations. In 2011, the Bank paid special attention to a cluster of issues related to risk management, liquidity, quality and maintaining high business safety standards. We also maintained active communication with the market and ongoing contacts with our stakeholders, assisting and advising them in the process of solving their unique problems resulting from the economic slowdown.

2011 was a year of quality improvement. Thanks to an extensive training programme for our staff as well as a review and improvement of procedures the Bank markedly improved the quality of service to all Customer groups. Programme implementation effects were verified in rankings prepared by independent media and also directly in online Customer votes. The Bank was apparently a leader in terms of quality of services offered both to private as well as business customers.

In 2011 following two semi-annual reviews of its activity, Bank Millennium was again included in the RESPECT Index, held by the Warsaw Stock Exchange, the first index of socially responsible companies in Central and Eastern Europe.

In order to fulfil international standards, we added new information to this year's Report, pertaining to the Bank Millennium Capital Group, its business activity and principles of its operation. Generally, the data included in this year's edition are comparable to those from reports published in previous years. Accordingly, the changes that occurred in successive reporting periods may be analyzed.

Last year the Bank strived to expand its relationship with public benefit organisations and other social partners and to review and supplement its statutory documents to include provisions resulting from sustainable business principles. Unfortunately the need to focus on current business efforts made it impossible to fully implement these plans. They will be continued in 2012.

Running a sustainable business based on the principles and values associated with our brand was our goal in 2011 and this also remains true in 2012.

Sincerely,



Bogusław Kott *Chairman of the Management Board of Bank Millennium*





from the cycle **Memories of Arles – Possible Object**, 1991 (gelatine silver print 55 x 45 cm)

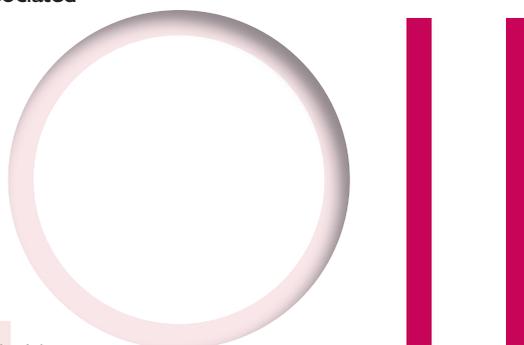
corporate responsibility

Mission, Values and Corporate Culture

The year 2011 was another year of perceptible economic slow-down caused by the economic crisis. It was particularly noticeable in economies of European states. Even though the Polish economy was among the strongest in Europe, since our economies are strongly linked, we also felt the impact of the crisis in the real economy as well as in the area of business psychology. The facts and emotions associated with the crisis also affected the Polish banking sector.

In this situation, Bank Millennium focused on consistently implementing its business strategy. The Bank paid special attention to a cluster of issues related to risk management, liquidity and maintaining high business safety standards. At the same time, the Bank implemented a quality improvement programme that called for rapid improvement of customer satisfaction with services provided, higher loyalty and increased cross-selling. The outcomes of these activities, tested in independent market studies, earned the Bank a top three ranking among the "Friendliest Banks" (a ranking by "Newsweek") and the best corporate banks (a ranking by "Forbes") and a "Service Quality Badge" ("Godło jakości Obsługi") awarded by the votes of web users.

Those activities served as practical confirmation of the Bank's implementation of its mission and values associated with the Millennium brand. Also in 2011, the Bank Millennium Group as a public company made special effort to maintain transparent communication with the market and dialogue with its stakeholders.



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 recognise active relations with them as the Bank's most important objective.



The values associated with the Millennium brand continue to retain their currency:

- **Trustworthiness** – 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 fulfilment of the Bank's operating strategy in 2011 was significantly affected by developments on the international and Polish economic markets. Despite the turmoil on the market the Bank steadily followed its programme while observing the standards and values linked to its mission statement.

Vision

We are part of a financial group with a transnational 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.

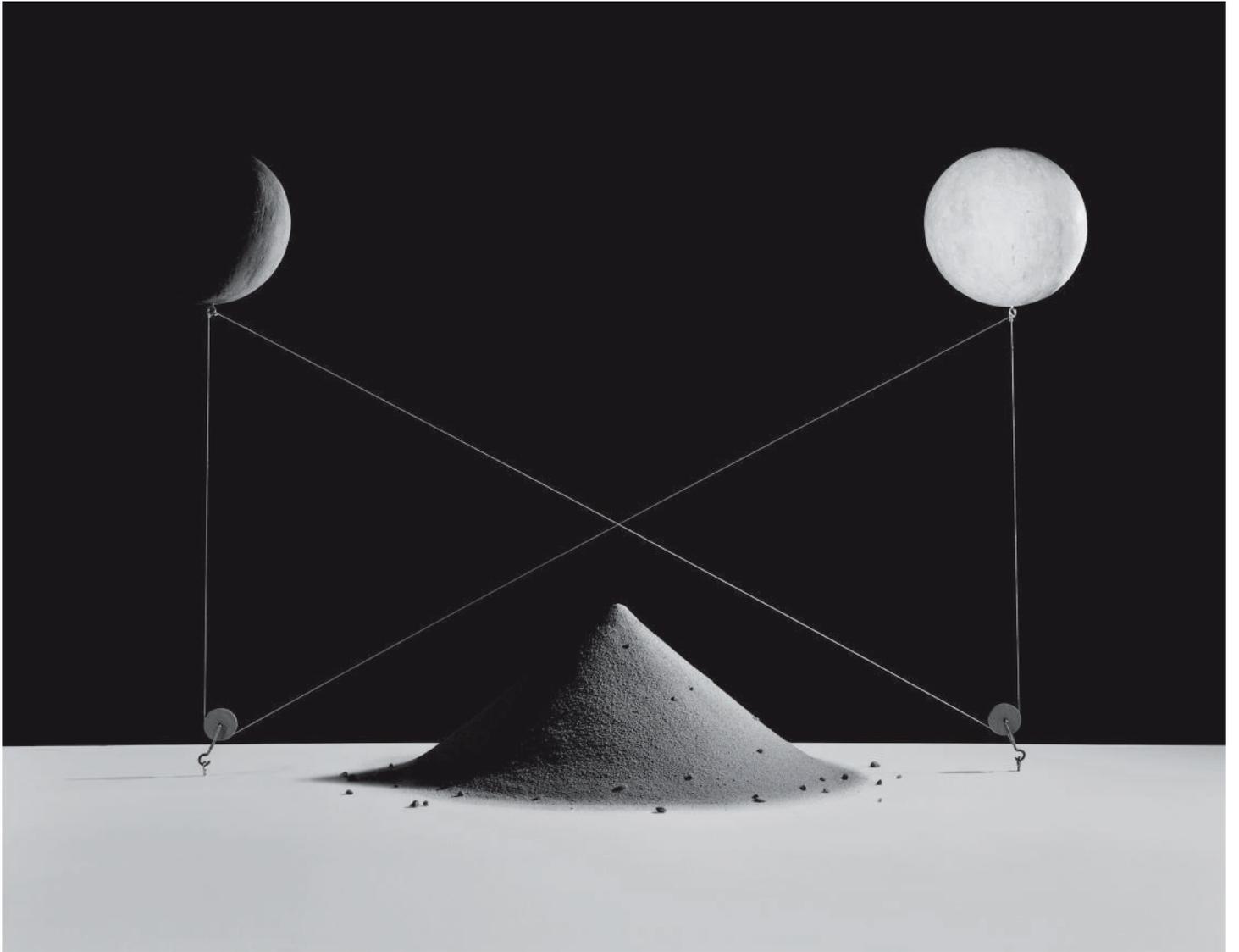
Mission

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 growth to provide shareholders with steady growth in the value of their capital.

The motto "Life Inspires Us" is an element combining our customers' requirements, the expectations of the society as a whole and our employees.

Life Inspires us

In 2011 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 improved recognition of the Millennium brand. Client surveys show that they also contributed to an enhanced evaluation and perception. The Bank is evolving in the direction of a more customer-friendly organisation.



from the cycle **Memories of Arles – Little Universe**, 1991 (gelatine silver print 55 x 45 cm)

corporate responsibility

Parameters of the Report

Methodology

The "2011 Corporate Responsibility" Report of Bank Millennium Group was prepared on the basis of the international reporting standard Global Reporting Initiative Sustainability Guidelines G3 (GRI G3) at level C. Responsibility Report of Bank Millennium Group has been published on annual basis since 2006. Information included in the report pertains to the year 2011, while the numerical data are as at 31 December 2011. The data are comparable to those included in the 2010 report published on 31 March 2010. Where the data pertains to a different period or the presentation methodology has changed, this fact is stated in the contents of the report.

The report contains information on the Bank Millennium Group performing activities related to corporate social responsibility principles. The purpose of the report is to present information on all key areas of the Group's activity, with special emphasis on the matters related to the two largest stakeholder groups: customers and employees.

The process of preparation of the report content involved both employees of the Bank and its other Stakeholders from whom the feedback on bank's operational activity is derived.

Information included in the report cover the Bank Millennium Group, which operates throughout Poland and is comprised of: Bank Millennium, Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych. The report does not cover any small infrastructure companies belonging to the group as their line of business is not material for the issues discussed in this report.

The report also does not include information on the activity of the Bank Millennium's corporate foundation "Life Inspires Us". In 2011, the foundation focused on internal changes: it changed its articles of association, scope of activity and governing bodies and expanded its profile; as a result, the substantive activity in the period had to be limited.

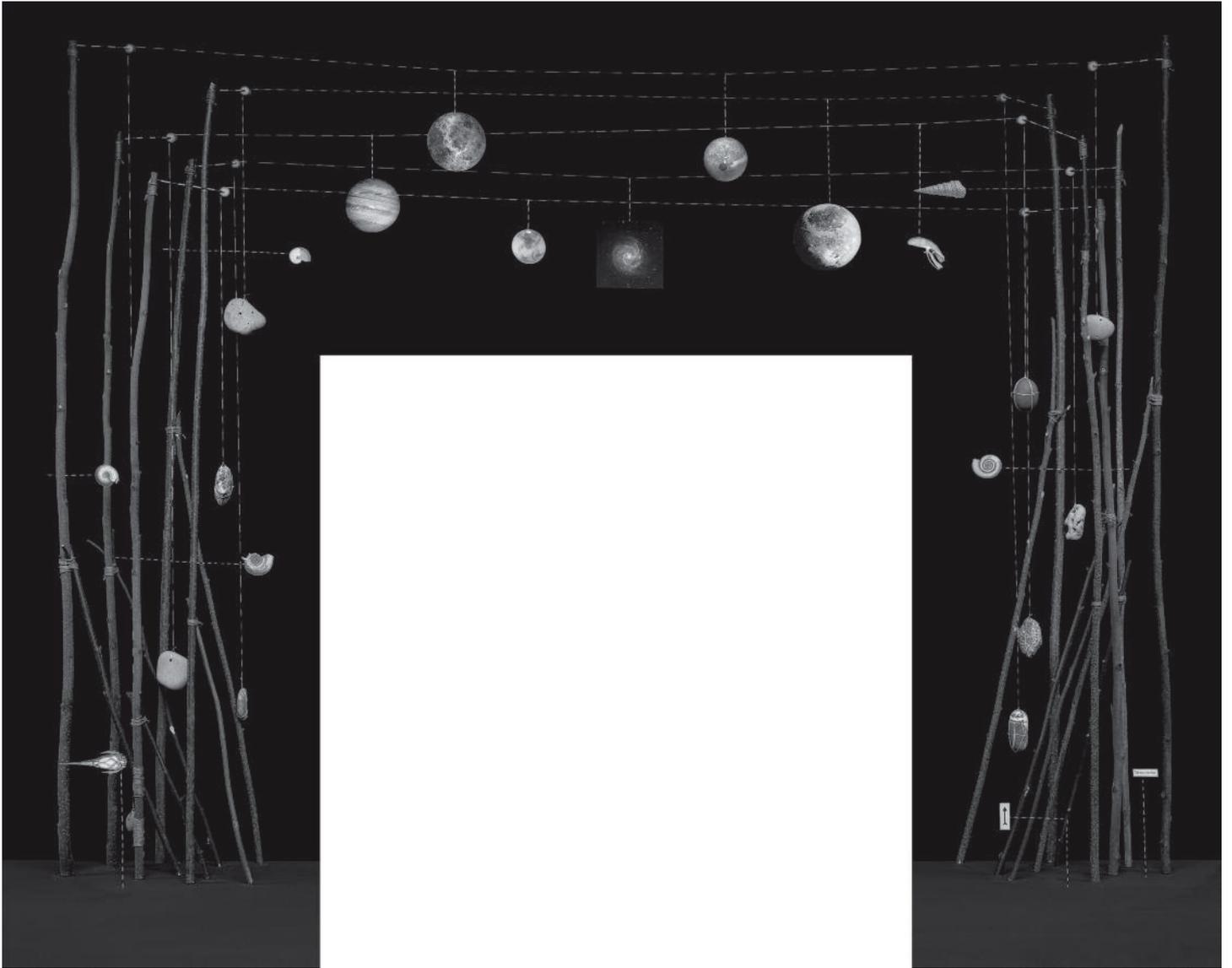
The 2011 report contains additional content as compared to the reports for previous years. The additional content describes the business activity and principles of operation of the Bank Millennium Group.

The process of defining report content

The process of defining report content involved both Staff of the Bank as well as other Stakeholders, who provide feedback concerning their operational activity. Based on a survey of Customer and Employee satisfaction, questions addressed to the Bank by the external auditors and research centres, discussions with Customers, investors, business and social partners, key area of the Bank's activity were identified with respect to corporate social responsibility and report coverage. When defining the report coverage also the principle of control and exerting significant influence on the group of stakeholders was taken into account.

The next step was to prepare a matrix of materiality of the reported matters. This process was conducted in keeping with GRI guidelines contained in the "Defining Report Content" guide. In result of this analysis the report presents matters, which were significant both for the company as well as the stakeholders.

The report content was subjected to a quality assessment by applying tests of the following principles: credibility (third party report audit), transparency (the reported matters are presented in a comprehensible way), balancing between positive and negative information, comparability with previous editions of the report, accuracy (detailed quantitative and qualitative data permit a fair assessment of activity of the organisation) as well as timeliness (the report is published in regular intervals).



from the cycle **Utopias #3**, 2003 (digital print | 110 x 135 cm)

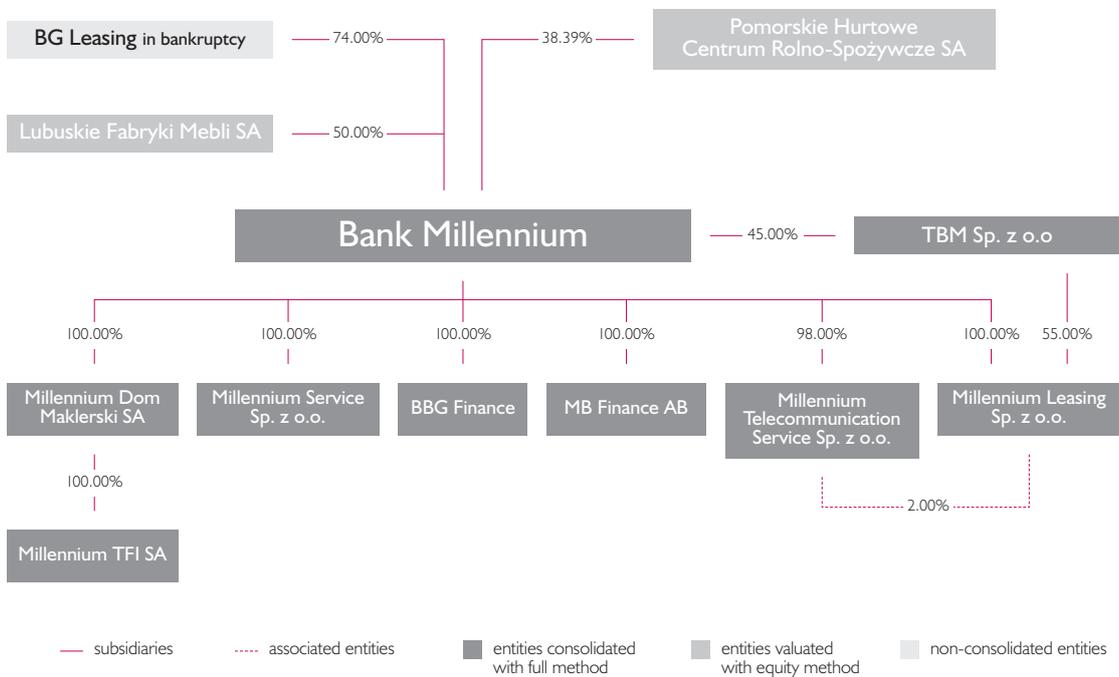
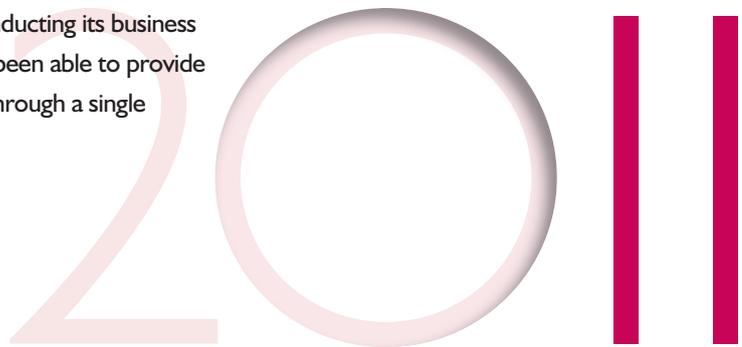
corporate responsibility

Organizational Profile

Bank Millennium Group

Bank Millennium is the main entity in the Bank Millennium Group. The Group also includes Millennium Leasing, Millennium Dom Maklerski, Millennium Towarzystwo Funduszy Inwestycyjnych and other companies. Thanks to its subsidiaries and cooperating companies, the Bank has been conducting its business on all the financial markets for many years and has been able to provide comprehensive financial services to its customers through a single institution.

Structure of the Capital Group of Bank Millennium S.A. as at 31.12.2011

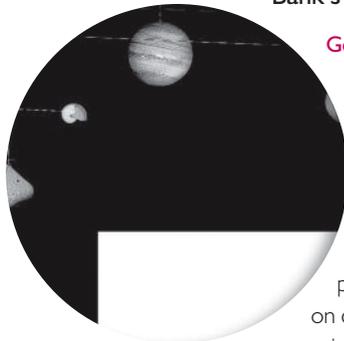


Scope of Activity

Bank Millennium is a joint stock company that has been listed on the Warsaw Stock Exchange since 1992. The Bank operates in the Republic of Poland. The Bank's Head Office is located in Warsaw while some of its head office functions are also performed at the Bank's offices in Gdańsk.

The Bank operates throughout Poland and has no branches outside of its borders. With a network of 447 outlets, the Bank has a footprint in all of Poland's largest cities. Outside of the outlet network, the Bank also offers its services through the Millenet web banking system, through the telephone banking channel and a chain of 571 proprietary ATMs. Through these alternative distribution channels, services are offered 24 hours a day, 7 days a week and access to the Bank's products and services is virtually unlimited.

Bank's Governing Bodies



General Meeting of Shareholders

The General Meeting of Shareholders is the Bank's highest authority. The Shareholder Meeting operates pursuant to generally applicable regulations, including in particular the Commercial Company Code, the Banking Law, the Bank's Articles of Association and the Shareholder Meeting Bylaws. The wording of the Bank's Articles of Association and the Bylaws is available on the Bank's website. The powers of the Shareholder Meeting include in particular: examining and approving annual financial statements, adopting resolutions on distribution of profit or coverage of losses, discharging members of the Bank's governing bodies on the performance of their duties, amending the Articles of Association (in accordance with the general principles set forth in the Commercial Company Code), including increase or decrease of the share capital, issue of convertible bonds and bonds with pre-emptive right and subscription warrants, creation and elimination of capital and funds and adopting resolutions on their use, electing and dismissing Supervisory Board members and setting their remuneration, taking a decision on the Bank's dissolution, sale or merger; selecting liquidators, all decisions concerning claims to redress damage inflicted when establishing the Bank or exercising management or supervision as well as retiring shares and defining detailed terms of the retirement.

Supervisory Board

The Supervisory Board exercises permanent supervision over the Bank's activity. The Supervisory Board acts on the basis of legal provisions, the Bank's Articles of Association, resolutions of the General Meeting of Shareholders as well as the Bylaws available on the Bank's website. Powers of the Supervisory Board include in particular: appointing and dismissing Bank's Management Board Members (with a simple majority of votes) and setting the terms of their remuneration. The Supervisory Board's term of office is 3 years.

The Bank's Supervisory Board is composed at least of 5 members elected by the Shareholder Meeting, where at least half of them, including the Chairman, are Polish citizens. The Chairman of the Supervisory Board is not simultaneously the managing director. The Supervisory Board is composed of 11 members, including 6 members who are not linked to the Bank.

According to the Bank's Articles of Association, the Supervisory Board may establish standing or ad hoc committees to perform specific activities. The Supervisory Board's standing committees are the Audit Committee and the Personnel Committee.

Bank's Management Board

The Management Board is the executive authority of the Bank and manages all of the Bank's operations. The Management Board operates on the basis of the Commercial Company Code and other legal regulations, the Bank's Articles of Association, resolutions of the General Meeting of Shareholders and the Supervisory Board as well as the provisions of the Management Board's Bylaws adopted by the Supervisory Board and available on the Bank's website. The powers of the Management Board cover all matters not restricted for other bodies of the Bank.

The Management Board is composed of at least 3 members, where at least half of them are Polish citizens. The Management Board is appointed by the Supervisory Board. The Management Board's term of office is 3 years. The Supervisory Board may dismiss a member of the Bank's Management Board Member at any time.

The Management Board of the Bank may appoint committees to perform specific tasks.

There are following committees in Bank Millennium Group:

- Commercial Committee – is responsible for coordinating sales and marketing actions, in particular for verifying sales performance against the budget, for developing the product range by taking decisions about implementing new products and improving existing products and services as well as about their pricing. The Commercial Committee has 14 executive members for the Retail area and 21 executive members for the Corporate area.
- Capital, Assets and Liabilities Committee (11 executive members). The Committee is responsible for defining the policy for managing the Bank's assets and liabilities, analysing balance-sheet structure, assessing the competitive position on the banking market as well as the economic and financial standing of the Bank, defining assumptions, which provide the basis for setting risk limits and prices of banking products.
- Credit Committee (12 executive members). It takes credit decisions on the basis of the Bank's internal regulations; approves pre-approval limits as well as limits of the Bank's exposure to banks. The Credit Committee is authorised to recommend proposals to the Risk Committee regarding changes of credit policy.
- Processes and Operational Risk Committee (18 executive members). It sets directions for actions on matters to do with quality and efficiency of processes carried out in the Bank, as well as for optimising operational risk.
- Liabilities-At-Risk Committee (8 executive members). It is responsible for giving opinions and taking decisions regarding the Bank's restructuring-recovery portfolio as well as monitoring their implementation.
- Investments and Costs Committee (6 executive members). It is responsible for optimising fulfilment of investment cost plans of the Bank's Group.
- IT Steering Committee (10 executive members). It is responsible for ensuring that IT strategy is cohesive, in particular that IT systems and solutions development is consistent with the Bank's strategy and its business targets.
- Personnel Committee (8 executive members and 1 non-executive). It is responsible for the HR policy of Bank Millennium Group.
- Risk Committee (10 executive members). It is responsible for risk control in Bank Millennium Group.
- Validation Committee (6 executive members and 1 non-executive member) is responsible for confirming results of validation of risk models and for continuing implementation of measures defined by the Validation Team (in the Risk Department).

Detailed information on the governing bodies and the internal structure of Bank Millennium are available on the www.bankmillennium.pl website in the section "About the Bank" – "Corporate Bodies and Governance".

Markets Serviced and Scale of Business

Bank Millennium is a universal commercial bank providing services to diverse client groups. By the nature of products offered to them, they are grouped in the following business segments:

- Retail segment clients:
 - Retail clients,
 - Clients of the “Prestige” segment: affluent individuals holding assets exceeding PLN 100 thousand in the Bank,
 - Clients of the “Private Banking” segment: affluent individuals holding assets exceeding PLN 1 million in the Bank,
 - Clients of the “Business” segment: companies with annual sales up to PLN 5 million.

- Corporate segment clients:
 - Companies with annual revenues on sales over PLN 5 million.

The Bank’s offering is supplemented by the activity of Bank Millennium Group companies:

- Millennium Leasing – leasing,
- Millennium Dom Maklerski – full range of brokerage activities,
- Millennium Towarzystwo Funduszy Inwestycyjnych – establishment and management of mutual funds.

The scale of business activity conducted by the Bank Millennium Group in 2011 is illustrated by the following data (PLN millions):

	2011	2010
Operating income	1 889.1	1 716.3
Operating expenses	1 124.1	1 083.3
Net sales	1 752.6	1 574.7
Employment structure (FTEs) :	6 289	6 135
of which:		
Bank	5 886	5 754
Subsidiaries	403	381
Equity	4 434	4 091
Capital adequacy ratio	13.2%	14.4%
Loans and advances to Customers (gross)	41 332.4	36 738.5
Customer Funds	41 423.8	39 920.8
Net profit	466.5	325.9

According to available data Bank Millennium held the following market shares in the banking market in Poland:

- loans: 6.5%
- deposits: 5%.

Detailed information and financial data pertaining to the activity of the Bank Millennium Group are available in the "2011 Annual Report of Bank Millennium" available in hard or soft copy on the Bank's website (both reports in Polish and English language versions).

Bank's Products and Services

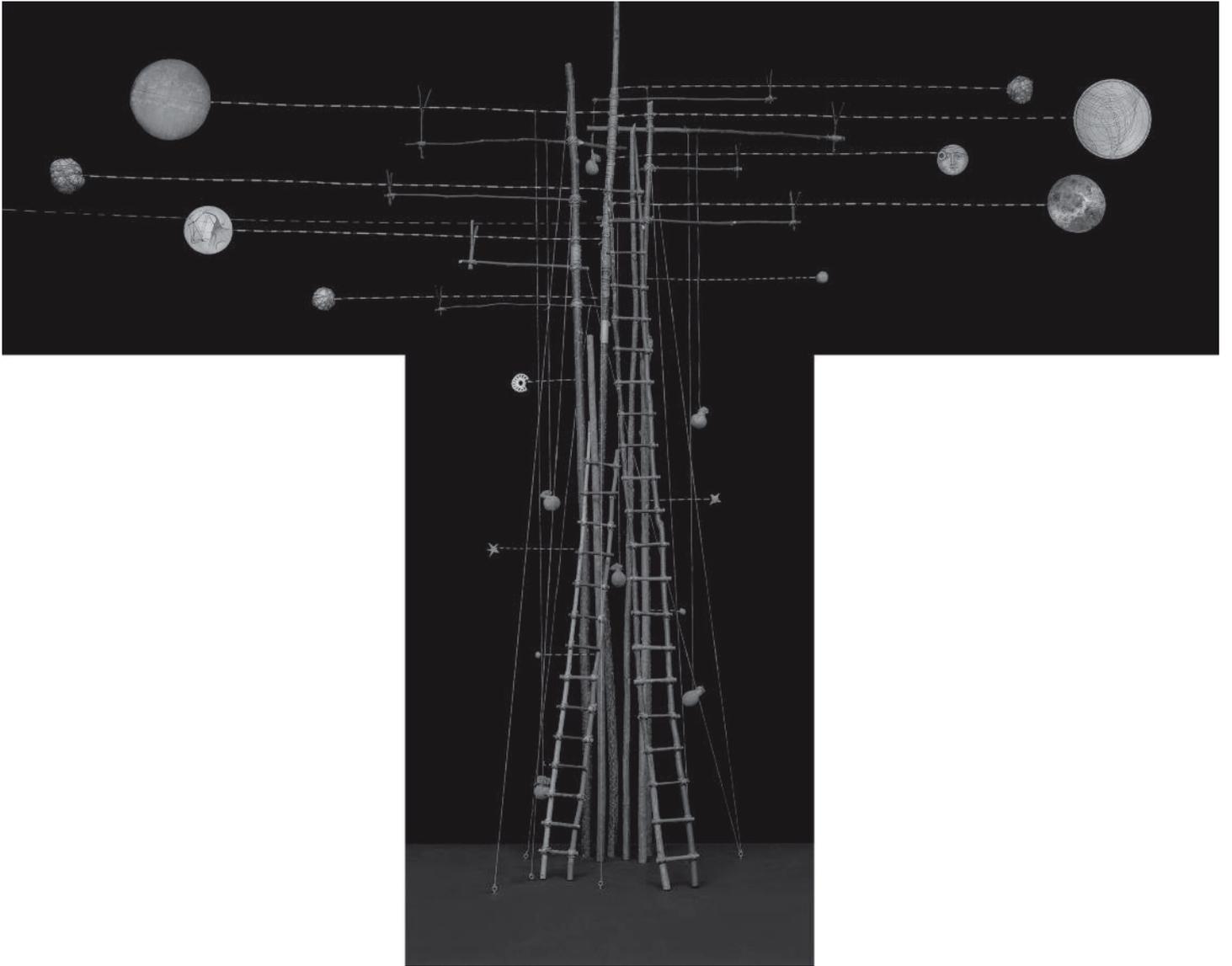
For years Bank Millennium has been providing its customers comprehensive financial services in a single institution. The Bank creates products addressing all market segments: individual clients, small and medium enterprises, corporate clients and private banking clients.

The offering addressed to individual clients primarily consists of personal and savings accounts entailing access via our branch network and the web. From the beginning of the year, clients have been using a new mobile access channel, making it even more convenient to use bank products and services. In 2011 the Bank also launched one of the most innovative and popular accounts called Dobre Konto, which offers rewards for daily purchases. This was one of the novel products that altered the market while providing clients with not just an account with no maintenance fees but also with the opportunity to earn refunds of some of their expenditures.

The offering targeting individual clients also includes payment cards, loans, mortgage loans and savings products, which have won awards in Poland and abroad.

In responding to the needs and expectations of different groups of customers the Bank offers every segment different products with varying commitment of funds and prospective earnings. The direction of change and the implemented innovations are driven directly by customers' opinions. Bank Millennium conducts regular customer satisfaction level polls and a broad variety of quantitative and qualitative research pursuing a range of methodologies. The feedback provided directly by product users is the best justification and element driving all measures, investments and innovations. The process of improving existing and creating new products therefore serves the purpose of satisfying specific needs of specific consumers. This makes Bank Millennium a friendly and modern bank which is making a visible contribution to the development of financial services in Poland.

The Bank offers its services through a network of own branches as well as in cooperation with financial agents and trade partners.



from the cycle **Utopias #6**, 2003 (digital print 110 x 135 cm)

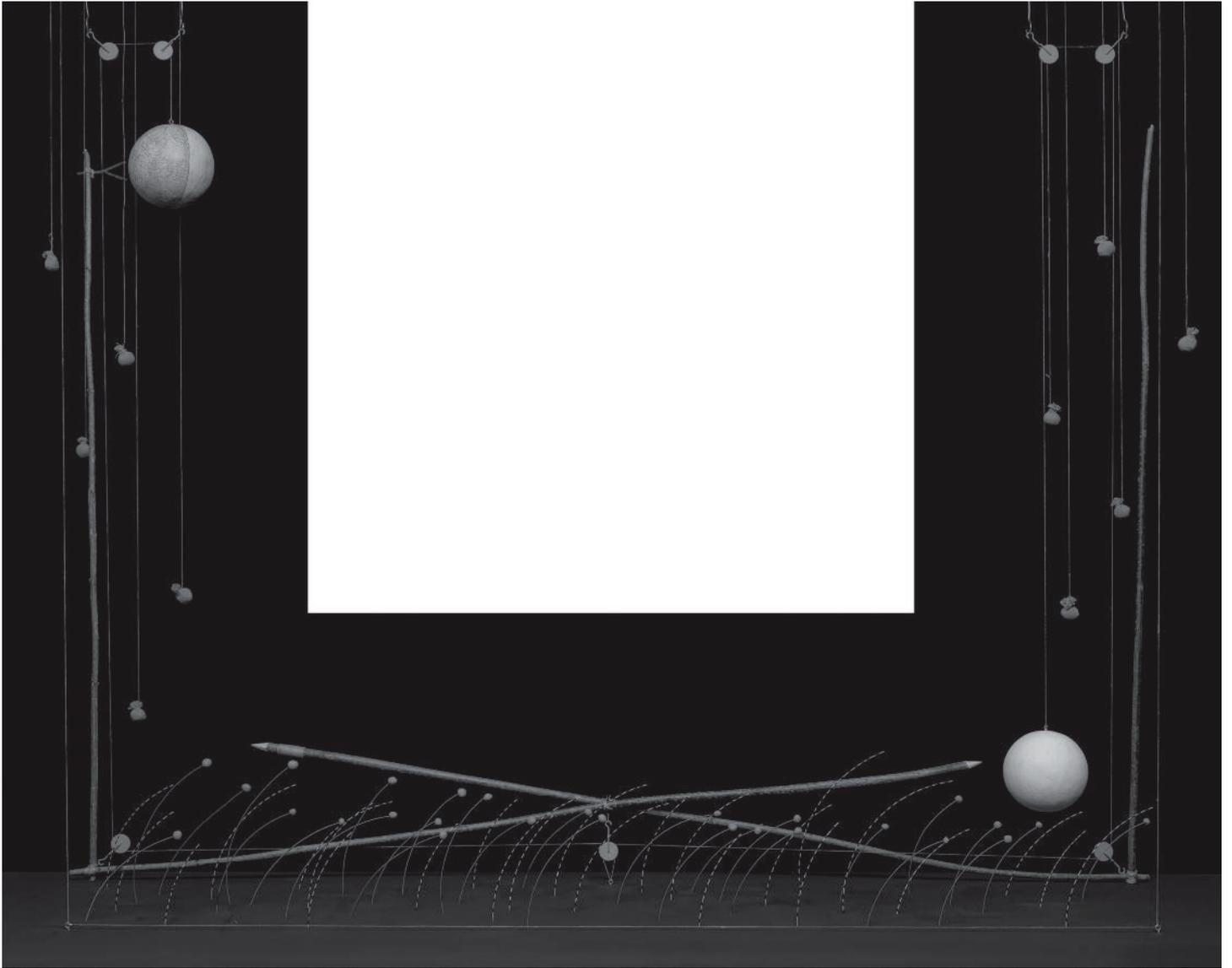
corporate responsibility

Financial results

2011

	2011	2010
Operating income	1 889.1	1 716.3
Operating expenses	1 124.1	1 081.6
Personnel costs	540.2	525.9
Income tax	124.6	81.8
Donations and grants	1.59	1.11
Net profit	466.5	325.9
Distribution of profit	The Management Board of the Bank will propose to retain all the 2011 profit of the Bank *	Dividend of 121.3 Additional reserve capital 199.3

* the decision will be taken by General Meeting of Shareholders of Bank Millennium



from the cycle **Utopias #7**, 2003 (digital print 110 x 135 cm)

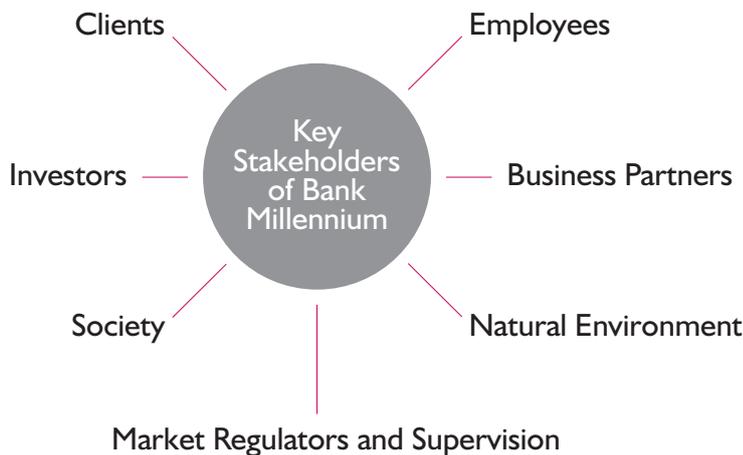
corporate responsibility

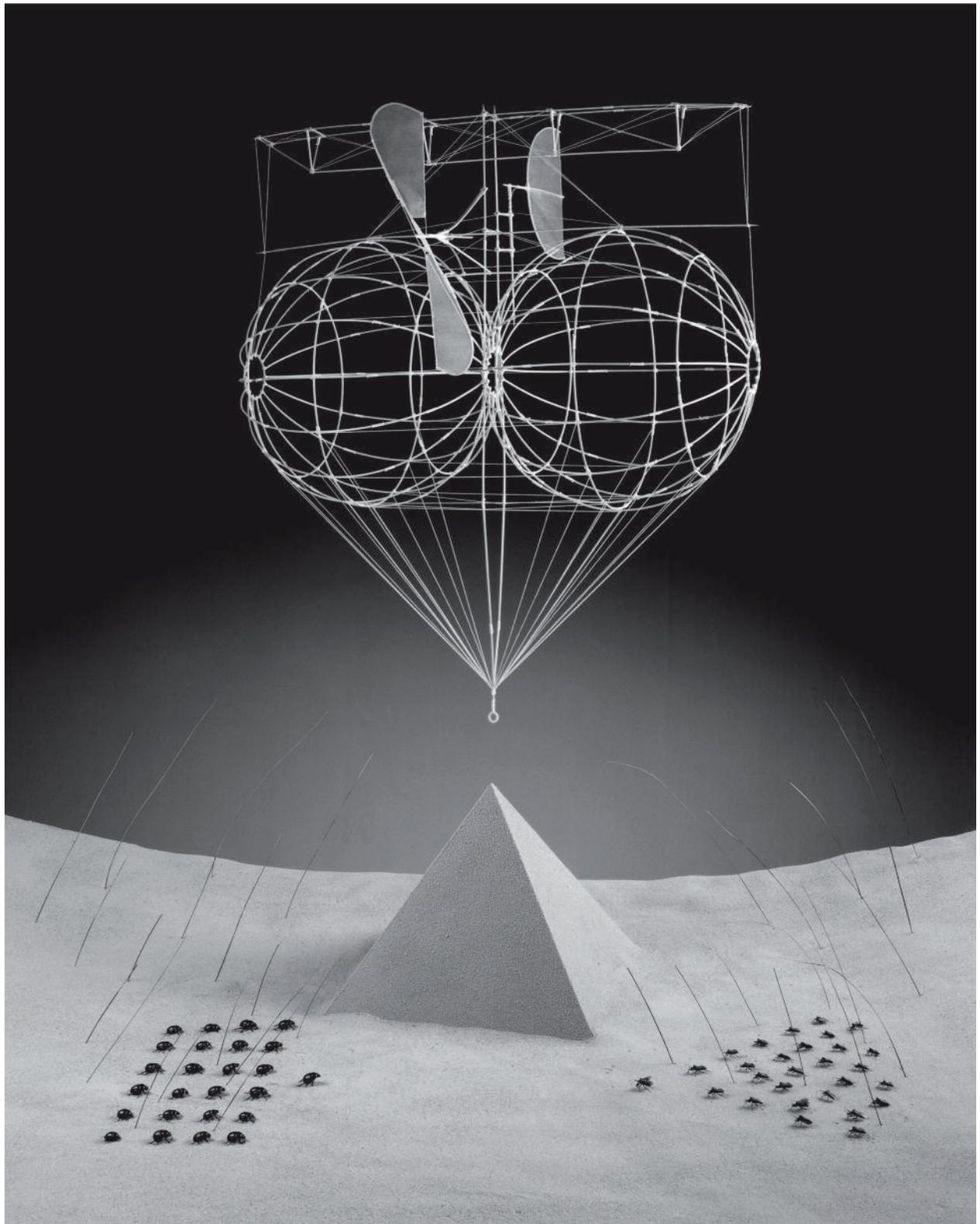
Dialogue with Stakeholders

Bank Millennium Group treats dialog with the main groups of the Stakeholders, i.e. Customers, Employees, Suppliers, Investors, Society, Regulators and Market Supervision, and taking into account the impact on natural environment, as one of the basic principles of responsible business.

The Bank endeavors to facilitate this dialogue in an uninterrupted manner at a number of different levels and in a variety of forms. In 2011, having regard for the economic slowdown in Poland and the economic crisis on European markets the bank has attempted to deliver clear information to its stakeholders regarding its strategy in this period and to help them procure knowledge enabling them to solve atypical problems arising in this period. The purpose of these actions was to develop long-term relations with various groups of Stakeholders who were identified on the grounds of their importance in operational activity of Bank Millennium Group.

Key Stakeholders of Bank Millennium





from the cycle **Civilisations #4**, 1992/93 (gelatine silver print 55 x 45 cm)

corporate responsibility

Dialogue with Customers

Customer Service Quality and Satisfaction Research

For years Bank Millennium has been engaged in conducting intensive dialogue with its customers. The research concerning customer expectations, opinions and satisfaction is on one hand a barometer to monitor customers' level of satisfaction with the quality of the Bank's service and its offering while on the other hand it points to areas in need of streamlining in the most important points of interface with the Bank Millennium brand from the customer's point of view.

Project to enhance the customers' level of satisfaction

2011 was not just a year in which these measures were continued; it was a period in which providing high quality customer service was one of the whole organization's strategic objectives.

An interdepartmental project was established in the Bank to enhance the level of customer satisfaction and to attain a high referral rate. In five integrated programs (for the branch network, customer care call centre, web banking, complaints and the head office) actions were undertaken throughout the year to improve customer service quality in all the most important areas of customer contact with the Bank.

An inseparable element of every programme was to gain familiarity with customer opinions which drove and integrated all our actions.

Customer Satisfaction Survey

One of the most important research projects conducted in 2011 was the Bank's customer satisfaction survey. Just as every year, this survey included customers of all business lines using all banking channels ranging from direct in-branch service to remote channels like the web and telephone interfaces.

Nearly 62 thousand customers from all business lines were invited to participate in the survey (50 thousand individual customers, 11 thousand small and medium enterprise sector customers and nearly 600 corporate customers). According to the survey findings the overall individual customer satisfaction index in 2011 was 78%, representing growth of 1 percentage point compared to last year. 89% of our customers are satisfied or very satisfied with their cooperation with the Bank (growth of 5 percentage points compared to last year), 83% of them expressed their satisfaction with the products and services offered by the Bank (growth of 5 percentage points compared to 2010), while 90% of our customers are satisfied with the quality of service (growth of 2 percentage points compared to 2010).

Percentage of customers who are very satisfied or satisfied with their cooperation with the Bank:



Percentage of customers who are satisfied with the Bank's product offering:



Percentage of customers who are satisfied with the Bank's service quality:



The growth in all these indicators proves that the measures undertaken in the Quality Project have started to deliver the intended outcome. This fact is also confirmed by the growing referral rates. In 2011, 55% of our customers expressed the willingness to refer Bank Millennium to their friends and family. In addition, 70% of our customers declared their willingness to use more Bank products (68% in 2010) while 85% of them are willing to continue cooperating (80% in 2010).

Customer Service Quality Survey

Bank Millennium attaches great weight to continually enhancing the level of direct service provided by employees cooperating with customers. For this reason a very intensive "Mystery Shopping" survey programme was pursued throughout 2011. Every month, under engagement from the Bank, specially-trained auditors from an external research firm visited all the Bank Millennium branches to assess service quality using a detailed questionnaire. This entailed the auditors playing the role of genuine customers interested in various banking products or transacting day-to-day service activities on their products. In 2011 these auditors paid more than 5,200 visits to the Bank's branches.

2011 was also a year of regular surveys concerning the other most important areas of direct customer service: customer care call centre and web banking employees responsible for electronic communication with customers. Every month independent auditors checked the level of service in these channels by evaluating their accessibility, employee courtesy and commitment to solving customers' affairs, their knowledge and communication skills. In 2011 more than 470 such audits were conducted in total in our remote channels.

The service quality surveys conducted allowed us to ascertain considerable growth in the level of service quality compared to the previous year, both in Bank branches and remote channels. Moreover, quality enhancement was also confirmed by the high positions secured by the Bank in 2011 in external quality rankings.

Awards in external quality rankings

In 2011 Bank Millennium placed on the podium in the "Friendly Bank" ranking organised by the "Newsweek" weekly. Third place in the category "Bank for Traditional Clients" and third place in the category "Modern Client" (in 2010 the Bank placed 12th and 16th respectively) was the largest upward movement among all 23 banks assessed for their customer service quality level. "Newsweek's" ranking using "Mystery Shopping" is the most influential and independent ranking of quality in the banking industry, which was published for the ninth time in 2011.

The high quality of Bank Millennium's services was also noticed by web users thanks to whom Bank Millennium won the Service Quality Badge in the "Bank and Insurance" category.

Quality and satisfaction survey

	2011	2010
Surveys conducted	18	35
Number of customers surveyed	256 609	225 629
Number of responses received	71 829	76 837
Individual clients satisfied with their cooperation with the Bank	89%	84%

Managing Complaints

In 2011 Bank Millennium continued efforts to enhance the process of examining customer grievances and complaints.

The Bank's primary objective in this area is to standardize the process and truncate the time of examining complaints while enhancing the quality of customer service. To this end, the necessary changes were effected in the organization of the work of the unit responsible for examining complaints. A new IT system was also implemented to handle customer grievances. Attention was also paid to the quality of information sent to customers while introducing service standards making responses sent to customers clear, more comprehensive and understandable.

In 2011 the number of customer grievances was similar to the previous year's level. In the period from January until the end of December 2011 the Bank received 44 890 complaints, 3,741 complaints were recorded in 2011 on an average monthly basis, compared to 3,570 complaints in 2010.

The process streamlining implemented by the Bank made it possible to shorten the average time of examining a complaint from 20 days in 2010 to 14 days in 2011. This was primarily possible thanks to increasing the number of complaints examined within a period of up to 7 days. The percentage of this group of complaints grew in 2011 from 20% to more than 50%, while in just December 2011 it climbed to more than 60%.

In 2011 the Bank registered more complaints relating to payment card transactions. A relatively large number of complaints concerning mortgage loans was also registered. Approximately 70% of these complaints concerned the service of mortgage-related security. To eradicate the causes of these types of complaints the Bank paid heightened attention to the rules in force in this process: it sent additional informational letters to customers and it also took efforts to streamline cooperation with the insurance company in respect of the collection of the low downpayment insurance premium.

A decline in the number of grievances reported in 2011 was registered in cash loans and in fees for payment cards.

Giving consideration to the channels for submitting complaints, increasingly more complaints are being submitted to the Bank from year to year through such remote channels like the Millenet transaction system (24% of all complaints in 2011 compared to 16% in 2010) and the Customer Care Call Centre (18% in 2011 compared to 17% in 2010). Nevertheless, customers continue to choose the branch as the most convenient channel for submitting a complaint (49% of all the complaints reported to the Bank in 2011).

In 2012 Bank Millennium will continue its efforts to streamline and accelerate the complaint examination process, to enhance the level of customer service quality at every stage of the complaint process and to eradicate the causes of customers' grievances.

Claims Management

	2011	2010
Number of claims reported		
Total	44 890	42 844
Retail	44 159	41 987
Corporates	731	857
Number of claims decided in favour of the Bank		
Total	12 265	11 284
Retail	12 082	10 945
Corporates	183	339
Number of claims decided in favour of clients		
Total	33 249	30 509
Retail	32 695	29 594
Corporates	554	915
Number of claims against breach of client privacy and loss of personal data		
	344	248
Claim handling time		
up to 3 days	5 311	2 320
4 to 7 days	6 495	5 857
Over 7 days	31 842	33 616
Average time of claims handling	14.5 days	20 days
Claims accepting channels		
Branch	49%	55%
Millenet	24%	16%
Call Centre	18%	17%
Head Office	9%	11%
CWK – Customer Relationship Centre	0%	1%

Customer Contact Channels

Telemillennium

The ability to transact business through a bank account without having to leave home is afforded not only by our web service but also our telephone service. The mobility afforded by the telephone entails contact with the Bank and a telephone consultant 24 hours a day, 7 days a week.

Telemillennium makes it possible not just to submit instructions and orders relating to the service of Bank products but also to provide assistance in clarifying doubts, obtaining information about our offering and intervening in an emergency. This is also a channel of contact for prospective customers who can give instructions to open a checking and savings account or a credit card through Telemillennium.

Bank is constantly taking measures to meet customers' expectations regarding the scope of service offered by telephone. The list of available transactions and instructions encompasses a broad range of possibilities. Customer convenience and expectations are the primary yardstick for measuring the breadth of the offering while the sole constraint is the security of the executed transactions.

In 2011 the Bank concentrated on quality-related efforts. Previously defined customer opinions and needs demarcated the direction of these efforts. The conclusions stemming from the analysis made it possible to divide the work into two parallel processes: development of consultants' skills and knowledge and analysis of the scope of customer service.

Conversation is the main and most important value of the telephone-based customer service channel. In 2011 consultants conducted more than one million conversations. Not only the scope of conveyed information but also its form: the manner of speaking, the ability to present an argument and to seek out better solutions are important attributes of a conversation with a consultant. Even though the Bank's offering limits the number of topics of conversation, every conversation with a customer is individual in nature and is rooted in his or her needs. Developing these skills is one of the most difficult areas and the process of improvement is constantly ongoing.

Cooperating with a firm surveying the results of these processes has provided a broad catalog of information and conclusions to be used to streamline operations and enhance quality of service. Coming to terms with the opinions expressed in the course of "Mystery Shopping" research painted a picture of the quality of service in the entire process through which the customer goes from opening an account to using products and services.

The outcome of these efforts was confirmed by the ranking entitled „Newsweek's Friendly Bank", in which the telephone channel recorded the greatest growth in respect of quality of service.

Telemillennium

	2011	2010
Number of calls to Telemillennium	2 348 823	2 203 963
Calls to a consultant	1 137 767	1 064 885
Automatic traffic	1 159 836	1 139 078

Telemarketing

Telemarketing plays a leading role in the programme launched in previous years to notify customers of new product and service offers.

Customers appreciate telephone contact. Important information of a comprehensive nature is conveyed on an ongoing basis. Responding to customer expectations, the Bank attempts to curtail formalities to a minimum and to grow the number of products opened during a phone call. In addition, by showing care for service quality, we pay special attention to substantive content, product customization and the form of conversation itself.

In 2011 telemarketing employees contacted 560 334 customers of which 176 534 customers were interested in the Bank's proposal (in 2010 the number of effective contacts was 654 667 with 254 563 interested customers). The difference resulted from the fact that in 2011 offers were addressed to a smaller group of customers. The implementation of "Recommendation T" by the Financial Supervision Commission exerted a material influence on the size of databases regarding best practices in managing the risk of retail credit exposure.

An innovative product recently launched by the Bank is Mini Karta PayPass Sticker. During the conduct of this campaign our Telemarketing employees contacted 19 603 customers and opened 10 160 cards.

Telemarketing	2011	2010
Numer of contacts with clients	863 525	1 152 466
Declaration of interest in the Bank's offer	176 534	254 563

Millenet, MilleSMS and mobile banking

Millenet is an extremely important channel in the dialogue between the Bank and the customer. An increasingly larger number of customers use bank services solely and exclusively through electronic channels, which includes not only web banking but also mobile and ATM services.

Since customer expectations of these access channels are growing, the functionality of Millenet, ATMs and mobile service is constantly being expanded to include new products and services. The available opportunities are analyzed with an eye to their utility and if necessary commensurate changes are implemented. The primary objective guiding these changes is to enhance customer satisfaction and convenience.

The Bank launched a campaign in 2009 to encourage customers to protect the environment by converting hard copies of bank statements into soft copies. These efforts were also continued with success in 2011. As at yearend 2011 some 92% of the customers who actively use Millenet download online bank statements. This success confirms that it was worthwhile to engage customers in this process not just to enhance their convenience but also to protect the environment.

Customers using the web banking system (Millenet) may contact the Bank by sending mail. We receive many suggestions this way on the operation of the system's various functionalities and we also field questions regarding banking products and services as well as complaints.

The number of mails received is growing constantly – in proportion to the growth in the number of customers using Millenet. The number of mails currently constitutes approximately 3% of the number of active clients.

In a month we field approximately 7 500 mails from customers of which nearly 90% are related to the products and services offered by the Bank. Approximately 12% of the mails received are complaints.

In 2011 another channel of communication was launched: the contact form available without logging onto the Bank's information website. Queries concerning products and services and offers of cooperation are sent through this channel, primarily earmarked for contact with prospective customers. On a monthly basis we receive approximately 500 such mails.

The response time for mails received via Millenet and via the contact form on the information website is very short: customers usually receive a response in a single business day.

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.

Responding to customer expectations, in 2011 mobile banking was launched. This enables customers to use not just the MilleSMS notification service, which is currently used by nearly 170 000 customers, but also a special mobile application, as well as a browser version of the system. This means that they can monitor their finances 24 hours a day, 7 days a week even if they do not have their computer with them and are not able to access web banking.

During the initial phase mobile banking was available as an application for iPhones; subsequently this application was expanded to include mobile phones with an android operating system and during the next stage a browser version was implemented. We were keen on every mobile telephone user being able to utilize this service.

Mobile banking services are being steadily developed, new functionalities are being added (such as a branch and ATM search engine, the opportunity to view upcoming payments, exchange rates, etc.) so that customers may fully utilize this channel of communication.

In 2012 more changes are planned in all channels of electronic banking to deliver customers even more modern and effective tools to contact the Bank.

Millenet*

	2011	2010
Clients using Millenet	1 238 385	1 080 617
Clients using MilleSMS	171 673	143 881
Clients using online statements	458 396	345 786
Clients using mobile banking	28 278	-
Inquiries in Millenet about system features	23 353	15 502
Inquiries in Millenet about products and services	24 372	48 466
Inquiries through a contact form	5 584	-

* for individual clients

Marketing Communication

Marketing communication is an important instrument for Bank Millennium to communicate with the market, that is with its current customers and prospective customers. It is also one of the key elements that build the Bank's image as an institution of public confidence. All the communication activities of Bank Millennium serve the purpose of providing reliable information on banking products and services in a matter that allows the recipients to understand it, remember it and receive a positive message. Advertising communication in the TV, radio, press and the Internet as well as posters and leaflets displayed in the Bank's branches allow the customers to get to know the details of the offering and facilitate a good choice. Advertisements are customised to match the medium where they are displayed. As a result, all the information, including detailed features of the offering, is clear and comprehensible to the recipients.

All advertising and marketing messages are friendly and matched to the knowledge and perception of the average recipient and comply with the applicable laws and regulations. In marketing communication, Bank Millennium applies the principle of fair competition and respects the interest of its current and future customers and market competitors. The advertising message is also fully compliant with the Canon of Best Financial Market Practices and the guidelines laid down by the Financial Supervision Commission. The Bank has also adopted its internal regulations in this respect.

In accordance with the principles of advertising banking services, which were prepared by the Financial Supervision Commission Bank Millennium's advertisements are not misleading and show the important features of the products and services and related benefits and costs. They also depict the legal nature and provide information about the level of risk carried by the customer. If the communication pertains to a promotional offer, the advertisement always clearly states its time limit. Thus the Bank's products and services are appreciated by Customers and their quality as well as their delivery process are not questioned and are not contested publicly. Bank Millennium monitors all the recommendations of the Financial Supervision Commission relating to marketing communication and adjusts on an on-going basis to any new regulations.

By observing the highest standards the Bank Millennium communication message effectively builds the brand's position on the market. Bank Millennium commercials aired from January to December 2011 contributed to the increased brand recognition and sales levels. Surveys regularly conducted by MillwardBrown SMG/KRC show that the spontaneous brand recognition of Bank Millennium is around 38%, which ranks it 3rd-4th 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 97%. Supported Total Awareness of Bank Millennium's Advertising Communication is about 59%, ranking it 3rd on the market.

Availability of Services

Year 2011 was the year of quality for the Bank. The Bank did not expand its sales network as intensively as in previous years, focusing primarily on improving the operation of existing outlets. All the decisions pertaining to the change of opening hours of the outlets, their closing or reconstruction were taken based on an in-depth analysis of customer needs and their ongoing suggestions. The Bank commissioned a third party company to conduct a detailed audit of the sales network. The audit allowed the Bank to implement solutions that translated into the quality of service which is highly rated by the Bank's internal and external customers.

In order to meet the expectations of the most affluent clients, the Bank established the Private Banking Department. The main tasks of the employees who took the job of a Private Banking Advisor is to initiate and maintain relations with customers while keeping the highest possible standard of services. The service model involves an individual approach to customers and product solutions that this relatively small group of customers who however hold significant funds will treat Bank Millennium as the leading bank for conducting their financial operations.

Availability of Services

	2011	2010
Number of branches	447	469
Number of branches with access for handicapped persons	447	469
Telemillennium – number of calls	1 200 000	1 064 885
Millenet – – total number of clients*	1 221 083	1 080 617
Bank Millennium ATMs	571	570
Euronet ATMs	-	-
BZ WBK and Cash4You ATMs	1 759	1 729

* individual clients

Partnership of Bank Millennium and MAKRO Cash & Carry

In July 2011, Bank Millennium and MAKRO Cash & Carry launched their cooperation associated with the introduction of a financial product offering prepared for entrepreneurs who are also customers of MAKRO Cash & Carry.

The offering covers a broad range of products for companies, their owners and employees, such as payment cards and credit products. This new project gives MAKRO Cash & Carry the opportunity to offer to its customers improved solutions that facilitate cashless payments in MAKRO depots as well as other commercial and service outlets accepting MasterCard/Maestro cards.

In all thirty depots of MAKRO Cash & Carry currently operating in Poland, Bank Millennium opened Customer Service Points where MAKRO Millennium cards are issued, which are both payment cards and entry cards to MAKRO Cash & Carry depots. The products from the partnership offering of Bank Millennium and MAKRO Cash & Carry may also be applied for in Bank Millennium Outlets throughout Poland, through TeleMillennium call centre and the Bank's website.

In addition to payment cards, the partnership offering of MAKRO Cash & Carry and Bank Millennium includes other products for financing business activity and bank accounts. Corporate customers may use current account overdraft (no interest on the overdraft limit for 7 days a month), cash loan (without a preparation fee), investment loan (without the requirement to present the business plan) and leasing. For individual customers, an overdraft limit and cash loan offerings were prepared.

Socially-Committed Products

Individual Clients

Bank Millennium has a comprehensive offering of bank services targeted at individual clients, allowing them to manage their finances in a simple and efficient fashion. The Bank makes all efforts to ensure that the offered products include ones supporting the achievement of social objectives

WWF Millennium MasterCard Credit Card

In 2011, Bank Millennium continued its cooperation with WWF by issuing a joint co-branded card. The WWF Millennium MasterCard offered by Bank Millennium is the market's first affinity credit card connected with the environmental protection idea. The beneficiary of the card is WWF Polska, the largest international environmental foundation that implements ambitious environmental programmes in Poland. Each holder of WWF Millennium MasterCard credit card may become actively involved in environmental protection through daily card payments.

Bank Millennium transfers one-half of the annual fee for the first year of using the card and a specified percentage of each electronic transaction conducted in any store or service outlet to the Foundation's account. Additionally, the card is made using an environmentally-friendly PETG polyester which may be recycled.

Millennium Visa Impresja / Millennium MasterCard Impresja (credit cards)

Millennium Visa Impresja and Millennium MasterCard Impresja credit cards (featuring PayPass technology) were launched by Bank Millennium in 2010. The offering was very carefully prepared for women who are very demanding customers.

Millennium Visa Impresja / Millennium MasterCard Impresja will reimburse 5% of the value of goods purchased in the shops of 25 leading brands. 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 beautician. Impresja's advantages also include the possibility of scheduling one's purchases made with the card into 0% instalments, thanks to which twice a year you can use interest-free credit for up to 12 months.

In 2011, the offering attracted significant interest from the customers and the Card received several prestigious distinctions: it got the first place in the ranking of the cheapest card credit prepared by "Dziennik Gazeta Prawna" and Expander. The Impresja card was also recognised on the international market – it won the international Visa Europe Member Awards 2011 contest in the Best New Customer Proposition category. Visa Europe Member Awards is an international contest which rewards the most innovative undertakings and card products offered by Visa member banks throughout Europe.

Prestige and Private Banking Customers

Bank Millennium's offering includes "green" mutual funds:

New Energy Black Rock Fund

The fund invests in the equity of new energy technology companies. Those are companies which have a significant focus on alternative energy or energy technology, including renewable energy sources, alternative fuel, production of electricity for the automotive industry, material technology, storage of energy and technologies supporting energy generation.

Investor Climate Change Fund

Invests mainly in the business areas focused on reducing the impact of the climate changes on the environment and mitigating their effects (clean technologies, renewable and alternative energy sources, prevention and management of natural disaster, eco-friendly transportation of passengers and cargo).

HSBC Climate Change Fund

Invests in securities of companies operating in areas related to climate change, such as energy generation from alternative sources, saving water and energy, minimization of waste and sewage volumes, production with low carbon footprint and modernization of industrial plants.

PZU Energy Medicine Environment Fund

The fund focuses on the companies that run a business associated with power, broadly defined health care and protection of the natural environment.

Mortgage banking customers

In 2011, we observed significant interest in mortgage loans and further increase of Bank Millennium's share in the mortgage banking market. In 2011, the Bank improved its sales performance over the previous year; the value of mortgage loan amounts disbursed was PLN 2,126 million, i.e. it was 18% higher in comparison with the year 2010. The Bank achieved a similar growth rate (17%) in mortgage loan agreements – Millennium mortgage banking customers signed agreements for the overall amount of PLN 2,191 million with the Bank. At year-end 2011 the portfolio of Bank Millennium mortgage loans reached PLN 28,251 million (PLN 24,854 million the year before).

In 2011, Bank Millennium continued its activity aimed at satisfying the residential needs of the broadest possible group of clients and therefore solving one of the most pressing social problems. A tool used for implementing this idea was the sales of preferred loans granted within the framework of the "Family on Its Own" governmental programme. The legal regulations of the programme were amended at the end of August 2011: adding singles to the group of beneficiaries, reducing the ratio used for calculating limits per sqm of an apartment, introducing an age limit for the persons who may apply for a loan under the programme (up to 35 years of age). The changes contributed to a lower supply of real properties for which the governmental programme was available. In spite of that, next year the Bank will undertake further efforts to adjust its mortgage products to the social needs of their recipients. It is expected that loans granted under the „Family on Its Own" programme will continue to be a major tool in implementing the responsible business idea in the Millennium mortgage banking area.

In 2011, by implementing the provisions of the “anti-spread” act, Bank Millennium provided an option to the Borrowers to repay the loan in the currency in which it was incurred, free of charge. Among other major initiatives, one should also mention the option of instalment-based premium payments for low contribution insurance. The instalment-based premium payment option was available to clients with CHF-indexed mortgage loans for whom, according to the rules in place, low contribution insurance is continued for the next 3-year period.

For many years now, the Bank has taken up numerous initiatives aimed at developing relations with the current clients. For 2 years now, the Bank 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. The Bank’s offering is flexible and the Bank does not encourage its clients to use risky and expensive products.

The year 2011 was a period in which Bank Millennium initiated numerous marketing activities to promote Mortgage Loans on the Internet. Our offer was communicated on-line throughout the year. By the end of September, our advertising materials featured the image of a well-known singer, Kasia Kowalska. Starting from November, Bank Millennium launched a Mortgage Loan campaign in the Internet, which supported clients in the process of purchasing an apartment. The interested clients are offered assistance in selecting an appropriate location and a loan that will enable fulfilment of their dream of being an apartment owner. To this end, a non-standard application was prepared, which provides assistance in finding an appropriate place of residence in just three simple steps.

Lawsuit filed by the President of UOKiK

On 21 October 2011, the Appellate Court in Warsaw dismissed the appeal filed by Bank Millennium against the judgment of the Court for the Protection of Competition and Consumers, in which it recognised six provisions of the Bylaws of Lending to Natural Persons as part of Mortgage Banking of Bank Millennium SA as abusive clauses and prohibited their using. This judgment did not affect the Bank’s relations with its clients in any way, since it pertained to historical provisions that the Bank has already abandoned in the past or which became outdated after the Bank gave up lending in foreign currencies.

Corporate Clients

In 2011, the Corporate Banking area at Bank Millennium continued work on developing socially-responsible products. Banking products for Corporate Banking Customers are developed to provide entrepreneurs with cutting-edge, efficient banking solutions for their business. At the same time, Bank Millennium strives to promote socially-responsible products.

Examples of the Bank’s activity associated with corporate social responsibility include the Eko Energia loan offered as part of the Polish SME Sustainable Energy Financing Facility – PoISEFF. The Eko Energia loan was implemented under an agreement signed by the Bank with the European Bank for Reconstruction and Development (EBRD). The programme is targeted at small and medium-sized enterprises (SMEs). Energy is one of the main operating expenses of a company and in many Polish companies consume more energy than their competitors in other EU states. This often results from using outdated and inefficient machinery and equipment. The objective of the PoISEFF programme 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 properties. 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 Euro.

The PolSEFF programme imposes, on the financing Bank and on the beneficiaries, certain restrictions regarding the financing of socially harmful activity featured on the EBRD Environmental and Social Exclusion List. The limitations commit all the Borrowers not to use the funding received from the loans for projects associated with:

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

Moreover, the Borrowers are obliged to run their businesses in compliance with environmental protection regulations and other health and safety regulations and the principles of social co-existence.

In 2011, the Corporate Banking area at Bank Millennium conducted a promotion campaign of the PolSEFF programme. Seminars for entrepreneurs were held in 17 Polish cities, presenting the benefits of the Eko Energia loan. Moreover, Bank Millennium experts participated in industry fairs and conferences, campaigning for the ideas of the energy efficiency financing programme. In order to promote activities associated with corporate social responsibility, Corporate Banking published articles in industry and national press describing the benefits of using the Eko Energia loan.

In 2011, the Act on certain forms of support for innovative activity was amended, which made it easier for entrepreneurs to benefit from EU funds in the form of a technological premium. The assistance is distributed when the Technological Loan is granted as part of the "Innovative Economy" Operational Programme and its purpose is to support investment projects involving the implementation of new technology. The technological premium is paid out by Bank Gospodarstwa Krajowego (BGK) and is intended for repayment of part of the loan – up to 70% of the amount. This support makes it possible to increase efficiency and competitiveness of Polish companies on the domestic and international markets.

The offering of the loan with a technological premium is addressed at the small and medium-size enterprise (SME) sector. The loan may be allocated for the implementation of a technological investment consisting in the purchase of a third party technology or implementation of own new technology, which has been used globally for no longer than 5 years and then launching the production of new or significantly improved goods, processes or services.

In order to promote the use of the Technological Loan by Customers, the Corporate Banking at Bank Millennium conducted a number of meetings with customers interested in implementing innovative investments. The meetings were the continuation of the seminar cycle entitled "Technological Loan – through innovation into the future" that Bank Millennium conducted in cooperation with BGK in 7 largest cities of Poland at the end of 2010.

The activities related to corporate social responsibility are also supported by the Corporate Banking area during the meetings with the customers. In 2011, 11 business breakfasts were held, at which the positive outcomes witnessed by customers who used credit and leasing products were discussed.

Every year, the Corporate Banking area of Bank Millennium co-organises Regional Business Forums, which were held in 15 locations throughout Poland in 2011. The matters discussed during the meetings, mentioned in lectures and during the panel discussion, was clients' usage of products supporting innovativeness of Polish businesses and activities related to corporate social responsibility.

Microbusiness

The offering for micro and small enterprises plays a material role in Bank Millennium's strategy. According to statistics produced by GUS these entities represent 99.9% of all the economic entities in the nation. This distribution and number of entities unambiguously demonstrate that these companies form an important part of the economy and form a source of employment and income for many Poles. That is also why it is so socially important to prepare a suitable product offering for this customer segment along with simple procedures facilitating the usage of banking services.

Bank Millennium has prepared a number of innovations and simplifications for this group of customers making it possible to gain easy access to products and services. The simplifications and conveniences afforded by this offering entail the following elements:

- abandoning the necessity of providing a company's registration documents in account opening processes and creditworthiness checks in circumstances in which the Bank can unilaterally check these data using available databases,
- offering the „Biznes Start” account to customers starting a business. The Bank does not charge many charges and fees so as not to burden a new business undertaking with additional costs,
- providing the possibility for companies without a credit history to lease,
- providing an overdraft facility without a preparatory fee and without charging interest for 7 days if the debt is repaid by the customer.

Moreover, the Bank, responding to regular customers' expectations, makes it possible to obtain financing on the basis of their history of cooperation with the Bank. In these circumstances the customer's financial documents are not required, which does constitute a major simplification and facilitation in the day to day running of a business. The Bank supports its customers by eradicating unnecessary procedural obstacles and by designing products and services to support financial management in a simple and friendly way.

Products and Services Distinguished on Account of Their High Quality

January 2011

Bank Millennium's overdraft facility is the winner of the ranking

The overdraft facility offered by Bank Millennium took first place in the ranking published in January by "Dziennik Gazeta Prawna" and Expander. The cost of account and loan service influenced the position in the ranking. The absence of fees for awarding the facility, the attractive offer of a free-of-charge bank account (Konto Internetowe) and the possibility of using a debit card free-of-charge were the decisive factors for the victory of Bank Millennium's offer.

Millennium analysts in Parkiet's ranking

Bank Millennium's analysts took second place in the annual table of the most accurate macroeconomic forecasts prepared by the "Parkiet" daily. Bank Millennium's economists proved to be unrivaled in their forecasts of data concerning the balance of payments and the situation on the job market. They took first place in both cases. They took a position lower in their projections of inflation.

"Parkiet" has been publishing its ranking concerning the accuracy of macroeconomic data forecasts since 2005 on the basis of the forecasts provided by the surveyed institutions. The number of points obtained in each quarter by individual institutions is totaled.

February 2011

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 started 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 acting in accordance with the best management standards in terms of corporate social responsibility, corporate governance, information and investor relations, as well as in environmental matters, social relations and employee issues.

March 2011

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 2011 prepared by Parkiet. The ranking is created based on monthly macroeconomic ratio forecasts prepared by financial institutions, including: demand, prices, balance of payments and labour market.

April 2011

Impresja places first in the ranking published by „Dziennik Gazeta Prawna”

The Impresja card took first place in the ranking of the least expensive credit card loans organised by “Dziennik Gazeta Prawna” and Expander. The following criteria were assessed:

- the fees for card service and initial debt of PLN 3 000, assuming that the customer additionally makes payments using the card for the amount of PLN 500 and pays the debt in full in the interest-free period,
- the possibility of receiving money back for some of the card expenditures,
- the possibility of spreading card debt over a less expensive loan program.

May 2011

Millennium Visa Impresja recognised as the best card

The Millennium Visa Impresja card won the international Visa Europe Member Awards 2011 contest in the Best New Customer Proposition category.

Visa Europe Member Awards is an international contest which rewards the most innovative undertakings and card products offered by Visa member banks throughout Europe. The cards nominated for awards in this year's edition of the contest were selected from more than 110 candidatures from across Europe in seven topical categories. The contest jury selected the winners; it consisted of card industry experts from across Europe. Millennium Visa Impresja was deemed to be the best card offering earmarked for a specific customer group. The contest jury appreciated the innovative solutions employed in the Impresja offering to fulfill customer expectations to the greatest degree while meeting the ever more rapidly changing conditions on the card payment market.

“Dobre Konto” among the best

The “Dobre Konto” bank account offered by Bank Millennium took second place in the ranking of accounts for active web users as published on the website of the Bankier.pl portal.

The authors of this ranking assessed the accounts offered by 26 banks. Our Dobre Konto account owes its high second place in the ranking to the absence of fees and the ability to receive money back equal to 3% of card expenditures.

Bank Millennium is the best according to entrepreneurs from Pomerania and Kujawy

In the 15th edition of the ranking entitled “Golden 100 from Pomerania and Kujawy” entrepreneurs who entered their companies in the ranking also evaluated the banks whose services they use. Bank Millennium won with the highest overall number of points.

Entrepreneurs responded to the question of whether they consider their bank to be modern and whether they have the opportunity to negotiate charges and fees, the costs of loans and the interest rates offered on deposits. The entrepreneurs were also asked about the possibility of transacting all their payment orders electronically, about the actual time of clearing, about the guarantee of transacting orders on the same operating day, about the skills and courtesy of employees as well as about the changes implemented and the streamlining of customer service.

Bank Millennium is the best according to property developers

Bank Millennium won the seventh edition of the Ranking of Banks Financing Property Developer Residential Projects prepared by the Polish Association of Property Development Companies.

Property developers assessed banks with regard to cooperation in financing and servicing property developers' residential investments in seven categories. Bank Millennium's victory in the general classification was assured by the best assessment in the category "Cooperation during the Execution of the Investment" and the second place position in the following categories: "Consistency of Preliminary Declarations with Actual Procedures", "Terms and Conditions of the Signed Credit Facility" and "Attractive Pre-sales Interest Rate Required by the Bank prior to Funding Origination".

June 2011

Bank Millennium's portfolio distinguished

In this year's contest entitled "The Best Banks" organised by "Gazeta Bankowa", Bank Millennium received a distinction for the best portfolio structure in the "Large Banks" category.

Bank Millennium distinguished for the best actions in the social media

In the annual edition of the special report entitled "Brand and Marketer of the Year 2010", organised by the "Media & Marketing Polska" monthly, Bank Millennium received a special distinction for the best advertising in the social media.

The contest for web users organised via You Tube to prepare a short film promoting Bank Millennium's new web account earned this distinction. This contest enjoyed enormous popularity; the participants submitted nearly 400 works. The contest channel via www.youtube.com/180tysiecy registered more than 600 thousand hits, and web users cast nearly 100 thousand votes. According to representatives of You Tube, Bank Millennium's contest channel was the most frequently viewed and subscribed sponsored channel in You Tube not just in Poland but across the globe.

July 2011

Bank Millennium in the RESPECT Index

Bank Millennium was included in the RESPECT Index for the second year; the RESPECT Index is Central and Eastern Europe's first index of socially responsible companies. The publication of the new index composition started on 1 August 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 meeting the highest management standards in terms of corporate social responsibility, corporate governance, information and investor relations, as well as in environmental matters, social relations and employee issues.

September 2011

Bank Millennium as "The Best Bank for Firms"

Bank Millennium won this year's ranking published by the "Forbes" monthly by achieving 5 stars and thereby the title of "The Best Bank for Firms".

In the "Forbes" ranking banks are evaluated in the four most important categories from the customer's vantage point: the least expensive "Forbes Basket" in which account maintenance and basic service fees are assessed, the best loan offering, the best deposit offering and the quality of customer service.

Bank Millennium as "Newsweek's Friendly Bank"

Bank Millennium was on the podium in the ranking entitled "Newsweek's Friendly Bank" taking third place in the headline ranking entitled "Friendly Bank for Traditional Clients" and third place in the ranking entitled "The Best Web Bank". This confirmed the high quality of services rendered to customers by the Bank.

The Bank's success was achieved with the highest number of points in this year's edition in the "Service Quality" category and one of the highest number of points in the "Customer Acquisition and Retention" category, two of the most important categories in the ranking. Bank Millennium's progress to third place in the ranking is the greatest upward movement among all the banks under evaluation and is the outcome of the effective execution of one of the Bank's most important strategic objectives for 2011, namely to enhance the quality of service and to grow customer satisfaction. The authors of the ranking assessed the standards and quality of service in the largest 24 Polish banks offering retail banking services.

"Service Quality Badge 2011"

In September Bank Millennium also received the "Service Quality Badge 2011". This badge is awarded on the basis of opinions expressed by clients who are web users through the jakoscobslugi.pl portal.

October 2011

Millennium's economists take first place in "Parkiet's" ranking

Economists in Bank Millennium's Macroeconomic Analysis Department took first place in the ranking published by the daily "Parkiet" of the most accurate macroeconomic data forecasts in Q3 2011. Millennium's analysts proved to be unrivaled in their inflation and job market related forecasts. They also took first place in the summary encompassing the first three quarters of 2011.

"Parkiet" has been publishing its ranking concerning the accuracy of macroeconomic data forecasts since 2005 on the basis of the forecasts provided by the surveyed institutions. The number of points obtained in each quarter by individual institutions is totaled.

December 2011

"Dobre Konto" account rewarded in Paris

In this year's contest called Publi-News Trophees for Innovative Cards, the "Dobre Konto" account along with the card issued in conjunction with this account won a Special Award from the jury for exceptional achievement in payment cards. In its justification the jury emphasized not only the account's strengths but also its market influence and the success achieved by a large retail bank in customer acquisition through a debit card. According to the jury, standard categories like loyalty and innovation were insufficient. It was acknowledged that "Dobre Konto" could have won both categories.

The Publi-News Trophees for Innovative Cards 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 for the awards 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. In 2011, the prizes were awarded for two geographic areas: France and the rest of the world. The competition is organised by Publi-News, an industry publishing house specializing among others in analyses of the banking sector and AND'co company providing consulting services on the payment card and consumer loan markets. The awards are sponsored by MasterCard, Affinion International, CWI, Mondial Assistance.

"Dobre Konto" account ranked highest by gazeta.pl

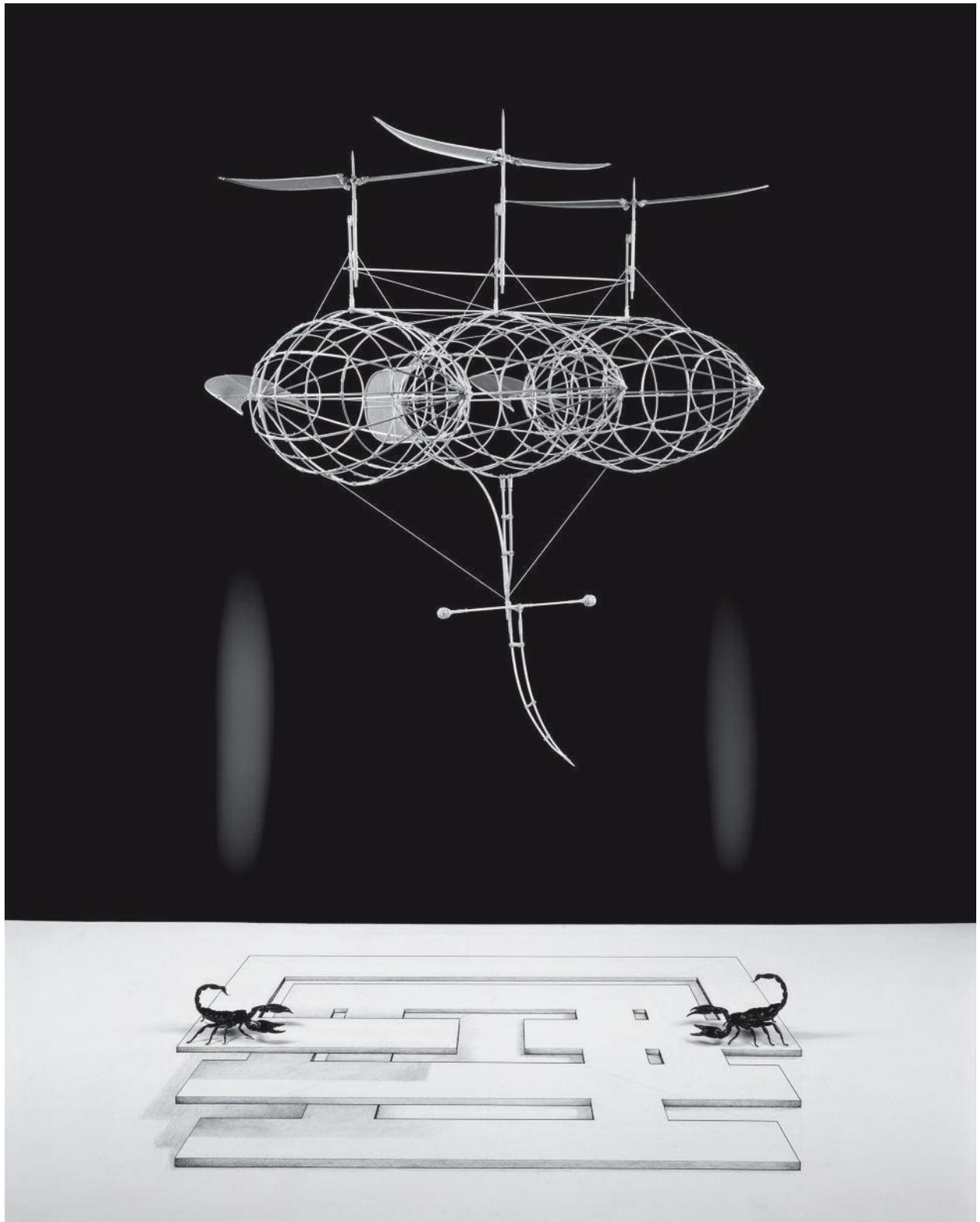
Dobre Konto took first place in the ranking of personal accounts published by "Gazeta" and Kontomierz.pl in the following categories: the Least Expensive Account for Mr. Smith and the Least Expensive Account for a Manager.

How was the best checking and savings account selected? "We totaled revenues, meaning for instance interest and various bonuses for paying with a debit card (referred to as money back programs) and sending salary by wire transfer, and then we subtracted all the most important costs, i.e. the account maintenance fee, the wire transfer fee, the fee for using a card and ATM withdrawals. This result shows the annual cost of a personal account," writes Maciej Bednarek, the author of the ranking in the text "From plus 300 to minus 6 thousand zloty a year".

"Client Laurel 2011" awarded to Bank Millennium

Bank Millennium was distinguished with the "Client Laurel 2011" prize for its factoring services.

The "Client/Consumer Laurel" prize is a national project aimed at awarding the most popular products and brands in several hundred categories. In each category, polls are conducted on groups of at least 800 respondents. The seventh edition of this contest was held this year and the Bank received this distinction for the first time.



from the cycle **Civilisations #1**, 1992/93 (gelatine silver print 55 x 45 cm)

corporate responsibility

Dialogue with Investors

Bank Millennium attaches great importance to investor relations, the main purpose of which is to conduct dialogue and build trust in the Bank in the investor community and among capital market institutions.

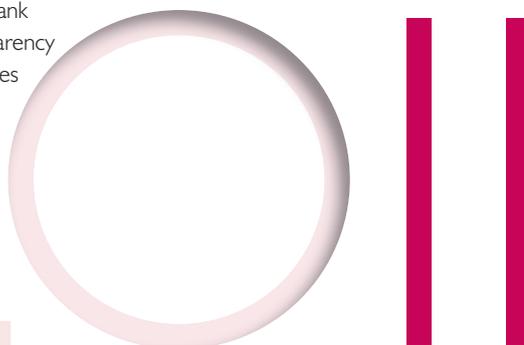
The Investor Relations Department is responsible for fair and true communication of the strategy, business and financial performance of the Bank Millennium Capital Group. The Bank in communication with the investor community is very keen on observing transparency and equal access to information for all its recipients. Guided by the above principles the Bank as a public company satisfies all the corporate governance principles described in the document „Best 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 Bank’s Management Board on quarterly performance of the Bank’s Capital Group (there were 4 such conferences in 2011),
- participation in conferences and road shows organised for investors in Poland and abroad (10),
- individual and group meetings with capital market participants (163),
- current stock exchange communiqués and press releases,
- dedicated website in the Bank’s portal on investor relations,
- encouraging participation in the Annual Shareholder Meeting,
- on-going contacts with market participants (by e-mail or telephone).

Dialogue with Investors

	2011	2010
Number of organised meetings	163	175
Number of meeting participants	311	347



At quarterly conferences pertaining to the current situation of the financial group the journalists, investors and market analysts may 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. A record of every conference is available on the Bank's website for at least one quarter after a conference. In 2011, the Bank also broadcast a web-based video transmission of the Shareholder Meeting. The recording of the discussion along with the resolutions is also available from the Bank's website.

An important channel of information for the investor community are analyses of the Bank prepared by specialized teams in brokerage houses. In 2011, 16 brokerage houses prepared their reports regarding the Bank. In 2011, the following brokerage houses drafted analytical reports about Bank Millennium: DI BRE Banku S.A., BZ WBK Brokerage, Citi Investment Research (CitiGroup), Credit Suisse, Deutsche Securities, DM IDM S.A., DM PKO BP, Espirito Santo Investment Bank, ING Securities, IPOPEMA Securities, JP Morgan, KBC Securities, 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. As at 15 December 2011, the average target price of a Bank Millennium share was PLN 4.57. Among the 16 recommendations, neutral recommendations prevailed (12), one was positive and 3 negative.

In 2011, Bank Millennium qualified again and was successfully reviewed as a company comprising the RESPECT Index – an index of companies listed on the Warsaw Stock Exchange and meeting the highest corporate social responsibility standards.

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 signed cooperation agreements 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. The current ratings awarded to Bank Millennium as at the end of 2011 are as follows:

Fitch	
Company (IDR)	BBB-
Long-term rating in the national scale	A-(pol)
Short-term	F3
Individual (viability)	C/D (bbb-)
Support rating	3
Rating outlook	stable outlook
Moody's Investor Service Ltd	
Long-term Deposit Rating	Baa3 (negative outlook)
Short-term Deposit Rating	P-3
Financial Strength Rating	D (stable outlook)

As at 31 December 2011, Bank Millennium had two shareholders with over 5% of votes at the Shareholder Meeting.

Millennium bcp, the largest private bank in Portugal, as the strategic investor, holds 65.5% of all Bank Millennium shares. The second largest shareholder in terms of shares held, is ING OFE, Poland's largest pension fund, which held 5.01% of the Bank's shares as at 31 December 2011. The remaining shares, i.e. 29.5% of the share capital are vastly dispersed among the Polish and foreign shareholding, both institutional and individual.

Changes in Bank Millennium shareholding

The Bank's shareholders as at 31 December 2011

Shareholder	Number of shares	% share in equity	Number of votes	% shares in votes at the GSM
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING OFE	60 762 472	5.01	60 762 472	5.01

The Bank's shareholders as at 31 December 2010

Shareholder	Number of shares	% share in equity	Number of votes	% shares in votes at the GSM
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
AVIVA OFE Aviva BZ WBK	61 341 239	5.06	61 341 239	5.06

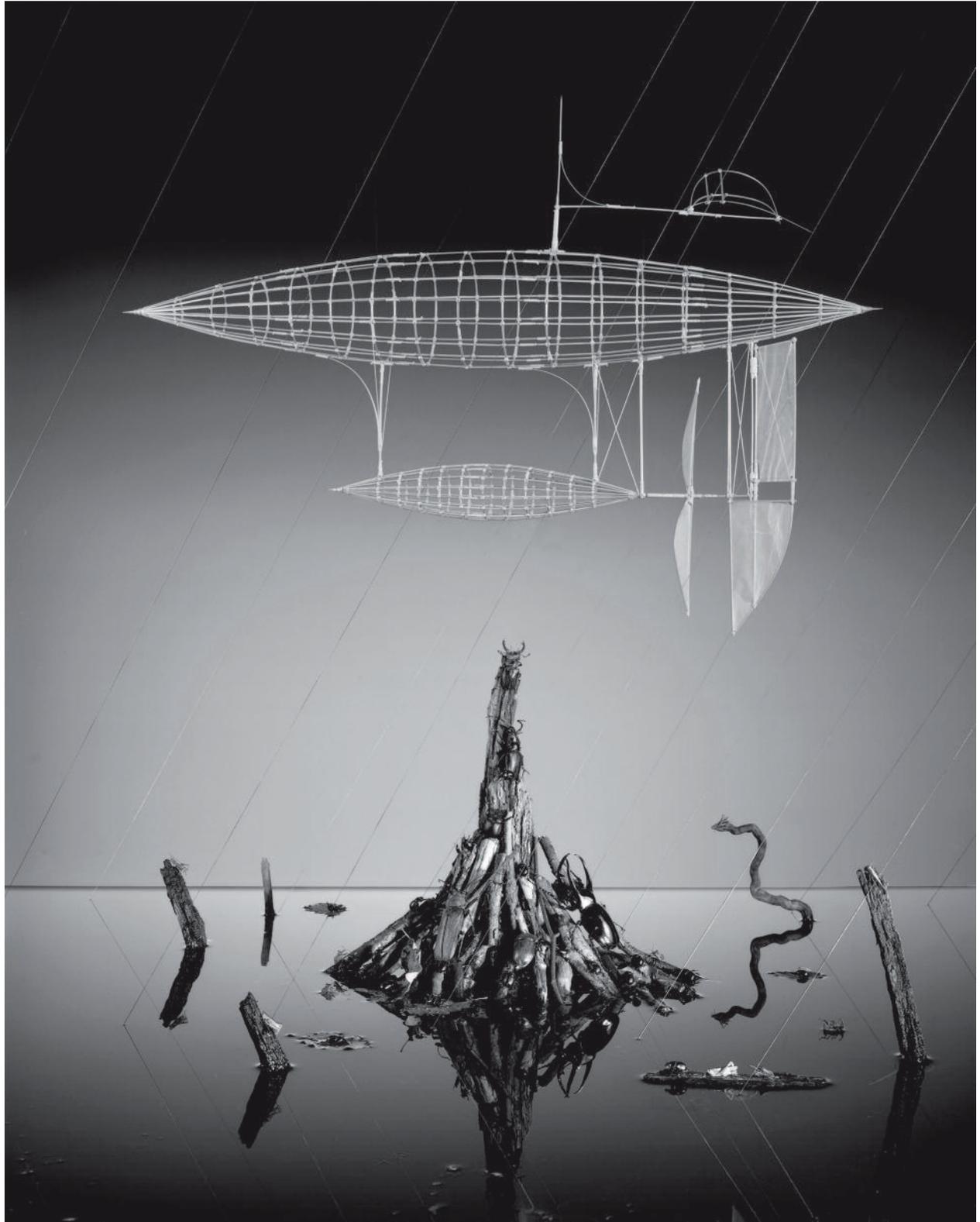
According to valid regulations Shareholders whose stake in equity exceeds 5% of total number of shares are required to report their share volume.

Information about the process of Bank Millennium's valuation.

On July 28 2011, Bank Millennium informed (Current Report no 49/2011) that it had obtained information that Banco Comercial Portugues (BCP), 65,5 % shareholder of Bank Millennium, published its new strategic vision. The vision assumed, inter alia, performance of the analyses aimed at valuation of its investment in Poland. These analyses were to enable development of various scenarios related to the possibility of increasing capitals by BCP.

On December 19 2011, Bank Millennium informed (Current Report no 73/2011) that it had obtained information on BCP's publication of the information that it completed the process of valuation of its operation in Poland, which involved in-depth analysis of a number of options, whereas some of them resulted from the bids received for the stocks of Bank Millennium in Poland held by BCP. As a result of the analysis, BCP concluded that the solution, which best secures the interests of all the Stakeholders, as well as best consolidates the capacity to create values, was to maintain its shares in Bank Millennium.

Bank BCP confirmed its confidence for the economy of Poland and informed that it was determined to continue support of the organic growth of Bank Millennium in Poland.



from the cycle **Civilisations #3**, 1992/93 (gelatine silver print 55 x 45 cm)

corporate responsibility

Dialogue with Business Partners

The Bank as a buyer of goods and services from various market segments, has been cooperating with numerous entities in its business activity. The Bank's internal regulations formalize the procurement process, including the process of selecting suppliers who according to the principles are selected in tenders.

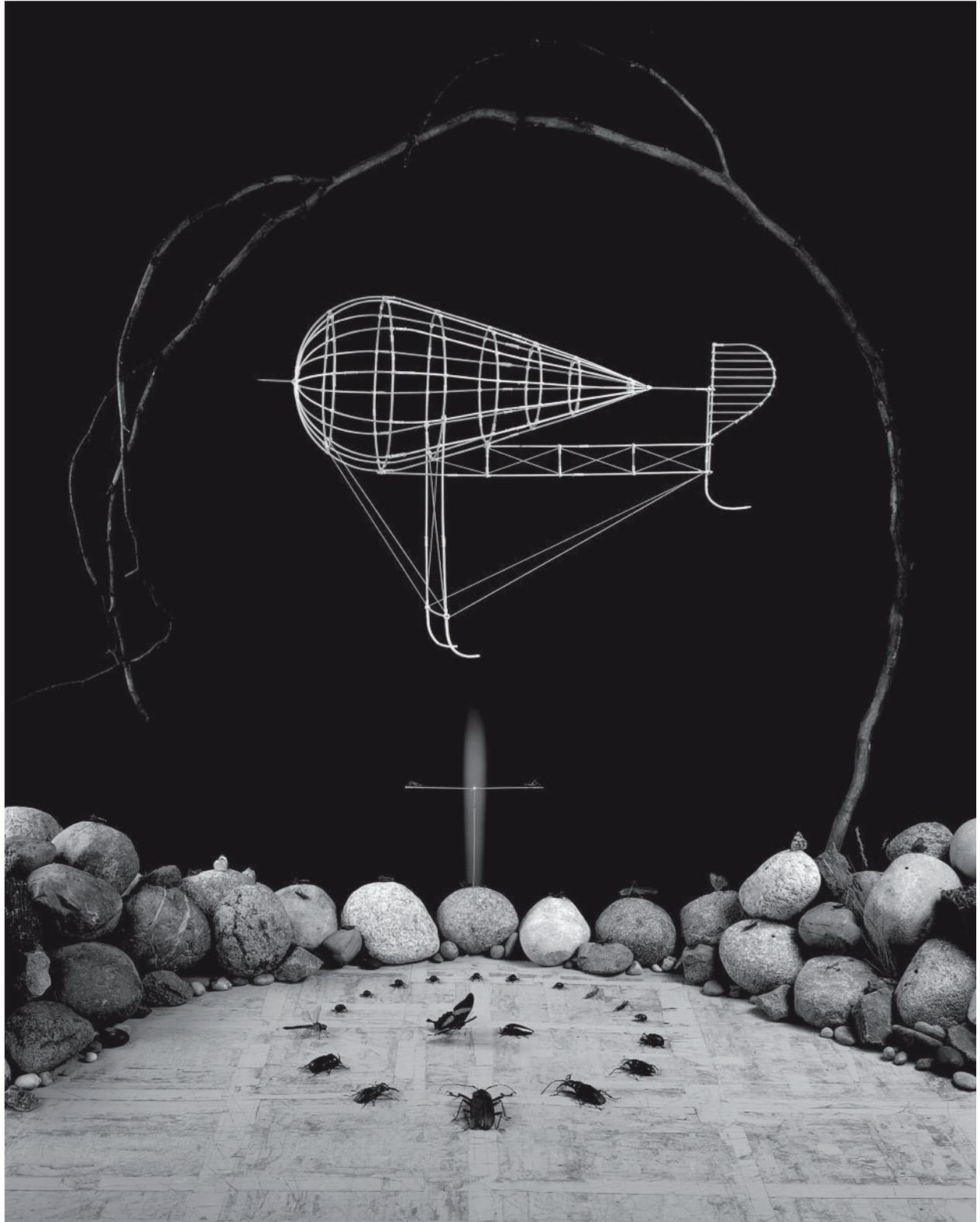
The Central Procurement Department is the Bank's organizational unit responsible for conducting tender procedures and for overseeing the procurement process. Procurement regulations define the organization of the procurement process, decision-making levels and roles of various participants in the process. To ensure the objectivity of decisions made and equal treatment of the entities participating in the tenders, the evaluation of the substantive and commercial bids is done by functionally independent organizational units at the Bank. The outcome of a tenders is decided by the Bank's Investment and Cost Committee or by the Bank's Management Board, depending on its value.

The procurement process continues to be improved so that it serves the achievement of its main goal, which is uninterrupted access to goods and services with the best quality to price ratio, while keeping full control over the expenditures.

In 2011, the monitoring of agreements of importance for the Bank was extended which will ensure continuity of the supply process and allow the Bank to maintain the high quality of cooperation with suppliers. Also in 2011, the Bank introduced a provision on the use of ethical and/or environmental clauses in agreements, where applicable, in the regulation pertaining to the procurement process.

In 2011 the Central Purchasing Department concluded 87 tenders and negotiations with an initial value of approximately PLN 55 million and a final value of approximately PLN 50 million.

Suppliers	2011	2010
Number of tenders	87	101
Initial value (PLN million)	55	89
Final value (PLN million)	50	79
Suppliers		
Total amount paid to suppliers (in PLN)	888 184 000	889 245 720



from the cycle **Civilisations #2**, 1992/93 (gelatine silver print 55 x 45 cm)

corporate responsibility

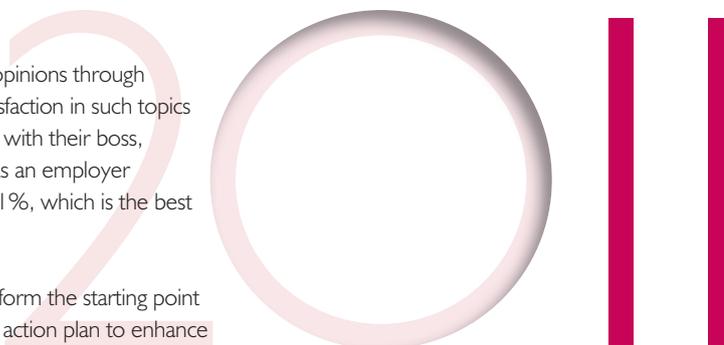
Dialogue with Employees

Employee Survey

The Bank Millennium Group is convinced that the provision of excellent service quality hinges to a great degree on the approach and commitment of all the Group's employees. One of the most important methods to monitor how the Group is perceived as an employer is the annual employee satisfaction survey.

In 2011, just as in previous years, employees voiced their opinions through an electronic anonymous questionnaire to survey their satisfaction in such topics as overall job satisfaction, satisfaction with their relationship with their boss, job motivation and willingness to recommend the Group as an employer to their friends. In 2011 the survey participation rate was 81%, which is the best result achieved in this survey to date.

The employee satisfaction results derived from the survey form the starting point for more indepth analysis and the preparation of a detailed action plan to enhance employee satisfaction and motivation in the Group.



Innovation Centre

The Innovation Centre is a tool to support the Bank's operations by promoting employee creativity.

The Centre makes it possible to organise campaigns targeting employees allowing them to put forward innovative ideas to help streamline internal bank processes or to contribute to the development of the product offering. Every employee may submit his or her idea using the Idea Form, which is available in the intranet and on the entrum! pages in the Call2Action (CTA) campaign. CTA campaigns enjoy employee interest and popularity.

Through CTA campaigns we are looking for ideas on how to streamline specific areas put forward by the Bank's organizational units. The ideas conveyed by employees are analyzed in detail by a commission consisting of area experts; the best ideas are rewarded and implemented.

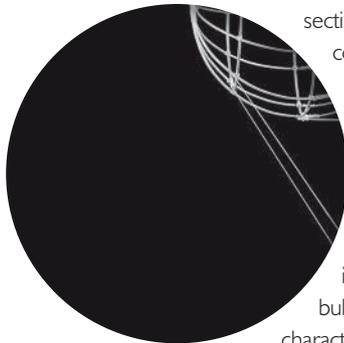
In 2011 we gathered 145 ideas in four CTA campaigns.

Internal Communication

In recent years the Bank has steadily expanded its modern internal communication system encompassing the entire Bank Millennium Group. The Bank considers its efficient operation to be one of the most important elements supporting effective management. This system is based on a modern intranet portal combining information and training functions while being a platform for information exchange among employees.

“Millenniumnet”

The “Millenniumnet” intranet portal has been operating in its current format since 2010 when it was reconstructed on the basis of the opinions of its users and extended to include new sections. In 2011, in conjunction with the emergence of new IT solutions, the Bank commenced the intranet revitalization project whose purpose was to simplify the system and implement interactive solutions enhancing the possibilities of internal communication. This work is slated to be completed in mid 2012.



The service is available to all Group employees and contains the key statutory information about the Bank and the Bank’s Group which is useful in the ongoing work (such as the product offering, basic procedures, economic market 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 information on various forms of employee group activity in the “Millenniumnet” service. This information is prepared by Bank employees themselves. The “Millenniumnet” service is published in both Polish and in English.

“Świat Millennium”

Since 1992 the Bank has published “Świat Millennium” – an in-house magazine for employees. It may be the oldest publication of this kind published continuously on the Polish banking market. It contains 12 pages and is a colour monthly prepared and edited solely 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 Millennium Group. Also, the magazine contains a summary of the most important information in English. In 2011 due to the savings programme the “Świat Millennium” monthly was published in an electronic version only, available in the “Millenniumnet” intranet service.

“About us”

Current information on the international activity of the Millennium bcp Group, with presence on a dozen or so markets of Europe and Africa is the subject matter of a weekly electronic newsletter prepared in Lisbon and distributed by the PR Department of Bank Millennium bcp – the strategic investor in Bank Millennium. The magazine focuses on short news related to the business activity, marketing projects and most important events in the banks operating under the Millennium brand. The newsletter is published in English and is available to Bank Millennium Group employees in the Millenniumnet intranet portal.

“Millennium News”

The “Millennium News” is a weekly TV magazine produced by the PR Department of Bank Millennium bcp 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. Published in Portuguese it also contains an English translation.

Special Events

Christmas Events for Employees

In 2011, the Bank Millennium Group organised 16 Christmas Events for Group employees in 12 cities. All of the Group employees were invited (also those from smaller towns located near large centres) and they had an opportunity to meet with the Bank’s Management Board Members and their collaborators from Bank Millennium Group branches and companies in a Christmas atmosphere. The events were also used to conduct an initial summary of the year 2011.

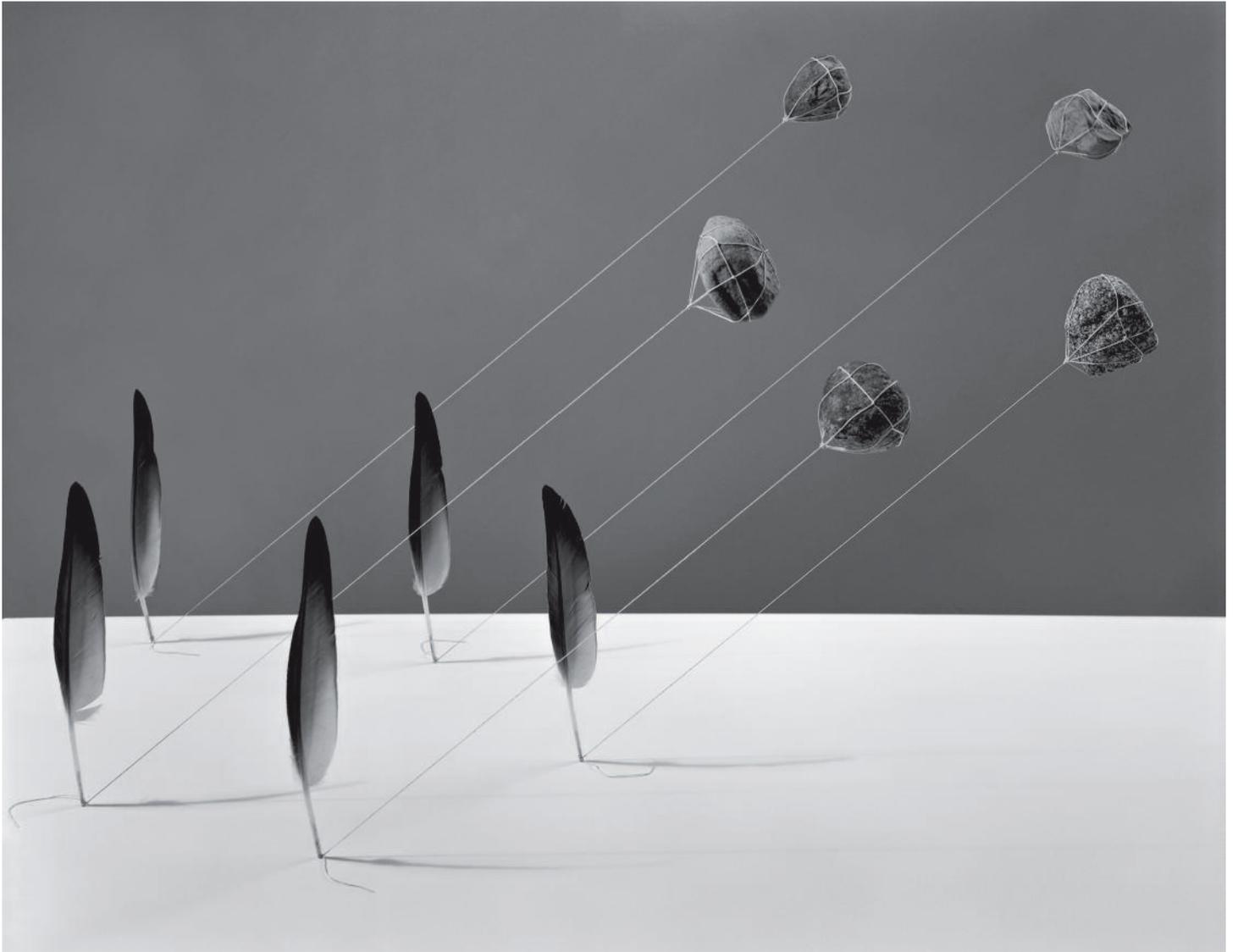
The Management Meeting of the Bank Millennium Group

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 a social part.

Employee Picnic

In 2011 due to the continuing economic crisis the Picnic for Bank Millennium Group employees did not take place.





from the cycle **Memories of Arles – Provence landscape**, 1991 (gelatine silver print 55 x 45 cm)

corporate responsibility

Transparency and Security

Bank Millennium as a company of public trust and Group companies operate pursuant to the applicable legal regulations, the code of ethical behaviour and best market practices. The Bank attaches special importance to the matters related to risk management and security of operations and takes special care of the safety of funds entrusted by the clients.

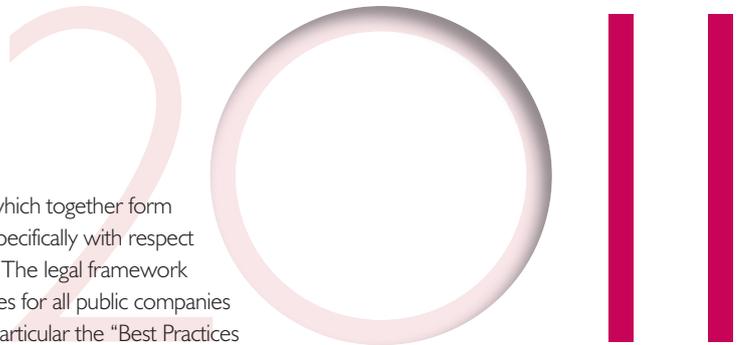
Best Practice

Corporate Governance Principles is a collection of norms which together form the system of governance and control over the company, specifically with respect to the rights of particular corporate bodies of the company. The legal framework of the process of developing corporate governance principles for all public companies is provided by the Warsaw Stock Exchange regulations, in particular the "Best Practices for WSE Listed Companies" adopted by the Stock Exchange Board.

The year 2011 brought about changes in some of the Best Practices. What was retained however was the basic standard of the "comply or explain" principle, which means that the infringement of any of the principles described in Best Practices should be promptly publicised by in the form of an appropriate report.

In recognising the value of the standards comprising the Best Practices, Bank Millennium exercises due diligence in shaping contractual, corporate and investor relations in compliance with those standards. The Management Board believes that, in the reporting period, the Bank did not deviate from the principles set forth in the Best Practices.

This is confirmed by the fact that in 2011, Bank Millennium was selected twice for the group of companies comprising the RESPECT Index – Central and Eastern Europe's first index of socially responsible companies. The index includes 16 companies listed on the WSE operating on the basis of the best standards in the area of CSR, corporate governance, information policy, investor relations as well as employee issues, social relations and the protection of environment.



Compliance Policy

The Compliance Department is responsible for the implementation of the compliance policy in the Bank Millennium Group and for running all the activities and initiatives ensuring compliance of tasks and activities with the applicable external regulations.

Companies of the Bank Millennium Group take appropriate steps and employ suitable means in order to monitor, on an on-going basis, changes in the general law and recommendations issued by supervisory authorities, both domestic and EU-based. Solutions adopted involve, among others periodic review of all the internal normative acts in place in the Group to ensure their compliance with the generally applicable provisions of law.

The risk of non-compliance means the risk of legal or regulatory sanctions imposed on the Bank, physical losses or loss of reputation, which could threaten the Bank as a result of the non-observance of legal regulations, rules, including self-regulatory standards of the organisational and codes of conduct relating to banking activity.

The laws, principles and standards pertaining to compliance concern matters such as: 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 considers the following areas of operation to be of particular importance:

- preventing money laundering and financing of terrorism,
- ensuring compliance of Bank Millennium's internal normative acts with generally applicable provisions of law and with recommendations formulated by supervisory authorities;
- managing conflicts of interest,
- monitoring personal transactions and protecting confidential information and professional secrets.

Activities undertaken by the Group may cause conflict between those activities and clients' interests or between different clients. In such a case, the Group's goal is to identify the conflict of interest arising between the Group and its clients and between clients and to establish the principles for managing the conflict after it arises that ensure that those conflicts will not adversely affect clients' interests.

Additionally, Bank Millennium Group companies take the appropriate steps to ensure that their personal transactions are performed in compliance with the standards and with the law. These steps consist in (as applicable) limiting or even preventing personal transactions by Relevant Persons in situations which may cause a conflict of interest or be connected with access to confidential information or access to client transaction data (professional secret).

The Bank also prohibits using and disclosing Confidential Information and has in place the rule for keeping strict control over the protection of Confidential Information flows. The buying and selling of Bank's shares and derivative rights relating to the Bank's shares and any related financial instruments is prohibited in restricted periods.

The shares of Bank Millennium S.A. have been admitted to public trading on the Warsaw Stock Exchange – this fact requires special attention and causes a duty of maintaining the highest standards of transparency on financial markets.

Anti-Money Laundering Policy

In the area of money laundering prevention, Bank Millennium has implemented the "AML Programme" which is the system for identifying risk areas, transactions subject to registration and transactions that may be related to money laundering or financing of terrorism.

The issues covered by the Bank Millennium programme include in particular:

- detailed guidelines on the identification of individuals and legal persons, organizational units without legal personality, their representatives and the actual beneficiaries. Such guidelines include specifications of the required data and lists of documents necessary to create the appropriate dossier;
- application of financial security measures consisting in the assessment of the risk of money laundering and financing of terrorism;
- detailed 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 worth over with a value of over 15 thousand Euro as well as providing monthly reports on such transactions to the GIIF (General Inspector of Financial Information),
- principal methods for identifying suspicious transactions, especially those related to money laundering;
- exhaustive guidelines, lists of criteria, warning and alarm systems for the identification or diagnosis of suspicious transactions;

The "AML Program" also contains detailed procedures for the following issues:

- analysis of transactions and internal reporting in case of suspicion or diagnosis of circumstances indicative of money laundering;
- Suspicious Activity Reports (SAR) – development, testing, internal acceptance and transmission to the GIIF;
- preparation and possible introduction of transaction suspensions and/or blocking accounts and freezing of funds;
- Providing information constituting bank secrecy to the prosecutor's office and/or to GIIF.

Every year, a report on the Programme's implementation is prepared for the Bank's Management Board.

The main element affecting the effectiveness of combating money laundering and funding of terrorism is the systematic training of Bank employees. In 2011, 2061 employees were trained in those issues.

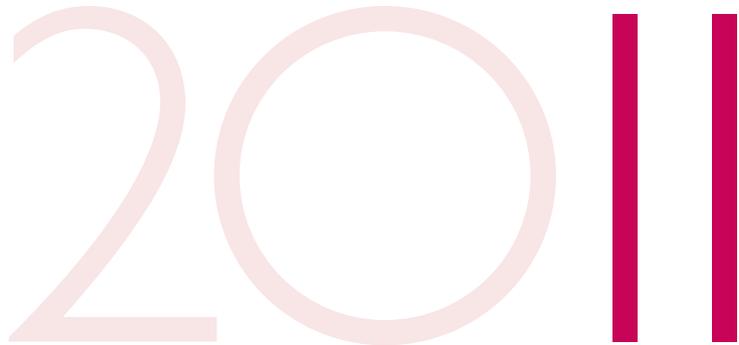


3D object titled **January, February, March ...**, 1987/88, (20 elements 210 cm high; photographs, stones, wood, bird feathers)

A total of 914,715 transactions above the threshold of 15 thousand Euro was registered and transmitted to the General Inspector of Financial Information.

Total volume of transactions, by transaction currency:

Transaction currency	No. of transactions	Volume in millions
CAD	34	3.66109463
CHF	1604	105.57114323
PLN	836581	847405.060936
CZK	913	1346.85859006
DKK	184	34.03974826
EUR	54800	9191.92696445
GBP	3904	182.32770797
HUF	51	8125.258616
JPY	50	414.322371
SEK	284	162.96635558
NOK	338	78.36822712
USD	15966	3750.20456726
AUD	6	2.09945



A total of 159 Suspicious Activity Reports (SAR) were sent to GIIF. The reports pertained to 595 clients

Internal Audit

The Internal Audit Department is a specialised institutional control unit whose purpose is to assess the adequacy, correctness and efficiency of internal control and management systems, including the risk management system. Tasks of the Internal Audit Department focus on the assessment of quality, correctness and safety of conducting banking operations. The definition and implementation of Internal Audit's mission incorporates 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 best practices in banking.

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 on the subject of the audited area and builds positive relations with audited units to cooperate with them in creating added value improving the Bank's operations. Advisory activity may be performed if its character does not compromise the principle of the internal auditor's objectivity and independence.

In 2011, the Internal Audit Department performed audit tasks in the Bank, in Bank's Group companies, in third party companies to which, where permitted by the law, the Bank outsourced the performance of banking and banking-related activities and within the Millennium bcp Group. The planned activity included among others: conducting process audits, financial audits, audits of outlets and MIFID and IRF audits, where IRF is the Independent Review Function carried out in accordance with the requirements of the New Capital Accord with respect to the processes of managing credit, market and operational risks. Tasks performed by the Internal Audit Department also included clarification procedures and preventive inspections.

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.

External Audit of Bank Millennium

One of the elements of communication activity that meets the expectations of the Stakeholders relating to receiving timely, transparent and adequate information, is the Bank's cooperation with the External Auditor. The External Auditor is selected by the Bank's Supervisory Board based on a recommendation of the Supervisory Board's Audit Committee. In 2011 (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. In addition to the cooperation in performing the basic tasks of the External Auditor, such as review and audit of semi-annual and annual financial statements, the Bank cooperates with KPMG in implementing the concept of ongoing monitoring and consulting economic events in the context of their correct presentation in other financial statements published by the Bank, that is in financial reports for Q2 and Q3 which are not legally required to be reviewed by the Auditor

Operational Risk

In the Bank Millennium Group, operational risk is managed in accordance with the best practices adopted in this respect by international financial institutions.

In practice, operational risk management is a continuous improvement process achieved through:

- recording of operational risk events,
- self-assessment of operational risk in individual processes,
- analysis and monitoring of risk measures.

Operational risk events are recorded by Bank Millennium in a constantly improved IT tools that support operational risk management. These events are analyzed to learn about their causes and possible mitigation of their effects and to take preventive action. In the IT system these events are assigned to a specific risk category and a specific process; this information is later used for reporting and validating the risk self-assessment process. The internal risk event database meets the qualitative and quantitative requirements for using advanced approaches for calculating the capital requirements for operational risk.

In the risk identification and assessment area, another audit of risk self-assessment and control in respective business and support processes was conducted in 2011. This audit was carried out together with the review of processes which involved assessing how effective the current solutions are in meeting service quality and cost optimisation requirements of the Bank's clients and business partners.

The methodology used by the Millennium Group for self-assessment and control of risks allowed it to assess operational risk exposure in a given process in view of existing controls based on pre-defined scenarios. In order to assess risk exposures exceeding the appetite assumed above, certain preventive steps have been proposed and implemented and are monitored on an ongoing basis.

In the process of examining the self-assessment and control of risk, the Bank also analysed key performance ratios, including the risk measures defined for each process. The key persons responsible for designing and performing tasks in particular processes defined and adjusted the measures to ensure that they remain the best predictors of impending threats.

Business Continuity

Natural disasters, epidemics of contagious diseases, terrorist events or unpredictable random factors constitute a real threat to business continuity of modern financial institutions. The key approach to preventing business interruptions, especially in critical processes, and to minimizing the possible losses is to have contingency plans in place. The skill of ensuring continuity of critical processes is a feature of a modern financial institution. It is one of elements of running a business in awareness of the existing risks.

Following the current, dynamically changing environment, the plans which constitute an element of Business Continuity Management require continuous oversight, optimization and updates in order to take into account the actual, current situation on the business and economic markets, the business strategy adopted by the financial institution or its product offering.

In order to ensure that the adopted assumptions are not obsolete Bank Millennium performs an annual, comprehensive verification of particular business 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 backup locations.

These plans constitute an integral element of Business Continuity Management at Bank Millennium. They define, among others, the Emergency Response scheme, including the rules for evacuating facilities under threat, Business Recovery principles for key processes and Crisis Management guidelines for the Crisis Management Team and for other units providing direct support in emergencies. The plans also detail the principles of activities in the face of an event causing total unavailability of the buildings of the Bank's head office.

Bank Millennium continuously optimizes the solutions applied in backup locations which would assume the functionality of critical Bank Millennium Head Office units in emergencies. A test programme has been developed and implemented. The tests verify among others the capability of particular business units to work in emergency conditions, their efficiency and potential limitations. The tests each time contribute to further improvement of the business continuity plans, as well as the available emergency infrastructure.

In 2011, Bank Millennium's backup facilities underwent a number of upgrades, as a result of which their capacity to maintain key functionalities of the Bank's critical processes was increased.

Cooperation with Regulators and Banking Supervision

The year 2011 was another year in which the Bank's cooperation with market regulators and supervision was very intensive. This also resulted from the highly uncertain and volatile situation on financial markets. In order for the Polish financial system, of which the Bank is an element, to maintain and increase its stability, the cooperation must be based on comprehensive information and exhaustive analysis of all supervisory decisions.

In the past year, Bank Millennium was subjected to a comprehensive audit conducted by the Financial Supervision Commission. The Bank believes that thanks to the professionalism of its employees and its openness in relations with the supervisory authority, an efficient information flow was maintained which was conducive to a quick performance of the entire audit process.

The Bank continues its involvement in developing legal environment for the market by delegating its broad range of experts to working groups developing new regulations. Moreover, the Bank considers cooperation with the supervisory authorities overseeing respective areas of its activity as one of its priorities.

Corporate Communication

Bank Millennium considers open, continuous and transparent information policy to be one of the key duties of a public company. In this respect, the Bank meets the requirements of all the applicable regulations on the market and all the standards and best practices in this area. The purpose of the Bank's activity is to ensure equal access to information about the Bank and Group companies for all Stakeholder groups.

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

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

In 2011, the Bank conducted series of seminars for representatives of companies, held in all voivodship capitals. The seminars focused on offering entrepreneurship development opportunities with the support of local self-government units and on the prospects of small and medium business in the period of economic slowdown.

All the corporate information which is published or announced by the Bank is also available in Polish and English languages on the Bank's generally accessible website. Some of the information is also edited on the Bank's Intranet portal addressed to Group employees.

The Bank answers, on an ongoing basis, the various questions sent in by persons interested in various areas of its activity.



from the cycle **Memories of Arles – Very light French breakfast**, 1991 (gelatine silver print 55 x 45 cm)

corporate responsibility

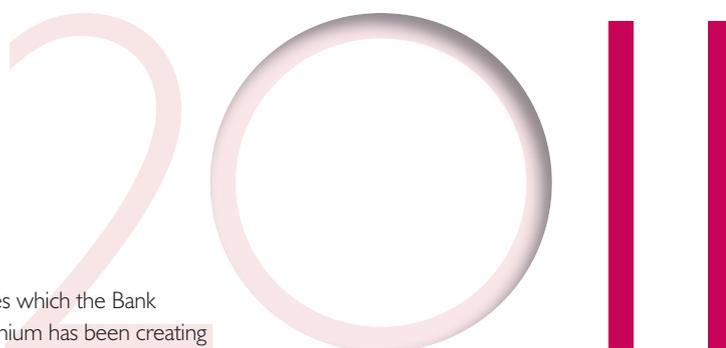
Good Workplace

Quality is an important element of competitive advantage on today's financial markets. High quality cannot be achieved without well-prepared employees who are aware of their important role. Therefore, the Bank Millennium Group attaches special importance to professional development, incentives, social programs and maintaining good working conditions for its employees.

Personnel Development

Development Programmes

Professional development of employees is one of the values which the Bank Millennium Group pays particular attention to. Bank Millennium has been creating development programmes in order to acquire young and professionally promising employees. In 2011, two types of development programmes were performed in the Bank. Those were external and internal programmes.



External Programmes

“**People Grow**” is a management skills development programme, the purpose of which is to develop management competence and familiarize participants with the Bank’s operations through the job rotation system. It is a 2-year on-the-job training programme that offers to its participants an opportunity to familiarize themselves with a financial institution through the job rotation system. 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. The programme offers an opportunity to develop a comprehensive set of skills and, after the two years, to find a suitable place in the Group’s structure. In 2011, 13 new participants joined the programme.

“**Risk Expert Start Up**”, is a seven month-long internship programme targeted on students and graduates interested in working in the broadly defined risk area. The programme consists of work – upon the rotation principle – in three Bank units: the Risk Department, a unit responsible for credit decisions and in the Retail Recovery Department. The participants of the Programme receive the support of their Mentor who is the Director of the selected unit and the Coach who is the manager of the area in which they are currently working. Upon completion of the Programme 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 2011 10 participants were admitted to the programme.



„**IT Expert Start Up**”, is a seven month-long internship programme targeted on students and graduates of technical universities interested in working in the broadly defined IT area. The programme is based on specific projects performed in various teams at the Application Development Department. The programme consists of two stages. One is an asp.net developer job, the other is an opportunity to work as a business analyst. In 2011, 3 participants joined the programme.

Experts Start Up programmes serve the purpose of recruiting young people with clearly specified professional interests. The programs offer professional opportunities in highly specialized areas of the Bank. In 2011, 2 editions of the programmes were held.

Development Programmes

Number of participants	2011	2010
People Grow	13	10
Expert Start Up	13	10
Total	26	20

Internal Programmes

In 2011, Bank Millennium opened a new programme, the Management Skills Development Academy. The programme has been prepared for the Bank Millennium management staff of various levels. The purpose of the programme is to improve internal communication in the organization and to develop management skills among the key personnel, especially in the areas of employee motivation and involvement. The programme consists of several elements, such as:

- training, coaching & feedback,
- individual management coaching,
- individual meetings with Bank Millennium Management Board Members.

The programme is developed and modified on an ongoing basis in order to ensure its matching with the needs of the organization and managers participating in the programme. In 2011, about 400 managers took part in the programme.

Training Activities

The year 2011 brought about many changes in the Bank's training activity. One of the major changes was launching a large training project co-funded by the European Social Fund. With those additional funds, training was offered on the subject of IT tools (e.g. Excel, Access, Power Point), persuasion in recovery activities, and the management training series was launched. Over 20% of employees trained in this project will be in the age of 45+. They will also receive additional support in the form of consulting. The major part of the training funds will be used in 2012.

In 2011, the Bank continued its last year's training programme on the conduct in difficult situations, with particular consideration of a Bank robbery. By the end of 2012, training on this subject will be attended by all employees of the Retail Banking network. Thanks to ESF funds, a first aid training series was also conducted.

The training process for new employees was improved, ensuring a continuous improvement of product knowledge for all new employees in the Retail Banking sales network. The training is conducted on an e-learning platform and at workshops. It introduces more detailed knowledge e.g. on consumer loans, mutual fund companies, mortgage loans. New managers of retail outlets are offered the opportunity to participate in sales team management workshops. In 2011, all the outlet managers were covered by training under the MilleMaster4 project, the purpose of which was to improve customer service quality. In the coming year, the same training will be made available to Client Consultants. Additionally, Retail Banking employees are offered individual and group coaching provided by the group of internal coaches.

Full training support is also offered to new employees providing customer service in Customer Service Points operating in Macro Cash & Carry facilities.

At the same time new Prestige workers attended certification training allowing them to sell PZU products and additionally the training on the "New Prestige Customer Service Model."

Orientation and additional training for Call Centre employees was conducted throughout the year.

The Corporate Banking Employee training process was continued. In 2011, the participants were trained in customer service, Corporate Banking products, the Bank's IT systems and transaction banking products. Additionally, Macroregion and Region Directors and the best corporate relationship managers were able to take part in external training on "Advanced Financial Analysis."

Head Office employees are offered internal training, during the course of which they may improve their "soft skills" such as time management or self-assertion.

E-Learning

In line with the prior expectations, e-learning as a form of training gains importance, which is shown by the increased number of learning courses and their share in the overall number of training courses in the Bank.

In the first quarter of 2011, the "Customer Service Standards" e-learning course played an important role in supporting the Quality Project in its efforts to improve satisfaction of retail clients in their relations with the Bank.

From March to June, the e-learning course on safe and economic driving and on first aid in case of an accident raised high interest. The course was conducted as part of the "Bank of Safe Drivers" project. That period also saw the e-learning support for the "Discover a Winner in Yourself" project, which is a sales competition for Retail Banking employees.

In the first half of the year, e-learning courses were also conducted that helped the employees prepare for the change of the operating system to Windows 7 and the MS Office suite to the 2010 version and which supported managers through training courses on time management in their reporting units. The other part of the year included, among others, preparation and implementation of additional elements in cooperation with the Quality Project, including e-learning competence tests, intensive work on the preparation courses for the career development path at the Operations Department and numerous courses for the Direct Banking Department. Novelties included knowledge tests prepared for employees of the Retail Liabilities Collection Department. The training needs identified through those tests formed the starting point for the subsequent e-learning courses and traditional training courses for this participant group.

As per usual, the e-learning courses supported some of the Bank's new initiatives, this year among others by providing knowledge about products offered in new departments, i.e. the Private Banking Department and the External Networks Sales Department.

As it was the case in the previous years, e-learning courses and tests constituted one of the pillars of the training process for new employees at the Retail Banking Department. As part of the process, a new employee is provided access to 23 e-learning training units in the first 10 months of his/her work.

We continued to use the e-learning courses for communication of changes in the offering, processes and banking regulations and for knowledge within the scope required by the legal regulations, which included:

- prevention of money laundering and financing of terrorism,
- safety and protection of information,
- implementation of the MiFID directive,
- health and safety at work.

Average hours of training per year per employee by employee category

	Number of employees		Average number of training hours per employee	
	2011	2010	2011	2010
EBD	8	8	21,00	0.00
Senior management	74	76	37,69	20.03
Management	877	873	34,85	20.41
Comercial	3485	3275	48,73	45.82
Technicians & Other	1923	1983	9,32	8.89

Internal Job Exchange and Recruitment Policy

For many years now, the Bank Millennium Group has applied a consistent employee recruitment model. The Group's recruitment processes are optimized, subject to internal regulations and computerized to guarantee their high quality and efficiency.

The process of communicating employment offers is transparent. Job announcements are published on the Bank's website and Internet portals. There is a single set of personal data of candidates applying for work at Bank Millennium and Group companies. The data are secure and their processing is monitored on an on-going basis and subject to internal audit. Each candidate invited to a job interview receives feedback with his or her recruitment results. In 2011, the willingness to work for the Bank was reported by 93 thousand persons – over 19% more than in the previous year.

The bulk of recruitment processes is focused on the development of the retail and corporate sales network. External candidates who are willing to launch their career in the sales area of a financial institution are admitted to recruitment processes in this area. Bank Millennium offers employment to dynamic, ambitious persons with resolve to build their career path in banking and finance.

Recruitment offers for jobs in support departments are first directed to the current Bank employees who wish to grow in other areas. To this end, a special Intranet site named "Internal Job Exchange" exists where internal job offers are posted. The Bank has a strict procedure in place that regulates internal rotation and ensures high quality of the process for the Candidates and for Directors looking for employees. In 2011, over 348 employees of the Bank used the opportunity of changing their organisational units through internal recruitment. Such activity is consistent with the Bank's basic value of employee growth.

Bank Millennium offers good employment opportunities for both experienced specialists and for young people without any significant professional experience. Our organization pays special attention to promoting Bank Millennium as an attractive workplace for students, through the specialized *Come and Grow with Us* programme and through cooperation with student organizations.

Recruitment

	women	2011 males	total	women	2010 males	total
Applications received			93 000			75 000
Interviews conducted			6 500			4 000
Hired:						
Total	768	471	1 239	644	424	1 068
Secondary education	304	179	483	231	158	389
Higher education	464	292	756	413	266	679

Holiday Benefits

In 2010 a group of former and current employees addressed the Bank with questions pertaining to the principles used by the Bank for calculating benefits for holiday leaves and some of them asked to recalculate such benefits. The applications pertained to historical periods.

Since this issue was treated on a case-by-case basis and was subject to analysis due to the fact that the Bank had in place several different bonus systems, examination of those questions and responding to them extended into 2011.

The Bank is of the opinion that the remuneration on account of holiday leaves was paid out to employees in accordance with the binding law.

Employees of Bank Millennium Group

Total workforce by region

	region	women	2011 males	total	women	2010 males	total
Total number of employees		4 374	1 993	6 367	4 264	1 951	6 215
	Dolnośląskie	205	88	293	199	78	277
	Kujawsko-Pomorskie	243	70	313	218	72	29
	Lubelskie	74	35	109	69	33	102
	Lubuskie	51	18	69	52	12	64
	Łódzkie	101	69	170	89	67	156
	Małopolskie	153	88	241	156	77	233
	Mazowieckie	1 881	1 055	2 936	1 871	1 081	2 952
	Opolskie	28	11	39	23	13	36
	Podkarpackie	37	19	56	36	17	53

region	2011			2010		
	women	males	total	women	males	total
Podlaskie	74	26	100	73	22	95
Pomorskie	759	210	969	756	203	959
Śląskie	256	117	373	235	108	343
Świętokrzyskie	19	17	36	20	14	34
Warmińsko-Mazurskie	166	36	202	166	36	202
Wielkopolskie	215	87	302	200	73	273
Zachodniopomorskie	112	47	159	101	45	146

Total workforce by employment contract

	2011	2010
Indefinite term contract	5 110	4 948
Definite term contract	1 257	1 267
Part-time contract	149	139
Employees with disabilities	32	22
Net increase in employment	120	167
Resignations	1 197	1 229
at employee's initiative	804	811
mutual consent	58	64
redundancies	321	345
old age pensions	13	8
death	1	1
Annual absenteeism ratio	9,6%	6,46%
Internal mobility		
Number of rotations	356	250
%	0,5%	0,4%

Total workforce by employment type

	2011			2010		
	males	women	total	males	women	total
EBD	6	2	8	7	1	8
Senior management	55	19	74	56	20	76
Management	353	524	877	350	523	873
Commercial	885	2 600	3 485	824	2 451	3 275
Technicians	470	707	1 177	459	674	1 133
Other	224	522	746	255	595	850
Total	1 993	4 374	6 367	1 951	4 264	6 215

Dismissals

	2010									2011									
	women (age)			total	men (age)			total	total 2010	women (age)			total	men (age)			total	total 2011	total
	<30	30-50	>50		<30	30-50	>50			<30	30-50	>50		<30	30-50	>50			
Dolnośląskie	42	23		65	22	12		34	99	39	25	1	65	21	3		24	89	188
Kujawsko-Pomorskie	10	16		26	2	9		11	37	5	7		12	4	9		13	25	62
Lubelskie	11	6	1	18	10	9		19	37	7	18		25	3	6		9	34	71
Lubuskie	4	2		6	4	2		6	12	11	8	1	20	2	3		5	25	37
Łódzkie	12	6		18	8	4		12	30	10	6		16	11	5		16	32	62
Małopolskie	20	16		36	15	8		23	59	29	12		41	11	11		22	63	122
Mazowieckie	153	135	10	298	130	100	8	238	536	156	132	16	304	122	109	4	235	539	1 075
Opolskie	6	1		7	1	2		3	10	5			5	3	4		7	12	22
Podkarpackie	4	3		7	2	3		5	12	2	4		6		4		4	10	22
Podlaskie	3	3		6	3	3		6	12	5	9		14	5	3		8	22	34
Pomorskie	46	39	9	94	24	27	2	53	147	34	41	10	85	18	17	1	36	121	268
Śląskie	38	22		60	12	19		31	91	26	21	1	48	21	11		32	80	171
Świętokrzyskie	3	5		8					8	1	3		4		3		3	7	15
Warmińsko-Mazurskie	6	6		12	1	4		5	17	6	3	2	11	3	4		7	18	35
Wielkopolskie	22	21	2	45	11	17		28	73	27	27	1	55	17	11		28	83	156
Zachodniopomorskie	18	5		23	14	12		26	49	13	9		22	12	3		15	37	86
Total	398	309	22	729	259	231	10	500	1 229	376	325	32	733	253	206	5	464	1 197	2 426

Turnover Rate

	2010									2011									
	women (age)			total	men (age)			total	total 2010	women (age)			total	men (age)			total	total 2011	total
	<30	30-50	>50		<30	30-50	>50			<30	30-50	>50		<30	30-50	>50			
Dolnośląskie	6%	3%	0%	5%	8%	5%	0%	7%	5%	7%	4%	0%	6%	8%	1%	0%	6%	6%	5%
Kujawsko-Pomorskie	4%	1%	0%	2%	3%	2%	0%	3%	2%	4%	1%	0%	2%	4%	2%	0%	3%	2%	2%
Lubelskie	7%	3%	4%	4%	11%	6%	0%	8%	5%	7%	5%	0%	5%	6%	4%	0%	5%	5%	5%
Lubuskie	5%	2%	0%	3%	7%	3%	0%	5%	3%	10%	6%	1%	7%	6%	8%	0%	7%	7%	5%
Łódzkie	4%	2%	0%	3%	6%	2%	0%	4%	3%	5%	2%	0%	4%	7%	2%	0%	4%	4%	4%
Małopolskie	5%	3%	0%	4%	7%	3%	0%	5%	5%	7%	2%	0%	4%	6%	4%	0%	5%	5%	5%
Mazowieckie	4%	2%	1%	3%	7%	2%	1%	4%	3%	4%	2%	2%	3%	6%	2%	0%	4%	3%	3%
Opolskie	8%	3%	0%	5%	7%	2%	0%	4%	5%	7%	1%	0%	4%	10%	10%	0%	9%	6%	5%
Podkarpackie	5%	1%	0%	3%	8%	2%	0%	4%	3%	4%	3%	0%	3%	3%	5%	0%	4%	3%	3%
Podlaskie	5%	1%	0%	2%	6%	3%	0%	4%	2%	7%	2%	0%	3%	10%	4%	0%	7%	4%	3%
Pomorskie	4%	1%	1%	2%	6%	2%	1%	3%	2%	4%	1%	1%	2%	7%	2%	0%	3%	2%	2%

	2010									2011									
	women (age)			total	men (age)			total	total 2010	women (age)			total	men (age)			total 2011	total	
	<30	30-50	>50		<30	30-50	>50			<30	30-50	>50		<30	30-50	>50			
Śląskie	6%	2%	0%	4%	5%	5%	0%	5%	4%	5%	2%	2%	4%	7%	3%	0%	5%	4%	4%
Świętokrzyskie	6%	5%	0%	5%	0%	1%	0%	1%	3%	6%	3%	0%	4%	8%	3%	0%	4%	4%	4%
Warmińsko-Mazurskie	3%	1%	0%	1%	4%	2%	0%	3%	2%	3%	1%	0%	1%	5%	2%	0%	3%	2%	2%
Wielkopolskie	4%	3%	3%	4%	6%	5%	0%	6%	4%	6%	4%	2%	5%	9%	5%	0%	7%	5%	5%
Zachodniopomorskie	5%	2%	0%	4%	11%	8%	0%	10%	6%	5%	2%	3%	4%	10%	2%	0%	6%	5%	5%
Total	5%	2%	1%	3%	7%	3%	1%	4%	3%	5%	2%	1%	3%	7%	3%	0%	4%	3%	3%

Ratio of basic salary of men to women by employee category

	2011	2010
Senior management	0.86	0.94
Management	0.85	0.84
Commercial	0.94	0.91
Technicians	0.72	0.74
Other	0.89	0.96
Total	0.70	0.70

Social Activity

Medical Care

The Bank Millennium Group provided access to a private health care plan set up in cooperation with ENEL-MED and MEDICOVER medical centres to all the employees of the Bank and its Companies. The range of packages offered is diverse (the health care companies offer four types of packages) and awarding a certain range of health care benefits depends on the employee's position at the Bank. Medical subscriptions offered by MEDICOVER are available solely to the Key Management Staff. Every medical package includes both primary and specialist medical care, available in every city where the Bank conducts its operations. There is an ENEL-MED medical practice at the Bank's Head Office in Warsaw, which offers outpatient assistance in emergencies.

Every autumn, a nationwide campaign of vaccination against influenza is conducted with the participation of the Bank's medical partners. Vaccination is organised at company's Head Office in Warsaw and Gdańsk – and in medical centres in Poland's other cities.

In the interest of the health not only of its employees, but also members of their families the Bank Millennium Group 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 cost is covered directly from the employee's salary. The scope of medical packages makes it possible to effectively carry out both health prevention programmes, and specialist treatment in the case of sudden illness.

In 2011, medical care for retiring employees was introduced by way of an annex. Accordingly, after a person terminates employment and retires, he/she may continue specialist, private medical care in an unchanged scope for an additional monthly fee.

At the end of 2011, there were 6,186 employees registered for medical care. The network of the partners providing services to Bank Millennium Group employees continues to grow. Currently, there are 689 outpatient clinics located in 309 Polish towns available to the employees. With so many medical partners each employee may benefit from the private medical care. Additionally, Centrum Medyczne ENEL-MED opened a new medical outlet in Gdańsk in December 2011.

Medical Care	2011	2010
Number of medical partners	689	508
Number of towns with medical care	309	233
Employees covered by private medical care	6 186	6 165

Occupational Health and Safety

The Bank's activities in the area of occupational health and safety were the continuation of processes launched previously.

The activities were focused mainly on:

- current audits of the field network outlets (reviews were conducted in 226 facilities),
- mandatory employee training provided in the form of stationary training (covered a group of 1400 participants) and on the e-learning platform (1,570 participants).

The important information of the 2011 summary is a significant decrease in the number of accidents at work, from 22 in 2010 to 13 in 2011.

Sport and Leisure

For many years now, Bank's employees are offered two types of sport and leisure activities. One of the offered forms of physical activity is sports activity is the MultiSport pass which offers the employee unlimited access to sports facilities throughout Poland. The number of facilities honouring the MultiSport pass has been steadily increasing. In 2011, there were over 3 110 facilities available in 461 cities throughout Poland. Each pass holder has access to a broad range of services, including, among others: fitness, weight room, yoga, swimming pool, squash, dance, martial arts or mountain climbing.

The other form of sports and leisure activities is cinema tickets offering access to large multi-screen cinemas and in local cinemas with more ambitious shows. The Bank Group makes an effort to prepare the after-work activity offering in such a way that each employee may take advantage of the broad range of available sports and leisure services according to their personal interests. The activities are offered based on the freedom of choice. Once per quarter, each employee selects a specific activity according to his/her individual preference.

On average, in every quarter of 2011, the MultiSport offer was used by approximately 40% of registered employees and the cinema ticket offer was used by 60% of the employees.

MilleKlub

MilleKlub is to promote among the employees various types of initiatives carried out in the form of sports, travel, cultural or art projects. The proposed formula of MilleKlub was prepared in such a way that it may be used primarily by energetic employees who appreciate active form of leisure, good entertainment or rest, while keeping the integration element of the activity. Once per quarter, employees submit any project and they themselves make decisions on its character, standard and participants. The Club allows them to develop their passion and offers them a unique opportunity to see their ideas realized. They may receive co-funding up to 50% of the cost of the project.

MilleKlub has its own Intranet site, which, in addition to practical information and the schedule of projects, also contains a gallery with photos from the projects.

Cash Benefits and Loans for Housing Purposes

The main pillar of the Bank's social activity features cash benefits in the form of non-refundable financial aid. This form of benefits may also be used by employees who retired or went on disability benefit immediately after the cessation of the labour relationship. Most frequently, the cash benefits are awarded to employees due to a long and chronic illness and also in cases of individual random events, as a result of which the employee's financial condition and quality of life deteriorated significantly.

The Bank's employees show great interest in low-interest loans for housing purposes, for renovation or finishing of an apartment, construction or reconstruction of a house, purchase of an apartment or refinancing of a housing loan. The largest group of employees applies for loans for renovation of an apartment. Preferential interest rates and absence of any additional fees allows many employees to perform the necessary renovation work and improve their living conditions.

Loans to Employees	2011	2010
For housing purposes		
Amount (PLN)	1 801 126	2 001 683
Number of employees	142	175
For social purposes		
Amount (PLN)	285 300	292 951
Number of employees	131	130



from the cycle **Memories of Arles – Table for preparing hovering objects**, 1991 (gelatine silver print 55 x 45 cm)

corporate responsibility

Aspects of Environmental Protection

The Bank Millennium Group cares for the natural environment in which it operates, through rational material management, monitoring of water, electricity and fuel usage and educational campaigns addressed to its employees.

In 2011 the Bank Millennium Group did not receive information on any case of its infringing environmental protection regulations.

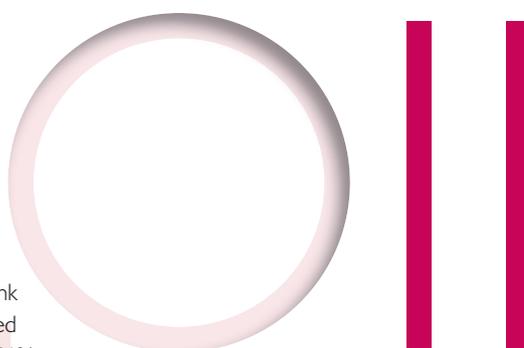
Consumption and Recycling of the Materials Purchased by the Bank

In 2011 the Bank's Group continued its environmentally-friendly approach initiated back in 2008, in which multi-function printer devices were leased and print rooms were created. In 2011, the usage of paper and envelopes for bank statement printouts was also reduced. All the initiatives in this respect have allowed the Bank to reduce the consumption of paper by 4.09% and of envelopes by 8.74% compared to the year 2010.

In addition to paper products, the Bank also uses plastic products, such as disposable cups, spoons, coffee stir sticks, plastic water bottles and safe envelopes. The limits set for the Bank's organizational units for ordering bottled mineral water and plastic safe envelopes were maintained and monitored in 2011. However, due to the increased number of clients, the consumption of bottled mineral water for Prestige, Corporate and Private Banking Clients increased by 10.16% from 2010.

The increase in the number of clients in 2011 contributed to a significant increase of consumption of consumables (including tapes, colour cassettes, rollers, toners) for all the printing devices and ATMs.

The consumption of chargeable batteries used at the Bank for various types of opening equipment, alarms and remote controls increased by 6.31% compared to the previous year.



Category	Type of material	Consumption in the period of I – XII			
		2011	2010	unit	change
Renewable	Paper (for operational needs)	358 037	373 325	kg	-4.09%
Renewable	Envelopes (various types)	113 042	123 873	kg	-8.74%
Non-renewable	Plastic articles	14 316	14 271	kg	0.31%
Non-renewable	Consumable materials for printing devices	1 846	1 479	kg	24.81%
Non-renewable	Batteries	387	364	kg	6.31%

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. Under that agreement, 24,329 kg of telecom and IT equipment (including monitors, computers, servers, printers, faxes, keyboards, hubs, UPS, HDD, switches, routers) and 2,958 kg of metal waste were sent for recycling and recycled in 2011.

Recycling

Type of material	in the period of I – XII			
	2011	2010	unit	change
Telecommunication and computer hardware	24 329	9 489	kg	156.39 %
Metal waste	2 958	4 280	kg	-30.89%
Paper (scrap)	607 666	72 168	kg	742.02%

In March 2011, an Archive Project was launched under which documents whose storage period expired in 2009 and 2010 were delivered for destruction.

Accordingly, the waste paper delivered for recycling in 2011 increased 742% as compared to the previous year.

Waste Management

Type of material	in the period of I – XI			
	2011	2010	unit	change
Equipment	8 082	7 792	kg	3.72%
CCTV cassettes	600	485	kg	23.71%
Used toners	0	653	kg	-100%

In 2009, own machines (photocopiers and printers) were removed from field outlets and Head Office organisational units and replaced with multi-function printer devices owned by an outsourcing company. The responsibility for the receiving and regeneration of used toners for multi-function printer devices rests with the outsourcer and therefore no toners were commissioned for disposal in 2011.

The redundant furniture which was not fit for further use at the Bank and equipment with a technical expertise recommending destruction (shredders, bill counters, photocopiers) was classified and delivered for scrapping. In 2011, 8,082 kg of the above equipment was delivered. The increase vs. the previous year results from the reassignment and modernization of the Bank's branches.

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

- Environmental Protection Act (Journal of Laws 2001 No. 62, Item 627, as amended),
- Used Electric and Electronic Equipment Act (Journal of Laws 2005 No. 180, Item 1495, as amended),
- Environmental Policy of the State II"
- National Waste Management Plan (Polish Monitor 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

In 2011, the Bank continued its efforts to reduce consumption of electricity, namely a shorter operating time of external advertising panels (now they are turned off at midnight). The guidelines regarding rational energy consumption, mainly with respect to heating and air conditioning equipment, are continued to be implemented.

New initiatives for the reduction of electricity usage have also been introduced:

- replacement of light sources in external advertising panels, i.e. from traditional fluorescent tubes to energy-efficient LEDs in 60 branches,
- installation of energy-efficient light sources in two branches (as a pilot).

Consumption of Power and Water

	2011	2010	unit	change
Electricity purchased	32 964 308	29 224 062	kWh	12.8%
Heating energy purchased	62 220	101 358	GJ	-38.6%
Natural gas	183 775	189 887	M3	-3.2%
Heating oil	75 880	77 200	litr	-1.7%
Water	66 981	117 163	M3	-42.8%

Protection Areas

The Bank no longer owns any land which neighbours protected areas.



from the cycle **Impossible Objects #5**, 1989 (gelatine silver print 25 x 35 cm)

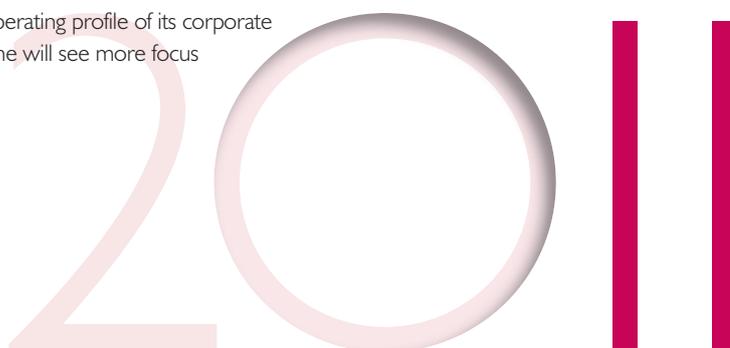
corporate responsibility

Activities Benefiting Society

Bank Millennium is a socially sensitive organisation.

In an effort to implement its mission, every year the Bank Millennium Group in cooperation with its social partners carry out a number of social initiatives.

In 2011, Bank Millennium took a decision to change the operating profile of its corporate Foundation "Life Inspires Us." Its new operating programme will see more focus on the implementation of social goals.



Social Activities

Gdański Areopag

Bank Millennium supported the organisation of the eleventh "Gdański Areopag" Dialogue Forum. The Forum is a unique and socially important platform of discussion and dialogue between various communities on subjects connected with the challenges and key moral issues of our times. The main subjects of the meetings in 2011 were: "Fame" (spring session) and "Prudence" (autumn session). The discussion was attended by a group of eminent intellectuals representing various scientific communities, views and religions.

Poland in NATO

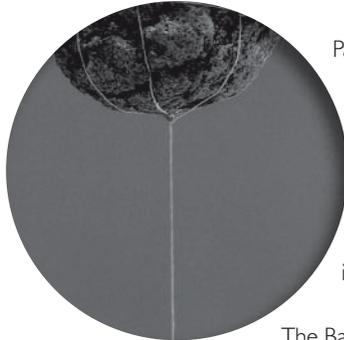
Bank Millennium was a partner in promoting the documentary film entitled "The Real End of the Cold War. Behind the Scene of Poland's Accession to NATO" directed by Jerzy Śladkowski. This film is dedicated to an important event in Poland's contemporary history, depicting hitherto unknown facts. On the basis of this film the Citizenship Education Centre prepared three scenarios for a lesson about NATO in middle and post-middle schools in the social science course and then distributed them with the film as substantive support to 3,000 schools.

“Earth Hour”

In 2011, Bank Millennium participated in the Polish part of the “Earth Hour” environmental campaign organised by the WWF Polska Foundation.

The purpose of the campaign was to educate and draw attention of the policymakers, the media and the public to the problem of Earth climate change, especially global warming and over-exploitation of natural resources. The campaign also manifests support for the activities of governments and non-governmental organisations aimed at mitigating the effects of such changes.

The campaign consisted in a voluntary switching off of the lights in flats, institutions, offices and external illumination of public buildings, including the switching off of advertisements and neon signs, in the campaign countries on 26 March 2010 between 8:30 PM and 9:30 PM (1 hour). In Poland the campaign was joined by 32 towns and cities and a large group of companies and institutions and public persons.



Participation in this campaign was an opportunity for the Bank to conduct an internal information campaign for its employees on the subject of the campaign and its objective. The Bank and Group companies switched off the lighting of the offices at the Bank’s head offices (Warsaw and Gdansk) and the advertisement panels on head office buildings, as well as lights and advertising panels on some of the Bank’s outlets throughout Poland, for one hour. The Bank has also informed its clients about its participation in the campaign.

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

The Bank Millennium Group purchased 150 tickets and gave them to its employees enabling them to participate in the Ecco-Walkathon, Poland’s largest charitable walk. By traversing a 6 or 10 kilometer course they could “earn funds by walking” (4 zloty per kilometer) for one of three foundations: SOS-Children’s Villages, TVN Foundation “You Are Not Alone” and the Radio Zet Foundation. In addition, every child’s participation in the event was rewarded with an additional contribution to the Warsaw ZOO and to build a summer residence for the world’s smallest monkeys: the Pigmey and Uistiti Monkeys.

Safe Driver’s Bank

In 2011 the Bank Millennium Group prepared and conducted, in cooperation with PZU, a contest promoting safe conduct in road traffic. Its first phase entailed e-learning training to expand knowledge on safe and economical usage of the roads and the rules of providing first aid to road accident victims. More than 3 thousand employees completed this training. The second phase of the contest consisted of a 25-question quiz to check familiarity with the training subject matter in which one could participate through an e-learning platform. The persons who scored the highest marks were awarded participation in driving skills improvement courses.

Bottle Cap Mania

At the initiative of employees of the Bank Millennium Group, a social campaign was formed to collect plastic bottle caps. This campaign is called "Bottle Cap Mania". Plastic parts are conveyed to the "Home-Family-Person" Association in the Żoliborz District, which uses the funds generated by selling waste to buy wheelchairs and treatment equipment for disabled persons. In the most recent three years the Association purchased 5 wheelchairs for its charges. In addition, this campaign has an environmental dimension by reducing the quantity of plastic waste reaching trash dumpsites.

Good Blood Bank

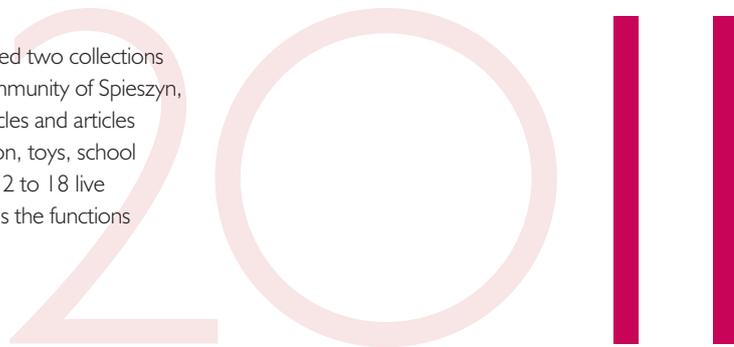
Employees of the Bank Millennium Group organised and participated for the fourth time in a Honorary Blood Donor Campaign. This campaign took place in July, i.e. in a period of heightened blood demand in health service outlets. 22 people who gave 11 liters of blood participated in this campaign.

Bank Employees for Children

In 2011 employees of the Bank Millennium Group organised two collections earmarked for the charges of the orphanage in Kijany (community of Spieszyn, Lublin region). As a result of the first collection, school articles and articles of personal hygiene were given and in the second collection, toys, school articles and holiday presents were given. 30 children aged 2 to 18 live on a permanent basis in the orphanage. This unit also fulfills the functions of the County Guardian Emergency Service.

Stipends for the Most Gifted

Bank Millennium funded two nine-month stipends in 2011 for highly gifted pupils in small towns: a pupil in the Second General High School in Elk and a pupil in the Food Services Technical School in Mrągowo in the framework of equal educational opportunities.



Supporting Education

Come and Grow with us

In 2002 the Come and Grow with Us Programme was created to get involved in the life of the academic community, affording students the opportunity to hone their skills and interests. The purpose of the programme is to depict Bank Millennium as an employer enabling young and active people to launch their career in an international financial institution. Fixed components of this programme entail paid internships, training sessions, workshops, contests with valuable prizes and participation in fairs and educational events. In that manner the Bank addresses its offer directly to young people and may adapt its actions to meet their needs.

Another fixed element of the Come and Grow with Us Programme is promoting development programs addressed to final year students and graduates. These are the *People Grow* and *Expert Start-up* Programs.

Apprenticeships

Bank Millennium operates an apprenticeship programme called Millennium Bankers whose purpose is to allow students to utilize the knowledge gained in their studies in practice. The Bank provides students practical information lacking in the curriculum of economic universities, which is important to comprehend the rules for the operation of a financial institution. This programme targets students of all fields of study who have completed their second year of study and these apprenticeships are paid.

In 2011 the Bank matriculated 36 apprentices. The apprenticeships were performed in various departments of the Bank's Head Office in Warsaw and Gdańsk and in the 10 Corporate Banking Centres across the country. In addition, the Bank organised two apprenticeships in Bank Millennium in Greece. The length of these apprenticeships ranged from 1 to 3 months depending on the student's availability. Three month apprenticeships made it possible to involve students in standalone comprehensive projects fostering the participant's development. An additional benefit for students derived from these apprenticeships is the possibility of receiving a proposal of permanent employment in Bank Millennium. Our best apprentices received a job offer.

Training for Students

In 2011 Bank Millennium delivered free-of-charge training courses on varying topics for students in the Come and Grow with Us Programme to address their current needs and interests. These training sessions concerned soft skills and workshops on finance and banking.

In the spring during the Career Days organised by the AIESEC International Association of Students Bank Millennium delivered negotiations workshops in the Academy of Skills in which roughly 250 participants took part.

In the autumn session of the Millennium Academy, a series of training sessions and presentations for students of economic universities was held. The academy is held in academic centres across the nation and in the Bank's Head Office. The training sessions are delivered by experienced Bank employees, namely experts who willingly shared their subject knowledge. In 2011 the following training sessions enjoyed enormous popularity among students: investment basics, enterprise financial standing analysis, mortgage issues for future borrowers. Some 290 students participated in these training sessions while a total of 487 applied to participate in them.

This year the Bank commenced cooperation with the BEST organization of students of technical universities. This made it possible to pitch Bank Millennium's offering to another university, namely the Warsaw Technical University. A workshop was organised in cooperation with BEST for all students of IT and neighboring topics. The purpose of this workshop was to depict Bank Millennium as an attractive employer in IT and application development. The students were invited to participate in a workshop during which they could familiarize themselves with the work of a business analysts in analyzing lending processes. 23 students participated in the workshop and 5 of them were distinguished with a special award.

Competitions

Bank Millennium constantly uses, as a way of activating students, invitations to participate in contests giving every participant the chance to check his or her knowledge and ideas in practice.

In 2011 three contests in different topics were organised. Through them we were endeavoring to stimulate the participants' creative thinking and business intuition. Students grappled with tasks in marketing, project management, quality and innovation. These contests have enjoyed extensive interest among students from across Poland regardless of their field and year of study. Contest participants vied for internships in Greece, internships in Bank Millennium and valuable material prizes. More than 37 persons participated in total in the contests organised by the Bank in 2011. Ten contestants made it to the finals and the winners of the main prizes, distinctions and special mentions were selected.

For the second time the Bank funded the award in the contest "You Are Competing for an Internship" organised by "Gazeta Wyborcza" and PricewaterhouseCoopers. 29 students joined in the proposed contest assignment. The contest winner was enrolled in an internship in the Electronic Banking Department whose operating area was covered by the contest work.

Cooperation with Student Organizations

Bank Millennium appreciates the contribution of student organizations to creating opportunities for students to gain professional experience and develop their skills and interests. The Bank supports financially and substantively supports student organizations in their operations and pursuit of statutory objectives.

Since 2003 we have been cooperating with AIESEC, an international student association. This cooperation affords us the opportunity of reaching the academic community directly. Bank Millennium is involved in two projects: "Ambassador" and "Career Days". The Ambassador Programme enables us to gain direct access to the academic community through ambassadors, namely students of economic universities, AIESEC members who are representatives of the programme "Come and Grow with Us" in the largest academic communities. During an annual period of cooperation they care for the Bank's positive image and report on the possibilities of development in the Bank by promoting its programme of internships, contests, apprenticeships and development programs. They also organise banking events at universities. In exchange for their commitment ambassadors participate in special training sessions and workshops organised by the Bank and receive the possibility of participating in a vacation internship in the Bank.

The other initiative entails participation in „Career Days”, the largest job, internship and fellowship fair for the student community in Poland. It is an effective form of exchanging information and reciprocal expectations between the Bank as a prospective future employer and young people looking for an attractive job. An integral part of „Career Days” is the Academy of Skills, a series of training sessions and workshops targeting students. Both programs are delivered in 11 academic communities in 9 cities: Warsaw, Kraków, Lublin, Wrocław, Łódź, Katowice, Poznań, Gdańsk and Toruń.

In 2011 the Bank established cooperation for the first time with the BEST Students Association at the Warsaw Technical University. BEST is the largest organization of technical university students. The first joint project entitled „Meet Your Employer” consisted of a workshop whose purpose was to familiarize its participants with the IT function in the banking sector. The next project in which the Bank intends to participate entails participation in a two-day "Engineer Job Fair". During the fair students will have an opportunity to obtain the most up-to-date information about development programs, internships and new recruiting processes the Bank is directing solely to engineers.

Promotion of Culture

Bank Millennium considers the support of important artistic events in the area of high culture to be an important part of its social mission. The Bank pursues cultural programs acting unilaterally and in cooperation with social partners and cultural institutions while focusing on valuable artistic projects in various areas of culture.

Golden Sceptre

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 2011 the "Golden Sceptre" award was given to Wiesław Myśliwski, a prominent author for his "creative writing ripe with innovative searches and epic proportions portraying transformations and reassessments of Poles' attitudes".

The awardee granted the „Small Sceptre" award to the Community Public Library in Kije, which in his opinion stands apart with its level of cultural and educational activity.

The awards ceremony was accompanied by a concert given by the "Silesian Quartet", "Tangata Quintet" and the Eryk Kulm Trio. Olgierd Łukaszewicz read fragments of Wiesław Myśliwski's novel entitled the "Treaty of Bean Husking".

From the time of establishing this award Bank Millennium has been its founder and a patron of the accompanying artistic events. The "Golden Sceptre 2011" was the thirteenth edition of this award. The Winners of the previous editions of the award included: Jerzy Giedroyc, Wojciech Kilar, Stanisław Lem, Roman Pogański, Ewa Podleś, Sławomir Mrożek, Janusz Gajos, Tadeusz Różewicz, Maria Fołtyn, Wojciech Młynarski, Krzysztof Penderecki, Józef Wilkoń.

Millennium Pearls

The premiere of the Television Theater performance entitled "Gatsemani" directed by Waldemar Krzystek inaugurated another series of "Millennium Pearls" on channel TVP1 of Telewizja Polska (Polish public broadcasting corporation). Every Monday from mid-October 2011 to early January 2012, outstanding theater performances were broadcast, including some remarkable premieres.

The "Millennium Pearls" series is a joint undertaking of Bank Millennium and Telewizja Polska aimed at promoting high-quality events in the arts. Under the project, which began in 2004 with a staging of Shakespeare's "Hamlet" directed by Łukasz Barczyk and performed entirely inside the Wieliczka salt mine, selected theater performances, musical programs, concerts and documentaries were aired. Several years later, with the return of the broadcasting of Television Theater performances on channel TVP1 in their historical time slot, the most recent series of "Millennium Pearls" re-embraced theater stagings. 12 performances were aired in the series, including 4 premieres. A very special event was the premiere of "Glorious!" by Peter Quilter directed by Andrzej Domalik. An additional attraction offered by the show was that for the first time in decades a Television Theater staging was broadcast live directly from a TV studio. The show enjoyed tremendous success both artistically and in terms of viewer ratings. 2,776,000 TV viewers (according to TNS OBOP) and 182,000 Internet viewers watched the performance, which was Television Theater's largest combined audience in 11 years.

Planet Doc Film Festival

From 6 to 15 May 2011, the 8th edition of the Planete Doc Film Festival, one of the most important European documentary film festivals, was held in Warsaw.

During this edition of the festival, more than 180 films were presented in 12 thematic sections: Political Sciences, Fetishes and Culture, Intimate Stories, Climate for Changes, Heroes Are Among Us, All Quiet on the Eastern Front, Spacetime, Doc Alliance, Anima Planet, LSD: Love, Sex & Dreams, Inspiration and the Muse – Free Your Mind and The Greatest Hits of the Planete Doc Festival.

This time, 17 carefully selected, best feature-length documentaries vied for the main prize of the Festival, the "Millennium Award". The winning film was "After the Sunset" directed by Nikolaus Geyrhalter. The screenings were accompanied by a round of discussions, exhibitions and workshops conducted by prominent filmmakers.

The Festival screenings, as in previous years, were held in three Warsaw movie theaters: Kinoteka, Muranów and Iluzjon, and in selected movie theaters in 22 Polish cities.

Art Colony in Kazimierz

2011 marked the twelfth season of cooperation between Bank Millennium and the Nadwiślańskie Museum in Kazimierz Dolny aimed at recalling, preserving and presenting the achievements of members of the historical colony of Kazimierz Dolny artists (a group unique on a pan-European scale) and contemporary artists continuing their tradition. In 2011, an exhibition was organised jointly by the two cooperating partners in a series of events aimed at preserving the artistic achievements of the founders of the Kazimierz Dolny colony.

In 1906, Ferdynand Ruszczyk, a professor of painting at the Warsaw School of Fine Arts, by virtue of his teaching duties visited his students during their open-air workshop in Kazimierz Dolny. It was his first and last visit to this charming little town on the Vistula. For Kazimierz though, this visit was important, because it confirmed the town's role as the location of official open-air workshops for students of the prominent Warsaw school who first came here earlier, in 1905. Professor Ruszczyk's visit, who was already a very highly regarded painter well known for his consistent approach, was a kind of "seal of quality" confirming the choice of Kazimierz as the place of the annual meetings of painters. And it was precisely these painters who, a little later, created the community which Polish cultural history recorded as the Kazimierz artistic colony.

Ferdynand Ruszczyc's visit to Kazimierz and its surroundings brought an artistic yield of over a dozen drawings and sketches preserved in the sketchbook that he always carried with him, among them "House with a wide canopy in Kazimierz", "Slopes of a granary in Kazimierz", "Organs in the parish church in Kazimierz", "Facade of the former St. Spirit Hospital at the St. Anna Church in Kazimierz", "Street in Kazimierz with a view of the ruins of the castle", "Landscape with the Franciscans Reformat's convent in Kazimierz", "Ruins of the castle in Janowiec Lubelski", scenes with sailing boats on the Vistula River and pictures of Lublin's houses and landmarks. Together, these drawings form a record of the artist's three-day visit to the Kazimierz open-air workshop as well as his hikes and interests. With landscapes from the artist's early period (1894-1905) they formed the exhibition "Ferdynand Ruszczyc. Open-air workshop in Kazimierz-upon-Vistula 105 years later" presented in the Celejowska Building of the Nadwiślańskie Museum in Kazimierz.

The presentation in Kazimierz was a unique opportunity to see in one place Ferdynand Ruszczyc's works distributed among Poland's most important museums.

Due to extension works on the Summer Gallery of the Nadwiślańskie Museum in Kazimierz, the museum's exhibition programme for 2011 was limited to a presentation in just the Celejowska Building

Multicultural Gdańsk

In 2011, the Bank continued its long relationship with the National Museum in Gdańsk. For the second time, artworks were displayed from the collection of Baron Samuel von Brukenthal (1721-1803), governor of Transylvania under the Habsburgs, consisting of 250 works by the most representative schools of Italian painting. 54 works formed part of the exhibition entitled "Antonello de Messina, Titian, Veronese. Italian masters of painting from the collection of the Brukenthal National Museum in Sibiu, Romania", presented at the National Museum in Gdańsk, and most of them were works created between the late 15th century and the late 17th century in the studios of painters from Venice and Rome. The most important were works by famous painters of the Renaissance: "Crucifixion" by Antonello de Messina (1431-1479), a small distemper painting on pear wood, representing an ascetic image of Golgotha, "Ecce Homo" by Titian (c. 1485-1576), an image of meditating Christ, and "Portrait of a child" by Veronese (1528-1588), an unpretentious small painting probably cut out from a larger canvas. The opportunity to see them in Gdańsk marked a significant artistic event that year. In addition to these three masters, the exhibition in Gdańsk also featured works by other prominent Italian painters of the Baroque and Rococo periods, including Sebastiano Ricci, Francesco Zugano, Paolo Pagani, Giovanni Battista, Domenico Brandi and Paolo Alesi. The honor of Renaissance sculptors was successfully defended by "Bust of a young man" by Tullio Lombardo (1460-1530), a representative of the great artistic family of Venetian sculptors.

As part of the presentation of achievements of the Tri-City artistic community, the Department of Contemporary Art of the National Museum in Gdańsk, in collaboration with Bank Millennium, prepared a monographic exhibition of paintings by Andrzej Umiasowski, an extremely popular artist of the middle generation. His paintings are a colorful story of events taking place throughout the year with full-of-life albeit slightly grotesque figures. Each painting tells a story conveying a message and often a surprising morale. Umiasowski's works are full of strange though optimistic characters captured during their normal day-to-day activities, sometimes portrayed in a slightly caricatured manner. The painter is a keen observer of reality who tends to exaggerate the things he sees to a certain extent but who also reveals how he likes his figures and the situations in which he frames them. This kind of painting invites the viewer to partake in dialog. Sometimes it is entertaining, sometimes annoying, but it always compels the viewer to ponder.



3D object titled **January, February, March ...**, 1987/88, (20 elements 210 cm high; photographs, stones, wood, bird feathers)

Let' Remember Osiecka

In 2011, Bank Millennium was a partner of the Okularnicy Foundation in organizing the "Let's Remember Osiecka 2011" Festival. The objective of the Festival was to promote the works of Agnieszka Osiecka, an eminent poet and songwriter. The most important part of the Festival was a nationwide singing contest for young artists interpreting songs with lyrics by the late poet. In 2011, the contest was held for the 14th time and in the finals 11 singers presented their interpretations.

A revolution in the history of the contest was prompted by Marcin Januszkiewicz, a 24-year-old actor of the Współczesny Theater in Warsaw, the first man ever to win the top prize. He sang "Forgive Me, Mamasha", a song not very well known to the wider audience with music by Przemysław Gintrowski, and his interpretation was deemed to be the most interesting by the jury.

The jury had a really difficult task, because the artistic level of the eleven finalists was almost entirely professional. In addition to excellent interpretations of lesser-known songs by Osiecka, young artists demonstrated a good deal of acting skills and remarkable vocal technique. The second prize was awarded to actress Marta Ledwoń, a graduate of the Academy for the Dramatic Arts in Kraków, for her interpretation of the song "What Time It Is" with music by Janusz Bogucki. The third prize went to Tomasz Stańczyk, a sound technician by profession, for his performance of the song "What Every Boy Should Know", with music by Seweryn Krajewski.

An honorary prize for his contribution to Polish songwriting was delivered by Agata Passent, president of the Okularnicy Foundation, to Jerzy Satanowski, a prominent composer and the author of music for hundreds of songs, including ones composed to poems by Agnieszka Osiecka. Jerzy Satanowski has been contributing to the contest since its first edition.

The stars of the evening were musicians from the band "Raz, dwa, trzy". In February 2002, they re-arranged over a dozen songs by Agnieszka Osiecka and performed them on the 5th anniversary of her death in the Agnieszka Osiecka Memorial Studio of Channel 3 of Polish Radio. Several songs were presented during the second part of the gala concert in the Roma Theater in Warsaw.

Poetry in the Theater

It has become fashionable again not only to read poetry but also to listen to it. What was regarded not long ago as niche poetic performances has moved from the literary underground to the stages of renowned theaters, earning the status of full-fledged productions. Three well-known actresses, Joanna Żółkowska, Paulina Holtz and Anna Moskal, with the help of director Waldemar Śmigajewicz created a beautiful story about life based on poems by Nobel laureate Wisława Szymborska in the play "You Are Beautiful, I Say To Life", which premiered at the Powszechny Theater in Warsaw.

The performance did not offer a ready-made recipe for life but a very personal picture of the modern world contained in selected 37 poems by Wisława Szymborska. A modest, beautiful staging intensified by accompanying music created a coherent dramatic whole. It was produced with assistance from Bank Millennium.

Radio and TV Theater

"Two Theaters", i.e. annual Festivals of the Polish Radio and Polish Television Theater, are a powerful brand on the country's festival market. During the 11th edition of the review of Polish radio and television theater performances (Sopot, 18-20 June), 11 television productions and 16 radio dramas from last year were presented.

Credit for the fact that new productions are made every year must be given to what should be a significantly more broadly appreciated community centred around two theaters: radio and television theater. The most prominent members of this community are honored with the Grand Award of the "Two Theaters" Festival. Last year, the Grand Award went to outstanding actor Jerzy Trela for his remarkable performances in radio and television theaters with which he has been associated for forty years.

The Grand Prix for the best staging on Telewizja Polska was awarded by the jury chaired by Krzysztof Zanussi to the authors of "Kontrym": Marek Pruchniewski for the text, Marcin Fiszer for direction, Jan Frycz for the leading role and Paweł Flis for cinematography. The performance told the story of the meeting and dramatic relationship between two persons in Poland's recent history: Bolesław Kontrym, a member of the Cichociemni elite paratroops, a commander in the Warsaw Uprising, but also a participant in the Battle of Warsaw on the side of the Red Army, and Józef Światło, a high-ranking officer in the Office of Public Security, a mastermind in the system of political prosecution in the Stalinist era. In the television contest, as in previous years, Bank Millennium also presented its own award. It was given to Witold Adamek for cinematography in the "Boulevard Voltaire" staging directed by Andrzej Byrt with splendid roles by Ewa Wiśniewska and Janusz Gajos.

The Grand Prix for the best radio drama was awarded by the jury chaired by Grażyna Barszczewska to the authors of "Samosierra": Paweł Sztarbowski for the text, Paweł Łysek for direction, Tomasz Perkowski for audio production and Tomasz Obertyn for music production. The drama was created for Channel 1 of Polish Radio as an original project by Paweł Sztarbowski in which by returning to the historical charge of Polish light cavalry at Samosierra he critically analyzed the paradigm of the Pole ready to fight "for our freedom and yours".

In addition to contest presentations, recalled in a special monographic series were artistic creations by the late actor Krzysztof Kolberger who played a number of prominent roles in television theater productions and radio dramas and died in January.

Castle Concerts

There is a long tradition of "New Year's Concert" organised by Bank Millennium at the Royal Castle in Warsaw every January for a large number of partners, associates and customers. The concert programme 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.

G3 Content Index – GRI Application Level C

indicator	description	reported	report page	the part not reported	explanation
Strategy and analysis					
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	fully	7		
Organizational profile					
2.1	Name of the organization	fully	15		
2.2	Primary brands, products, and/or services	fully	19		
2.3	Operational structure of the organization	fully	16		
2.4	Location of organization's headquarters	fully	16		
2.5	Number of countries where the organization operates	fully	16		
2.6	Nature of ownership and legal form	fully	16, 47		
2.7	Markets served, including geographic breakdown	fully	16, 18		
2.8	Scale of the reporting organization	fully	18		
2.9	Significant changes during the reporting period	fully	13		
2.10	Awards received in the reporting period	fully	39		
Report Parameters					
3.1	Reporting period	fully	13		
3.2	Date of the most recent previous report	fully	13		
3.3	Reporting cycle	fully	13		
3.4	Contact point	fully	95		
3.5	Process for defining report content	fully	13		
3.6	Boundary of the report	fully	13		
3.7	Statement on any specific limitations on the scope or boundary of the report	fully	13		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	fully	13		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	fully		does not exist	
3.11	Significant changes from previous reporting periods	fully	5, 13		
3.12	Table identifying the location of the Standard Disclosures in the report	fully	92-93		
Governance, Commitments, and Engagement					
4.1	Governance structure of the organization	fully	16-17		
4.2	Indication whether the Chair of the highest governance body is also an executive officer	fully	16		
4.3	Number of members of the highest governance body that are independent and/or non-executive members	fully	16		

indicator	description	reported	report page	the part not reported	explanation
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	partially	45-46, 51	consultations with formal bodies representing the interest of employees	the formal employees representation bodies does not exist in the organization
4.14	List of stakeholder groups engaged by the organization	fully	23		
4.15	Basis for identification and selection of stakeholders with whom to engage	fully	13		
Economic indicators					
E1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	fully	21		
Environmental indicators					
EN1	Materials used by weight or volume	fully	78		
EN4	Indirect energy consumption by primary source	partially	79	the corresponding primary energy consumed in its production	no data within the organization
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives	fully	77, 79		
EN8	Total water withdrawal by source	partially	79	the volume of water by source type	no data within the organization
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	fully	79		
Social indicators					
LA1	Total workforce by employment type, employment contract, and region	fully	70-71		
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	fully	72-73		
LA10	Average hours of training per year per employee by employment structure	fully	69		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	partially	67-69	the retirement transition assistance programs	no such programs in the organization
LA14	Ratio of basic salary and remuneration of women to men by employee category	fully	73		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	fully	25-27		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	fully	32		



Statement GRI Application Level Check

GRI hereby states that **Bank Millennium S.A.** has presented its report "Corporate Responsibility 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 30th 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on March 22nd 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

Share your opinion

Thank you for reading our report.

If you want to share your opinion about it with us please send your comments to: csr@bankmillennium.pl

Contact Person:

Anna Pulnar

CSR Consultant

csr@bankmillennium.pl

2011



photo by Krzysztof Baranowski

Grzegorz Przyborek

Born 18 October 1949 in Łódź
– Polish photography artist, pedagogue.

Graduate of the Łódź Władysław Strzemiński State Higher School of Visual Arts (Graphics faculty, 1974); since 1976 a scholar and lecturer with the Strzemiński Academy of Art in Łódź. A Professor, head of the Photography Section of the Multimedia Chair; also a lecturer at the Leon Schiller National Higher School of Film, Television and Theatre in Łódź. Moreover he writes about photography. Many of his students have graduated to be active artists.

His works are in photography, electronic media, objects, installations, drawings, graphics, sculpture also bordering on other art fields.

His works are exhibited i.a. in:

Museum of Art in Łódź; **National Museum** in Wrocław; **Lubuska Land Museum** in Zielona Góra; **Stadtmuseum Gross-Gerau**, Germany; **Collectiones des Artotheques "Photographie d'Auteur"**, Lyon, France; **Broncolor Promotions**, Switzerland; **Radici-Group Promotion**, Bergamo, Italy; **Fonds National d'Art Contemporain (FNAC)**, Paris, France; **The Lower Silesian Society for the Encouragement of Fine Arts**, Wrocław; **The Wielkopolskie Society for the Encouragement of Fine Arts**, Poznań

More at: www.przyborek.toya.net.pl

Produced by: **grupa CODEx** 02-457 Warszawa, ul. Czereśniowa 19a,

tel. 22 868 73 95, fax 22 868 73 96, e-mail: biuro@grupacodex.pl, www.grupacodex.pl

photographs: **Grzegorz Przyborek** layout: **Marek Wajda** photo of the President of Management Board: **Piotr Waniosek**

Corporate Responsibility Report was printed on eco-friendly paper **Arctic Volume**



Bank Millennium SA

ul. Stanisława Żaryna 2A
02-593 Warszawa

www.bankmillennium.pl