

This report is an integral part of the Management Board Report on the activity of Bank Millennium for the period ended 31 December 2011 and Management Board Report on the activity of the Bank Millennium Capital Group for the 12 month period ended 31 December 2011.

REPORT CONCERNING THE PRINCIPLES OF CORPORATE GOVERNANCE IN BANK MILLENNIUM IN 2011

I. Statement regarding Principles of Corporate Governance applied in 2011.

The Principles of Corporate Governance are a set of norms, which are part of the system of corporate management and control and are specified in particular as regards the competence of individual corporate bodies. The legal framework of the process of shaping principles of corporate governance, which are common to all public companies in Poland, are provided by regulations adopted by the Warsaw Stock Exchange, in particular the document of the WSE Council entitled "Good Practices in Public Companies on WSE". In 2011 several changes were introduced in this document but the primary rule: 'comply or explain' remains binding, which means that a company is obliged to disclose information about the exception to any rule with a proper explanation in the form of current report. The content of the Good Practices is available on the WSE's official website www.corp-gov.gpw.pl and on the Bank's website at www.bankmillennium.pl.

Bank Millennium, recognising the value of the principles stipulated by the Good Practices, strives to build corporate, investor and contractual relations in keeping with these principles. In the reporting period, in the Management Board's opinion, the Bank did not deviate from the principles contained in the Good Practices.

Confirmation of this is the fact that Bank Millennium in 2011 remained among companies included in the RESPECT Index – the first CEE index of socially responsible companies. As at 1 February 2012 the Index comprised 23 companies listed on the Warsaw Stock Exchange, which operate in accordance with best management standards in corporate governance, information policy and investor relations as well as in labour and social relations, as well as environmental matters.

II. Authorities of the Bank.

General Shareholders Meeting

The General Shareholders Meeting (GSM) is the supreme authority of the Bank. The General Meeting acts under effective laws, comprising in particular the Commercial Companies Code as well as the Banking Law, Articles of Association of the Bank and the Bylaws of the General Shareholders Meeting. The text of the Articles of Association and the Bylaws of GSM is available on the Bank's website. The competencies of the General Meeting include in particular: review and approval of annual financial reports, adoption of resolutions on distribution of profit or covering losses as well as discharging Members of the Bank's authorities from performance of their duties, change of the Articles of Association (in accordance to the rules provided by Commercial Companies Code), including increase and reduction of share capital, issue of convertible bonds and bonds with priority rights as well as subscription warrants and establishment and cancellation of capital and funds as well as passing resolutions on their use, election and recall of Members of the Supervisory Board as well as determining their remuneration, dissolution of the Bank or its sale or merger, selection of liquidators, any and all decisions concerning claims for redress of damage caused when establishing the Bank or exercising management or supervision, as well as redemption of shares and defining the detailed terms and conditions of redemption.

As at 31 December 2011 the share capital of the Bank was composed of 1.213.116.777 shares (with nominal value PLN 1 each). Presented below is information about shareholders in direct or indirect possession of significant blocks of shares with number of shares held by these entities, their share in the share capital and the total number of votes at the General Shareholders Meeting of the Bank. Since the Bank is public company, the shares of which are traded on the Warsaw Stock Exchange, it does not possess detailed data concerning the composition of shareholders as at 31 December 2011.

1. Composition of the shareholders of the Bank as at 31 December 2011.

Shareholder	Number of shares	% share in share capital	Number of votes	% shares in votes at GSM
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
ING OFE (Pension Fund)*	60 762 472	5.01	60 762 472	5.01

* data based on information from registration of shareholders at the Bank's GSM on 31 March 2011

1. Composition of the shareholders of the Bank as at 31 December 2010.

Shareholder	Number of shares	% share in share capital	Number of votes	% shares in votes at 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

*** on 18 January 2011 AVIVA OFE Aviva BZ WBK informed the Bank that it had reduced its share in the Bank's share capital below 5% level.*

As the majority shareholder, Banco Comercial Portugues S.A. ("BCP") exercises its shareholder's rights stipulated in the Commercial Companies Code and the Articles of Association. BCP has a corporate control over the Bank. Thanks to holding majority of vote at the General Shareholders Meeting, BCP may exert decisive impact upon the decisions about the most important corporate issues, such as amendments to the Articles of Association, issue of new shares of the Bank, reduction of the share capital of the Bank, issue of convertible bonds, payout of dividends and other actions that pursuant to the Commercial Companies Code require simple or qualified majority at the General Shareholders Meeting. BCP has also a sufficient number of votes to appoint all the Members of the Supervisory Board, which in turn appoint Members of the Management Board. Due to the above corporate rights, BCP is able to exercise significant control over the operations of the Bank.

The Bank is not aware of any agreements, which in the future may cause changes in proportions of the shares held by the current shareholders, and the Bank is not aware of any agreements concluded between the shareholders concerning their mutual co-operation.

The Bank's shareholders exercise their rights in the way and within the boundaries defined by effective laws, the Articles of Association of the Bank as well as the Bylaws of the General Shareholders Meeting. Each share of the Bank entitles to one vote, however registered founding shares in the outstanding number of 62,200 are preferential in that one share entitles to two votes at GSM. Registered founding shares constituted 0.0073% of share capital of the Bank as well as 0.0146% of the total number of votes at GSM as at 31 December 2011.

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

On 31 March 2011 a General Shareholders Meeting was held in connection with end of the 2010 accounting year. The GSM approved 2010 financial reports, discharged the members of Management Board and Supervisory Board from their duties performed in 2010 and decided on the distribution of profit from 2010 accounting year, assigning the Bank's net profit from the accounting year ending 31 December 2010 in the amount of PLN 321 042 404.69 to:

- payment of dividend to shareholders in the amount of PLN 121 311 677.70,
- reserve capital in the amount of PLN 199 730 726.99.

Dividend per share was PLN 0.10 gross, with dividend payment date being set on 30 May 2011.

Supervisory Board

The Supervisory Board exercises permanent supervision over activity of the Bank. The Supervisory Board operates under legal regulations, the Articles of Association of the Bank, resolutions of the General Shareholders Meeting as well as the Bylaws available on the Bank's website. The competences of the Supervisory Board comprise, in particular, election and recall of the members of Management Board (with an ordinary majority of votes) and settlement of their remuneration rules. The term-of-office of the Supervisory Board is 3 years.

The meetings of the Supervisory Board are held at least once every quarter. The Supervisory Board adopts resolutions by a simple majority of votes with at least half of the Supervisory Board Members present. In case of a tie, the Chairman of the Supervisory Board has the deciding vote.

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

In the period from 1 January to 31 March 2011 the following persons comprised the Supervisory Board of the Bank:

1. Maciej Bednarkiewicz – Chairman,
2. Ryszard Pospieszyński – Deputy Chairman,
3. Carlos Jorge Ramalho dos Santos Ferreira – Deputy Chairman,
4. Marek Furtek – Secretary,
5. Luis Maria Pereira Coutinho,
6. Vitor Manuel Lopes Fernandes,
7. Andrzej K. Koźmiński,
8. Paulo Jose de Ribeiro Moita de Macedo,
9. Nelson Ricardo Bessa Machado,

10. Marek Rocki,

11. Dariusz Rosati.

On 31 March 2011 Mr Paulo Jose de Ribeiro Moita de Macedo resigned from the function of Member of the Supervisory Board, therefore on 31 March 2011 the GSM supplemented the composition of the Supervisory Board of the current tenure to include Mr Antonio Manuel Palma Ramalho.

Therefore in the period from 31 March until 31 December 2011 the Supervisory Board of the Bank was composed as follows:

1. Maciej Bednarkiewicz – Chairman,
2. Ryszard Pospieszyński – Deputy Chairman,
3. Carlos Jorge Ramalho dos Santos Ferreira – Deputy Chairman,
4. Marek Furtek – Secretary,
5. Luis Maria Pereira Coutinho,
6. Vitor Manuel Lopes Fernandes,
7. Andrzej K. Koźmiński,
8. Nelson Ricardo Bessa Machado,
9. Antonio Manuel Palma Ramalho,
10. Marek Rocki,
11. Dariusz Rosati.

The term-of-office of the current Supervisory Board ends on the day of holding the General Shareholders Meeting approving the Bank's financial report on 2011 accounting year. According to the Articles of Association, the Supervisory Board may establish standing or ad hoc committees for the purpose of performing specific activities. The standing committees of the Supervisory Board are (i) Audit Committee and (ii) Personnel Committee.

Audit Committee

The Audit Committee as a standing committee of the Supervisory Board was established in 2000 in compliance with the Act on auditors and their self-government, entities entitled to audit financial reports and on public supervision (Act on Certified Auditors). The Audit Committee must consist of at least three Members and at least one of the Members of the Audit Committee must satisfy the independence requirements and have qualifications in accounting or financial auditing. The Audit Committee meets on a regular basis (once every quarter) and in extraordinary events. It is convened by the Chairman of the Supervisory Board on his own initiative or at the request of a Member of the

Supervisory Board or a Member of the Management Board. The duties of the Audit Committee include, specifically: (i) constant monitoring of the activities of the Bank's auditor and issuing opinions regarding independence of the auditor and any other relations between the auditor and the Bank; (ii) constant monitoring of the systems and processes of financial reporting and risk management of the Bank; and (iii) evaluation and monitoring of internal procedures for accounting and auditing as well as other control systems, including acceptance and dealing with complaints or any other doubts related therewith.

In the reporting period the Audit Committee consisted of the following Members:

1. Dariusz Rosati,
2. Maciej Bednarkiewicz,
3. Luis Maria Pereira Coutinho,
4. Vitor Manuel Lopes Fernandes.

In the reporting period Mr Dariusz Rosati was the Chairman of the Audit Committee. He satisfied the independence requirements and had qualifications in accounting or financial review in accordance with Art. 86, section 4 of the Act on Certified Auditors.

Personnel Committee

The Personnel Committee as a standing committee of the Supervisory Board was established in 2000. The duties of the Personnel Committee include in particular: (i) evaluation of the candidates for Members of the Management Board; (ii) establishment of the terms of employment of the newly appointed Members of the Management Board; (iii) negotiation of changes to the terms of employment of the Members of the Management Board; (iv) determination of evaluation criteria for the Members of the Management Board and establishment of their annual bonuses; and (v) establishment of the terms of employment of the Members of the Management Board.

In the reporting period the Personnel Committee consisted of the following Members:

1. Maciej Bednarkiewicz,
2. Carlos Jorge Ramalho dos Santos Ferreira,
3. Luis Maria Pereira Coutinho,
4. Marek Furtek.

In execution of the effective Resolution of the General Meeting of Shareholders in the matter of determination of remuneration of Members of the Supervisory Board, the Personnel Committee of the Supervisory Board, defined the levels of remuneration for participation in the work of the Supervisory Board on the basis of a percentage of the average monthly salary in the enterprise sector (base rate). The amount shall be paid for each meeting of the Supervisory Board at the end of the month.

For participation in the work of Standing Committees of the Supervisory Board (Personnel Committee and Audit Committee) their Members shall receive remuneration in the month, in which the Committee meeting was held. This remuneration shall also be defined as a percentage of the monthly salary in the enterprise sector.

Furthermore, the Chairman of the Supervisory Board, with respect to performance of individual supervision of legal aspects of the Bank's operation, the Secretary of the Supervisory Board, with respect to performance of individual supervision of execution of the Supervisory Board resolutions and recommendations and the Chairman of the Audit Committee with respect to performance of individual supervision in the area of Internal Audit are also entitled to receive specific monthly amounts linked with the base rate.

W Remuneration paid to the Members of the Supervisory Board in 2011 (in thousand PLN)

No.	Name and Surname	Remuneration	Benefits	Total
1.	Bednarkiewicz Maciej	419.9	0.0	419.9
2.	Carlos Jorge Ramalho dos Santos Ferreira	94.0	0.0	94.0
3.	Pospieszyński Ryszard	73.1	0.0	73.1
4.	Furtek Marek	302.8	0.0	302.8
5.	Luis Maria Pereira Coutinho	120.6	0.0	120.6
6.	Vitor Manuel Lopes Fernandes	139.2	0.0	139.2
7.	Koźmiński Andrzej	65.0	0.0	65.0
8.	Paulo Jose de Ribeiro Moita de Macedo *	27.8	0.0	27.8
9.	Nelson Ricardo Bessa Machado	65.0	0.0	65.0
10.	Antonio Manuel Palma Ramalho**	46.4	0.0	46.4
11.	Rocki Marek	65.0	0.0	65.0
12.	Rosati Dariusz	250.6	0.0	250.6
	Total:	1 669.2	0.0	1 669.2

* until 31.03.2011, ** from 31.03.2011.

In 2011, the Members of the Supervisory Board did not receive remuneration or any additional benefits from subsidiaries of the Bank.

Management Board of the Bank

The Management Board is the executive authority of the Bank and manages the entirety of the Bank's operations. The Management Board operates pursuant to the Commercial Companies Code as well as other legal regulations, the Bank's Articles of Association, resolutions of the General Meeting and the Supervisory Board as well as provisions of the Bylaws of Management Board operations adopted by the Supervisory Board, which are available on the Bank's website. The competences of the

Management Board include all matters that are not restricted to other authorities of the Bank.

The Management Board takes decisions in the form of resolutions. Resolutions of the Management Board are adopted by an absolute majority of votes present at the Management Board meeting, except for resolutions on the appointment of a registered proxy, which require the unanimous consent of the Members of the Management Board. In case of a tie, the Chairman of the Management Board has the deciding vote. Resolutions of the Management Board may be adopted if at least half of the Members of the Management Board participate in the meeting.

Representations of will on behalf of the Bank are made by: (i) the Chairman of the Management Board individually; (ii) two Members of the Management Board acting jointly or one Member of the Management Board acting jointly with a registered proxy or two registered proxies acting jointly; or (iii) attorneys-in-fact acting individually or jointly within the scope of the power of attorney granted thereto. Mr Jerzy Andrzejewicz holds powers of joint proxy. Attorneys-in-fact operating independently within the limits of their authorisation may be appointed to perform actions of a specified type.

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

In the period from 1 January to 22 July 2011 the Management Board of the Bank was composed as follows:

1. Bogusław Kott – Chairman of the Management Board,
2. Joao Nuno Lima Bras Jorge – Deputy Chairman of the Management Board,
3. Fernando Bicho – Member of the Management Board,
4. Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
5. Andrzej Gliński – Member of the Management Board,
6. Wojciech Haase – Member of the Management Board,
7. Artur Klimczak – Member of the Management Board,
8. Antonio Pinto Junior – Member of the Management Board.

Mr Antonio Pinto Junior resigned from the function of Member of the Management Board of Bank Millennium S.A., effective from 22 July 2011. On 22 July 2011 the Supervisory Board elected Ms Maria Jose Henriques Barreto De Matos De Campos to the Management Board of the current tenure, ending on the day of holding the General Meeting approving the Bank's 2011 financial report.

Due to the above-mentioned changes the Management Board of the Bank was composed as follows from 22 July to 31 December 2011:

1. Bogusław Kott – Chairman of the Management Board,

2. Joao Nuno Lima Bras Jorge – Deputy Chairman of the Management Board,
3. Fernando Bicho – Member of the Management Board,
4. Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
5. Maria Jose Campos – Member of the Management Board,
6. Andrzej Gliński – Member of the Management Board,
7. Wojciech Haase – Member of the Management Board,
8. Artur Klimczak – Member of the Management Board.

The establishment of the terms of contracts and remuneration of the Members of the Management Board falls within the competences of the Supervisory Board. The Personnel Committee of the Supervisory Board examines all matters related to the rules and level of remuneration of the Members of the Management Board. The remuneration of the Members of the Management Board consists of a fixed and a variable part. The fixed part is the base salary defined as a fixed amount for each Member of the Management Board. The variable part can comprise an annual bonus, which when granted, is paid after the Ordinary General Meeting approving the consolidated financial report of the Group.

Annual bonus depends on such factors as:

- Net result of Bank Millennium capital Group,
- execution of assigned tasks within the supervised area,
- individual evaluation of a Member of the Management Board by the Personnel Committee.

The total remuneration of all Members of the Management Board who performed their duties during 2011 was PLN 14 546.6 thousand. This amount includes remuneration and additional benefits as well as 2010 annual bonus in the amount of PLN 3 450.0 thou. A provision of PLN 9 266.9 thou. was set aside for payment of the 2011 bonus. In 2011 the Members of the Bank's Management Board did not receive remuneration or any additional benefits for performing their functions in subsidiaries.

Remuneration, bonuses or benefits paid to Management Board Members in 2011 (in thousand PLN)

No.	Name and Surname	Remuneration in 2011 and 2010 annual bonus	Benefits	Total
1.	Kott Bogusław	2 392.5	6.6	2 399.1
2.	Jorge Joao Bras	1 882.5	987.0	2 869.5
3.	Bicho Fernando	1 455.0	60.7	1 515.7
4.	Boniuk-Gorzelańczyk Julianna	1 455.0	3.8	1 458.8
5.	Campos Maria**	477.0	116.2	593.2
6.	Gliński Andrzej	1 267.5	3.8	1 271.3
7.	Haase Wojciech	1 455.0	3.8	1 458.8
8.	Klimczak Artur	1 755.0	0.3	1 755.3

9.	Pinto Antonio*	817.5	407.3	1 224.8
	Total:	12 957.0	1 589.6	14 546.6

*until 31.07.2011, **from 22.07.2011

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

The internal control system, introduced by the Management Board of the Bank, including in the scope the process of financial statements preparing, was designed to be an effective instrument of risk control and appropriate supervision over data collection, processing and presentation required for financial reports preparation, and in compliance with legal regulations.

According to effective laws, the financial statement of the Bank (non-consolidated reports) and of the Bank's Group (consolidated reports) are subject to review (semi-annual report) and audit (annual report), conducted by an independent entity entitled to audit the financial statements – the External Auditor. The Supervisory Board makes a choice of the External Auditor on the basis of the Audit Committee of the Supervisory Board's recommendation. Additionally, regarding the quality of financial data disclosed in the remaining published quarterly reports, the Bank together with the External Auditor have implemented cooperation procedures of constant consultation of all important issues connected with recognition of economic events in the Bank's accounts and financial reports. The External Auditor is obliged to present key issues concerning financial reporting to the Audit Committee of the Supervisory Board. Moreover, the External Auditor performed also last year a review of the adequacy and effectiveness of the part of internal control system of the Bank that supports the preparation and disclosure of financial information (financial reporting), and issued an opinion in this scope. In 2011 (like in the previous years) the Bank's External Auditor was KPMG Audyt Sp. z o.o. In January 2012 the Supervisory Board decided, that KPMG Audyt Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa will be an External Auditor of the Bank also during 2012 and 2013.

The Bank is subject to the consolidated financial statement of the Bank Millennium BCP Group. Therefore, the accepted rule is that a change of the entity authorized to audit financial statements shall be made taking into account the corporate recommendations to maintain the same external auditor at the level of the whole Group, while fulfilling the necessary requirements of appropriate selection of an entity authorized to audit financial reports in accordance with Article. 89 of the Act of 7 May 2009 on statutory auditors and their self-government, entities authorized to audit financial statements and public supervision (Dz. U. z 2009 r. Nr 77, poz. 649).

The internal control system of the Bank is adjusted to organisational structure and includes headquarter units, branches and subsidiaries. Mechanisms of functional control (preventive, detection and corrective mechanisms) described in internal regulations of the Bank were implemented within this

system. In the scope of institutional control a specialised unit was indicated – the Internal Audit Department, which goal is to independently assess the adequacy, correctness and efficiency of existing systems of internal control and management, including risk management. The solutions applied to a significant extent protect the Bank against errors in financial reporting and deliver information to the Bank’s Management that permits assessment of correctness, efficiency and security of the process of preparing financial reports, aimed also at the highest possible effectiveness of managing identified risks accompanying this process.

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

SIGNATURES

Date	Name and surname	Position/Function	Signature
28.02.2012	Bogusław Kott	Chairman of the Management Board
28.02.2012	Joao Bras Jorge	Deputy Chairman of the Management Board
28.02.2012	Fernando Bicho	Member of the Management Board
28.02.2012	Julianna Boniuk-Gorzelańczyk	Member of the Management Board
28.02.2012	Maria Jose Campos	Member of the Management Board
28.02.2012	Andrzej Gliński	Member of the Management Board
28.02.2012	Wojciech Haase	Member of the Management Board
28.02.2012	Artur Klimczak	Member of the Management Board