

**REPORT CONCERNING THE PRINCIPLES
OF CORPORATE GOVERNANCE
IN BANK MILLENNIUM IN 2015**



I. PRINCIPLES OF CORPORATE GOVERNANCE AT BANK MILLENNIUM

IX.1. Statement on the Principles of Corporate Governance applied in 2015.

The set of standards valid in Bank Millennium and comprising the Principles of Corporate Governance, thus the set of standards, which relate to management and supervision as well as relations between shareholders, is sourced from two regulations applying to the area of Polish financial institutions and companies listed on the Warsaw Stock Exchange (WSE). The first of the aforementioned regulations is the document Good Practices of Companies Listed on WSE (Good Practices) adopted by the Board of the Warsaw Stock Exchange, the second one being Principles of Corporate Governance for Supervised Institutions (Principles) adopted by Polish Financial Supervision Authority.

The fundamental standard of the above-mentioned Good Practices is the „comply or explain” rule. This means that the company as a matter of principle is obliged to apply the principles contained in the document and in the event of deviation from use of a particular principle, to clarify the causes of such deviation and to make this fact publicly known in the form of a report by using the WSE Electronic Information Database. In 2015 the Bank observed all the principles contained in the Good Practices except one rule provided for in Chapter IV section 10 item 2 of Good Practices, regarding ensuring the shareholders with opportunity to participate in General Meetings of Shareholders („GMS”) with the use of real-time two-way electronic communication, by means of which the shareholders may take an active part in a General Meeting of Shareholders from a different place than the place of meeting. In the Bank’s opinion the implementation of this rule during a General Meeting carries with itself technical and legal risks to the correct and efficient conducting of the General Meeting and avoiding these threats constitutes a bigger value for the shareholders than the implementation of the rule from Chapter IV section 10 item 2 of Good Practices. At the same time ever since 2008 the Bank has been providing real-time online broadcasting of the proceedings of the GMS, in accordance with the requirement specified in Chapter IV section 10 item 1 of Good Practices. Meanwhile the Bank does not rule out the possibility of ensuring to the shareholders two-way real time communication during the proceedings of a General Meeting, should actual or legal circumstances change.

Guided by the principle of transparency of its actions in shaping corporate and investor relations as well as the highest quality of communication with shareholders, otherwise the Bank was complying with the Good Practices in 2015.

Due to the adoption by the WSE Board of a new set of corporate governance principles under the name of “Good Practices of Companies Listed on WSE 2016”, since 1 January 2016 the Bank is subject to principles mentioned in this document. Its full text is available on the WSE website under the address www.corp.gov.gpw.pl and on the Bank’s website <http://www.bankmillennium.pl/pl/o-banku/wladze-banku-i-lad-korporacyjny/>.

In the “Information on application by the company of recommendations and principles contained in the Good Practices of Companies Listed on WSE 2016” published on the Bank’s website, the Bank confirmed that it follows detailed recommendations and principles. The exception are Recommendations IV.R.2 item 2 and 3 providing for enabling shareholders to take part in a GMS with use of means of electronic communication by providing two-way real-time communication where shareholders may speak in the course of the GMS while being present in a location other than that of the GMS and may personally or by means of an attorney exercise voting rights during the GMS. In this respect the Bank’s position corresponds to the position expressed with respect to the previously valid principles stipulated in Chapter IV sect. 10 item 2 of Good Practices - above.

Since the beginning of 2015 the Bank as a financial institution is also subject to the “Principles of Corporate Governance for Supervised Institutions” (Principles), which are available on the website of Polish Financial Supervision Authority („KNF”):

http://www.knf.gov.pl/Images/Zasady_ladu_korporacyjnego_22072014_tcm75-38575.pdf and of the Bank <https://www.bankmillennium.pl/o-banku/wladze-banku-i-lad-korporacyjny>.

The Bank’s Management Board and the Supervisory Board passed resolutions on application of the Principles, with the exception of those stipulated in:

- 1) § 8 sect. 4 - principle ordering provision of the possibility to electronically take active part in a meeting of the decision-making body,
- 2) § 16 sect. 1 and § 24 sect. 1 - principles concerning holding of meetings of the Bank’s bodies (Management Board and Supervisory Board) in the Polish language.

With reference to lack of the possibility to electronically take active part in a meeting of the GMS, the position of the Management Board and Supervisory Board is a repetition of the statement made with respect to the principles existing in the Good Practices valid both till the end of 2015 as well as those in force since 1 January 2016 - mentioned above.

With respect to the principles of holding meetings of the Management Board and Supervisory Board in the Polish language the Bank is of the view that knowledge of the English by members of the Management Board enables full mutual understanding and the proper level of communication during the meetings. Moreover the practically applied principle of holding meetings of the Supervisory Board both in Polish as well as in English with assurance of essential assistance of an interpreter also ensures mutual understanding and the proper level of communication.

The GMS in its resolution passed on 21 May 2015 expressed a positive opinion regarding the position of the Management Board and Supervisory Board of the Bank with respect to application of the Principles. At the same time the GMS in the aforementioned resolution regarding principles addressed to the shareholders stated that it is of the view that exercising them should remain within the framework of absolutely binding legal regulations, while whenever the Management Board or the Supervisory Board, acting within their powers, submit matters covered by these principles, requesting consideration of specific matters by GSM, then they will be considered with reflection of the circumstances of such submission.

During the reporting period the Bank for the eighth consecutive time was included in the group of companies in RESPECT Index (the "Index") - Central-Eastern Europe's first index of socially responsible companies. During the review made in December 2015 the Index comprised only 23 companies among all listed on WSE. The companies comprising the Index act on the basis of best standards of corporate governance, information policy, investor relations as well as social relations in the area of HR matters and also environmental protection.

IX.2. Shareholders and General Meeting of Shareholders

As of 31 December 2015 the Bank's shareholders' equity comprised 1,213,116,777 shares (with nominal value of PLN 1 each). Presented below is information about shareholders holding directly or indirectly substantial blocks of shares together with indication of the number of shares held by them, their participation in shareholders' equity and the total number of votes at the Bank's GMS. Due to the fact that the Bank is a public company whose shares are traded on the Warsaw Stock Exchange the Bank does not have detailed information about the structure of shareholding as of 31 December 2015.

According to information available as of 31 December 2015 the Bank had three shareholders holding over 5% of votes at the GMS.

Banco Comercial Portugues S.A. („BCP”), the largest private Portuguese bank - as the strategic investor holds 50.10% of all shares of Bank Millennium. The Bank's significant shareholders are also: the biggest Polish pension fund Nationale-Nederlanden Otwarty Fundusz Emerytalny (former ING OFE), which as of 31 December 2015 held 9.53% shares of the Bank and AVIVA OFE holding 6.46% shares of the Bank. The remaining shares i.e. 33.91% of share capital are widely distributed among Polish and foreign shareholders, both institutional as well as private.

Shareholders of the Bank as of 31 December 2015

Shareholder	Number of shares	% stake in shareholders' equity	Number of votes	% participation in votes at GMS
Banco Comercial Portugues S.A.	607 771 505	50.10	607 771 505	50.10
Nationale-Nederlanden OFE (former ING OFE)	115 615 810	9.53	115 615 810	9.53
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK	78 310 605	6.46	78 310 605	6.46

Shareholders of the Bank as of 31 December 2014

Shareholder	Number of shares	% stake in shareholders' equity	Number of votes	% participation in votes at GMS
Banco Comercial Portugues S.A.	794 751 136	65.51	794 751 136	65.51
Nationale Nederlanden OFE (former ING OFE)	95 521 053	7.87	95 521 053	7.87

Data in the tables were ascertained according to the rules described below. To the extent concerning BCP these are data collected in connection with registration of shareholders authorised to take part in the Bank's GMS convened for 10 April 2014 and 21 May 2015.

The number of shares held by Nationale-Nederlanden OFE and their stake in the Bank's shareholders' equity was calculated on the basis of the Annual Structure of Assets of the Fund as of 31 December 2014 and 31 December 2015 (published on the website www.nn.pl). Meanwhile data concerning AVIVA OFE - on the basis of the Annual Structure of Assets of the Fund as of 31 December 2015 (published on the website www.aviva.pl). For the purpose of making the mentioned calculations the average price of the Bank's share on these days was assumed of PLN 8.25 for 2014 and PLN 5.6468 for 2015.

BCP, as the majority shareholder, is exercising shareholder's rights specified in the Code of Commercial Companies ("KSH") and in the Bank's Articles of Association. BCP holds corporate control over the Bank. By holding the majority of votes at GMS it can exercise decisive influence on decisions regarding the most important corporate matters such as change of the Bank's Articles of Association, issue of new shares of the Bank, reduction of the Bank's shareholders' equity, issue of convertible bonds, payment of dividend and other activities, which in accordance with KSH require an ordinary or qualified majority of votes at the GMS. BCP also holds a sufficient number of votes to appoint all members of the Supervisory Board, which in turn appoints members of the Management Board. Due to the above corporate authority BCP has the capacity to exercise significant control over the Bank's activity.

The Bank is not aware of any agreements concluded between shareholders regarding their mutual cooperation and the Bank is not aware of any agreements that, in future, might cause changes in the proportions of shares held by existing shareholders.

The Bank's shareholders exercise their rights in the way and within the boundaries defined by effective general laws, the Articles of Association of the Bank as well as the Bylaws of the General Meeting of Shareholders. Each share of the Bank entitles to one vote, however registered founding shares in the outstanding number of 62,200 are preferential in as much as one share entitles to two votes at the GMS. Registered founding shares in total accounted for 0.0051% of the Bank's share capital and 0.0103% of the total number of votes at a General Meeting, as of 31 December 2015.

Founding shares are subject to disposal restrictions, i.e. their disposal subject to consent of, at least, three fourths of the founders, to other founders does not result in their loss of preferential status. A disposal of registered founding shares in all other cases causes 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.

Bank Millennium shares are listed on Warsaw Stock Exchange in Warsaw since 13 August 1992 as the first among all banks. Currently 1 213 008 137 shares with code ISIN PLBIG0000016 (WSE symbol: MIL; Reuters: MILP.WA; Bloomberg: MIL PW) are traded on the stock exchange.

In addition, shareholders have 108,640 registered shares of which 62,200 are founder's shares, privileged (right to two votes on GMS). Thus, total number of Bank Millennium shares amounts to 1,213,116,777 shares and total number of votes on GMS amounts to 1,213,178,977.

General Meeting of Shareholders

The highest body of the Bank is General Meeting of Shareholders, which operates in accordance with generally applicable effective laws including, in particular: the Code of Commercial Companies and the Banking Law. Internal procedural rules of the General Meeting of Shareholders are provided for in the form of the Articles of Association and Bylaws and are available from the Bank's website by clicking the bookmark: "About the Bank > Corporate Bodies & Governance". These documents describe, in particular, procedures applicable to General Meeting activities, its competences and, moreover, they indicate specific powers of shareholders to be exercised in the course of a General Meeting.

The competencies of the General Meeting include, inter alia, amending the Articles of Association, which includes an increasing and reduction of shareholders' equity.

IX.3. Supervisory Board

The Supervisory Board is a governing body elected for a fixed term and exercising supervision over the activity of the Bank, whose term of office is three years. The Supervisory Board operates under legal regulations, the Articles of Association of the Bank, resolutions of the General Meeting of Shareholders as well as the Bylaws available on the Bank's website under the bookmark "About the Bank > Corporate Bodies & Governance". The competences of the Supervisory Board comprise, in particular, appointment and recalling of the Members of Management Board (by an ordinary majority of votes) and determination of their remuneration principles.

The meetings of the Supervisory Board are held at least once a quarter and when needed. The Supervisory Board adopts resolutions by a simple majority of votes with at least half of its members present. In the case of equal votes the vote of the Chairman of the Supervisory Board shall prevail.

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

During the period from 1 January to 21 May 2015 the following persons comprised the Supervisory Board of the Bank:

1. Bogusław Kott - Chairman,
2. Maciej Bednarkiewicz - Deputy Chairman of the Supervisory Board,
3. Nuno Manuel da Silva Amado - Deputy Chairman,
4. Marek Furtek - Secretary,
5. Miguel de Campos Pereira de Bragança,
6. Luís Maria França de Castro Pereira Coutinho,
7. Grzegorz Jędrys,
8. Andrzej Koźmiński,
9. Maria da Conceição Mota Soares de Oliveira Callé Lucas,
10. Marek Rocki,
11. Dariusz Rosati,
12. Rui Manuel da Silva Teixeira.

On 21 May 2015 the GMS discharged all members of the Supervisory Board from performance by them of duties in 2014 financial year and elected the Supervisory Board of the Bank for the next term, ending upon the holding of the GMS approving the financial report for 2017 financial year.

Therefore from 21 May 2015 the composition of the Supervisory Board is as follows:

1. Bogusław Kott - Chairman of the Supervisory Board

Mr. Bogusław Kott graduated from the Foreign Trade Faculty at SGPiS (present name SGH - Warsaw School of Economics) in Warsaw. For many years he worked at the Ministry of Finance, specializing in foreign trade financing.

He co-founded and co-organised Bank Millennium S.A., and from 1989 when the Bank was established, till 24 October 2013 was Chairman of the Management Board. Currently, he is the Chairman of the Supervisory Board of Bank Millennium S.A.

Mr Bogusław Kott also sits on the Supervisory Board of Yareal Polska Sp. z o.o.

2. Nuno Manuel da Silva Amado - Deputy Chairman of the Supervisory Board

Mr. Nuno Manuel da Silva Amado graduated in Companies Organization and Management at ISCTE (Instituto Superior de Ciências do Trabalho e da Empresa) and attended the Advanced Management Programme at INSEAD (France).

From 1980 he worked in consulting (KPMG) and financial companies; between 2006-2012 he was Chairman of the Executive Committee and Vice-Chairman of the Board of Directors of Banco Santander Totta (Portugal). Since 2012 he has been Vice-Chairman of the Board of Directors and Chairman of the Executive Committee of Banco Comercial Portugues (BCP), Portugal. Since 20 April 2012 Deputy Chairman of the Supervisory Board of Bank Millennium S.A.

3. Dariusz Rosati - Deputy Chairman and Secretary of the Supervisory Board (independent member)

Mr. Dariusz Rosati, graduated in International Trade from the Main School of Planning and Statistics - SGPiS (now SGH Warsaw School of Economics) in Warsaw. Professor of economic sciences with the position of Full Professor in the European Union Unit of the SGH Institute of Foreign Trade Policy and European Studies. Professor in the Lazarski University in Warsaw. In 1978-1979 he was a consultant at Citibank in New York.

In 1985-1986 and 1987-1988 - founder and Director of the World Economy Research Institute at SGH. In 1986-1987 he was a Fulbright scholar at the University of Princeton (USA). In 1988-1991 he was the director of the Foreign Trade Research Institute. Since 1990 Professor of Economic Sciences at SGH. In 1991-1995 he worked in the UN Economic Commission for Europe in Geneva (Switzerland) as Head of the Central and Eastern European Section. During 1995 - 1997 Minister of Foreign Affairs of the Republic of Poland. In 1978 - 1991, UNIDO consultant and member of numerous missions to developing countries. In 1988-1991 many times worked as an expert of the World Bank, the United Nations University World Institute for Development Economics Research (WIDER), International Labour Organisation and Commission of the European Communities. Member of the Economic Reform Commission (1987-1989), team of the economic advisors to the Prime Minister (1988 - 1989), the Socio-Economic Strategy Council at the Council of Ministers (1994 - 1998). During the years 1998 - 2006 member of the Committee of Economics at the Polish Academy of Sciences. In 1998-2004 Member of the Monetary Policy Council of the National Bank of Poland and in 2001-2004 he was a member of the Group of Economic Policy Advisors to the President of the European Commission. From 2003 to 2005 Rector of the Lazarski University in Warsaw. In years 2004 - 2009 and currently (elected in 2014) Member of the European Parliament. Member of Parliament of the Republic of Poland of 7th term (2011 - 2014) - he performed the function of the Chairman of the Public Finance Committee. Author of more than 200 scientific papers and publications, including five books on economic policy.

Member of the Supervisory Board of Bank Millennium S.A. since 27 May 2004.

4. Julianna Boniuk-Gorzelańczyk - Member of the Supervisory Board

Ms Julianna Boniuk-Gorzelańczyk graduated from the Faculty of Finances and Statistics at the Main School of Planning and Statistics (present name - Warsaw School of Economics) in Warsaw. She has the rights of certified auditor. For many years she was employed in industry, moving up through many levels in her professional career.

In the Management Board of Bank Millennium S.A. since 17 July 1989, Ms Boniuk-Gorzelańczyk supervised the following areas since the Bank's creation: finances and reporting, accounting control and taxes, to be followed by: operations, IT, management information and lately also: administration and infrastructure, security and business continuity, legal, custody and fraud risk management. She was also sitting on supervisory boards of subsidiary companies. In 1991 she participated in banking practice in Standard Merchant Bank in Johannesburg.

In 1993 she received a certificate from the Austrian Banking College, while in 2003 she attended a BCP Group seminar in INSEAD, Fontainebleau, France.

5. Miguel de Campos Pereira de Bragança - Member of the Supervisory Board

Mr. Miguel de Campos Pereira de Braganca graduated in Company Management and Administration from the Catholic University of Portugal and attended the INSEAD MBA programme (France). Since 1989 he has worked for banks in Portugal, Brazil and Great Britain.

Between 2008-2012 he was Director, responsible for the Finance, Accounting and Control, Marketing and Products Areas in Santander Totta Group in Portugal. Since 2012 Member of the Board of Directors and Vice-Chairman of the Executive Committee of Banco Comercial Portugues (BCP). Since 20 April 2012 Member of the Supervisory Board of Bank Millennium S.A.

6. Agnieszka Hryniewicz-Bieniek - Member of the Supervisory Board (independent member)

Ms Agnieszka Hryniewicz-Bieniek graduated in Economics from the Warsaw School of Economics and completed post-graduate studies in Public Relations at the same School. She built her career in Marketing in international corporations. Her 11-year experience in this field is derived from working in a variety of industries: from FMCG (Johnson&Johnson), telecommunications (Deutsche Telekom), publishing (Gruner&Jahr) and entertainment (Disney). In 2008 she joined Google and currently oversees the company's strategy and business as Country Director. Her main responsibility is to manage Google's ads business in Poland across products and channels, and directly lead key customer, partner, and industry relationships. She is a founding member and the Audit Committee member of the Marketing 4 Business Association and actively supports women in Technology by serving as a mentor and coach for future women leaders in the industry.

7. Anna Jakubowski - Member of the Supervisory Board (independent member)

Ms Anna Jakubowski graduated with a Bachelor of Business Administration (1990) from Wilfrid Laurier University, Waterloo, Ont. Canada. Her professional career started with Procter & Gamble Canada (1991 - 1993), where she was a National Account Manager. Between 1993 and 1998 she held different positions, from Pharmacy Channel Manager to Trade Marketing Manager and Area Sales Manager in P&G Poland. In 1998 she became Regional Customer Business Development Manager in P&G Central Eastern Europe while between 1999 and 2007 she was New Business Development Manager and (from 2002) Strategy, Business Development Director in P&G Western Europe. She continued her career in Switzerland in the P&G the Fabric Care Division - (2007- 2011) as an Associate Director: Marketing. From 2011 she has connected her professional career with The Coca-Cola Company where she was the International Group Marketing/Strategy Director in Coca-Cola Hellenic Bottling Company (2011 - 2013), Business Capability Director in the Coca-Cola Company (2013) and currently (from 2013) she has held the following positions: Management Board Member in Multivita Sp. z o. o, Management Board Member - Managing Director in Coca-Cola Balti Jookide AS, Management Board Member - Managing Director in Coca-Cola Poland Services Sp. z o.o. and Franchise General Manager - Poland/Baltics The Coca-Cola Company. She has also been involved with the following organizations and associations: Women's International Networking Leadership Forum (2004 - 2012), Board of Advisors, Organization of Women in International Trade, Board of Directors (2005 - 2010) and in 2008 as an Executive Vice President as well as in 2009 as the President, Geneva Women in International Trade as the President (2005 - 2010). In 2011 she was awarded the TIAW - The World of Difference 100 Award (Recognizing individuals whose efforts have advanced the economic empowerment of women). Currently (from 2015): Member of the Board of Directors of American Chamber of Commerce in Poland (Warsaw, Poland) and Patron Member in Polish - Canadian Chamber of Commerce.

8. Grzegorz Jędrys - Member of the Supervisory Board (independent member)

Mr Grzegorz Jędrys is a graduate of the Production Economics Faculty of Warsaw School of Economics and of a post-graduate course at Warsaw School of Economics in Strategic Marketing Management as well as real estate agency operation. Moreover Mr. Jędrys attended many courses and training sessions, i.a. for candidates for members of supervisory boards of State Treasury companies (2008). He began his professional career in 1994 in the Housing Finance and Municipal Advisory Programme for Poland/PADCO - a joint Poland-USAID programme. In 1996 he worked as Manager of the Building Projects Financing Team in Polsko-Amerykański Bank Hipoteczny S.A. In 1997 - 1999 he was employed in Jedenasty Narodowy Fundusz Inwestycyjny S.A., initially as an Investment Analyst, then as Project Director. Between 1999 and 2005 he was Investment Director in Trinity Management Sp. z o.o. - a company, which managed the assets of Jupiter NFI S.A. as well as Pekao Fundusz Kapitałowy Sp. z o.o. In 1997 - 2005 he sat on Supervisory Boards of many companies.

Starting from 2005 he has been Head of the Poland's Representative Office of the Polish American Freedom Foundation.

Since 11 April 2013 he has been Member of the Supervisory Board of Bank Millennium S.A.

9. David H. Klingensmith - Member of the Supervisory Board (independent member)

Mr David H. Klingensmith graduated from Tulane University New Orleans in economics and history. He continued his education at Johns Hopkins University School of Advanced International Studies Washington; between 1976 and 1978 he was an International Economist at the Office of International Development Banks of U.S. Department of the Treasury. In 1979 he joined the Chase Manhattan Bank where he worked till 1990 in various positions in different countries, including: Columbia, Pakistan and Hong Kong. Between 1991 and 1995 he worked at the Asian Development Bank as a Senior Investment Officer at the ADB's Private Sector Department Manila (1991 - 1994) and Head of the Credit Risk and Portfolio Group at the ADB's Private

Sector Group Manila (1994 - 1995). From 1996 to 2013 he held several positions at the European Bank for Reconstruction and Development London in the area of risk management, finally in the position of Managing Director in the area of Risk Management. Between 2013 and 2015 he was an elected Independent Board Member at Romgaz (Romania). Since 2013 he is an Independent consultant with expertise in banking, analysis and minimisation of enterprise risks, corporate governance, investment appraisal, and risk training and in this respect he worked i.a. with KfW (German Development Bank) and the Bill and Melinda Gates Foundation. Currently he holds the following positions: Investment Committee Member of Financial Sector Fund (Tunis) (since 2014), Senior Advisor on Risk Governance, Nestor Advisors (London) (since 2015). Mr Klingensmith has extensive experience of working in different cultures and corporate environments in multiple sectors, both through involvement in investments as well as residence for extended periods in South America, Asia, Europe and the US.

10. Andrzej Koźmiński - Member of the Supervisory Board

Mr Andrzej Koźmiński graduated from the Main School of Planning and Statistics (now Warsaw School of Economics) in Economics in 1963 and in 1964 graduated from Warsaw University in Sociology.

Correspondent Member of Polish Academy of Sciences, for eighteen years Rector of Kozminski University in Warsaw, currently its President, Chairman of the ALK Board of Trustees, President of the Management Board of Międzynarodowa Szkoła Zarządzania S.A., Head of the Management Chair until 2014. In 1981 - 1987 he was the Dean of the Management Faculty at Warsaw University and in 1991 - 1996 he was the Director of the International Management Centre of Warsaw University. In 1990 - 1996 he was a lecturer at the University of California in Los Angeles, invited every year for a semester. In 1982 - 1989 he was a lecturer at the University in Orleans, France. Visiting professor in many renowned foreign universities. Professor of economic sciences, with specialisation in "organisation and management", he has published over 400 research papers in this area in many languages, including 50 books. He is an elected Member of the International Academy of Management, Academie Europeene and Academie des Sciences Commerciales in Paris and Warsaw Scientific Society. He is an Honorary Vice-President of the Central and East European Management Development Association (CEEMAN), until 2008 he was a member of the Accreditation Committee of the European Foundation for Management Development (EFMD) in Brussels and Member of the International Committee of the American Association of Collegiate Schools of Business (AACSB). Member of the Scientific Board of UNESCO CEPES (European Center for Higher Education in Bucharest). He is a Member of the Presidium of the Committee of Organisation and Management Sciences at the Polish Academy of Sciences. Since 2012 Chairman of the Scientific Council in the OPI Information Processing Centre of the Ministry of Science and Higher Education; since 2009 member of the Board of Arbiters of the Polish Chamber of Commerce and member of the Programme Council in Leopold Kronenberg Banking Foundation; since 2014 Chairman of the Team for Identification of Council Members of the National Science Centre of the Ministry of Science and Higher Education. In May 2015 he received the title of Doctor Honoris Causa from the Szczecin University.

Member of the Supervisory Board of Orange Polska S.A. Since 1 August 2000 Member of the Supervisory Board of Bank Millennium S.A.

11. Miguel Maya Dias Pinheiro - Member of the Supervisory Board

Mr Miguel Maya Dias Pinheiro graduated from Instituto Superior das Ciencias do Trabalho e da Empresa (ISCTE) with a Licentiate Degree in Corporate Organization and Management. He also completed the Corporate Senior Management Programme (PADE) - AESE and Advanced Management Programme - INSEAD.

From 1987 to 1990 he held commercial and financial functions in an industry sector SME. Between 1990 and 1995 he was employed by Banco Portugues de Atlantico, with functions in the commercial and companies areas, in charge of coordinating the Economic and Financial Research Office. Since 1990 he has been working for BCP Group in several functions in Portugal and Spain. During the 2007 - 2009 period he was Head of the Office of the Chairman of the Executive Board of Directors of BCP. Between 2009 and 2012 he held the position of Member of the Executive Board of Directors of BCP and Member of the Board of Directors of Fundação Millennium BCP.

Currently Vice-Chairman of the Executive Committee and Member of the Board of Directors of BCP, Chairman of the Board of Directors of Interfundos - Gestao de Fundos de Investimento Imobiliario, S.A., Manager of BCP Africa, SGPS, Lda and Member of the Board of Directors of Banco Millennium Angola, S.A. (Angola).

12. Rui Manuel da Silva Teixeira - Member of the Supervisory Board

Mr Rui Manuel da Silva Teixeira, graduated from Electronic Engineering Department of the University of Oporto. From 1987 he held managerial positions at Banco Comercial Portugues (BCP). Between 2003 and 2006 he was a Member of the Management Board of Bank Millennium S.A. (Poland) and between 2009 and 2010 he was Deputy Chairman of the Management Board of Bank Millennium S.A. (Poland). Between 2011 and 2012 he was Member of the Executive Board of Directors of Banco Comercial Portugues. Since 2012 Member of the Board of Directors and Member of the Executive Committee of Banco Comercial Portugues, Portugal.

Since 20 April 2012 Member of the Supervisory Board of Bank Millennium S.A.

Audit Committee

The Audit Committee as a standing committee of the Supervisory Board was established in 2000. Its task is to monitor the Bank's financial reporting systems and processes, as well as risk management. In particular the Audit Committee is responsible for exercising on behalf of the Supervisory Board of control over the functioning of the Bank's internal audit.

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 the extraordinary mode. 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 appropriate control systems, including acceptance and handling complaints and doubts concerning them.

From 1 January until 21 May 2015 the Audit Committee was composed of the following Supervisory Board members:

1. Dariusz Rosati - Chairman, (independent)
2. Maciej Bednarkiewicz,
3. Miguel de Campos Pereira de Bragança,
4. Luis Maria Franca Castro Pereira Coutinho,
5. Grzegorz Jędryś, (independent)
6. Bogusław Kott.

On 21 May 2015 the Supervisory Board of the new term of office elected following Supervisory Board members to the Audit Committee:

1. Dariusz Rosati - Chairman until 4.12.2015, (independent),
2. Grzegorz Jędryś - Deputy Chairman, since 4.12.2015 Chairman (independent),
3. Julianna Boniuk-Gorzelańczyk,
4. Miguel de Campos Pereira de Bragança,
5. David H. Klingensmith, (independent)
6. Bogusław Kott.

Until 4 December 2015 Mr Dariusz Rosati was Chairman of the Audit Committee. After this date the function of Chairman of the Audit Committee was assumed by Mr Grzegorz Jędryś. Mr Dariusz Rosati remained in the Audit Committee as its member. The composition of the Audit Committee satisfied criteria stipulated in 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 newly appointed Members of the Management Board; (iii) negotiation of amendments to the terms of employment of the Members of the Management Board, (iv) establishment of the terms of termination of employment of the Members of the

Management Board; and (v) implementation of activities in the area of policy of variable components of remuneration.

During the period from 1 January to 21 May 2015 the composition of the Personnel Committee was as follows:

1. Maciej Bednarkiewicz - Chairman,
2. Nuno Manuel da Silva Amado,
3. Luis Maria Franca Castro Pereira Coutinho,
4. Marek Furtek,
5. Bogusław Kott.

On 21 May 2015 the Supervisory Board of the new term of office elected the following members of the Personnel Committee:

1. Andrzej Koźmiński - Chairman,
2. Nuno Manuel da Silva Amado,
3. Miguel de Campos Pereira de Bragança,
4. Bogusław Kott.

Strategic Committee

The Strategic Committee as a standing committee of the Supervisory Board has been in existence in the Bank since 2013. The tasks of the Strategic Committee are in particular: (i) examination of macroeconomic trends, (ii) analysing new trends and solutions in the banking sector, (iii) analysing the Bank's competitive position and reference models, (iv) analysing and recommending a long-term strategy, objectives and tasks of the Bank.

During the period from 1 January to 21 May 2015 the composition of the Strategic Committee was as follows:

1. Bogusław Kott - Chairman,
2. Nuno Manuel da Silva Amado,
3. Miguel de Campos Pereira de Bragança,
4. Luis Maria Franca Castro Pereira Coutinho,
5. Andrzej Koźmiński,
6. Dariusz Rosati.

On 21 May 2015 the Supervisory Board of the new term of office elected the following members of the Strategic Committee:

1. Bogusław Kott - Chairman,
2. Nuno Manuel da Silva Amado,
3. Miguel de Campos Pereira de Bragança,
4. Agnieszka Hryniewicz-Bieniek,
5. Anna Jakubowski,
6. Andrzej Koźmiński,
7. Miguel Maya Dias Pinheiro
8. Dariusz Rosati.

Risk Committee

On 4 December 2015 in connection with art. 9cb sect. 1 and 3 of Banking Law, in keeping with which a significant bank has i.a. a risk committee, which comprises persons appointed from among members of the Supervisory Board, the Supervisory Board set up the standing Risk Committee of the Bank's Supervisory Board and decided on its following composition:

1. Dariusz Rosati - Chairman,
2. Miguel de Campos Pereira de Bragança,
3. David H. Klingensmith,
4. Bogusław Kott,
5. Miguel Maya Dias Pinheiro.

By 21 May 2015 pursuant to the GMS resolution on the method of defining remuneration of Members of the Supervisory Board, the amount of remuneration for participation in work of the Supervisory Board was defined by the Personnel Committee of the Supervisory Board as a percentage of the average monthly remuneration in the corporate sector (base rate). The remuneration was paid for every meeting of the Supervisory Board at the end of the month.

For participation in the work of standing committees of the Supervisory Board (Audit, Personnel and Strategic Committee) their members received remuneration in the month, in which the committee met. This remuneration was also defined as a percentage of the average monthly remuneration in the corporate sector. Additionally the following persons were also eligible for receiving specific monthly amounts connected with the base rate: Mr Maciej Bednarkiewicz for exercising individual supervision over legal aspects of the Bank's operation, Mr Marek Furtek for individual supervision over implementation of resolutions and recommendations of the Supervisory Board and Mr Dariusz Rosati for individual supervision in the area of internal audit.

On 21 May 2015 the General Meeting of Shareholders of the Bank passed a resolution in the matter of approval of "Policy of Remuneration of Members of the Supervisory Board of Bank Millennium S.A." (the Policy), bearing in mind in particular the indications stipulated in the Principles. In keeping with the adopted Policy members of the Supervisory Board of the Bank are eligible for monthly remuneration for sitting on the Supervisory Board. The amount of the remuneration is defined by a resolution adopted by the GMS with consideration of principles stipulated in the Policy, including the principle of its adequacy given the scale of the Bank's operation. The remuneration may be diversified with consideration of function performed in the Supervisory Board and should be correlated with commitment to the work of the Supervisory Board and the level of remuneration received by members of supervisory bodies of institutions with a similar scope and scale of operation. Irrespective of remuneration for sitting on the Supervisory Board members of standing committees of the Supervisory Board are eligible for separate remuneration in connection with tasks performed by them in these committees. In case of delegation by the Supervisory Board of its member to permanent individual exercising of supervision, the Supervisory Board may assign to such Supervisory Board member additional remuneration for the duration of delegation, however its monthly amount cannot exceed 100% of the base remuneration for sitting on the Supervisory Board. In case of standing committees of the Supervisory Board the remuneration is payable for participation in their meetings. The total remuneration due to a Supervisory Board member for participation in meetings of committees of the Supervisory Board in a given financial year cannot exceed 100% of his base remuneration for sitting on the Supervisory Board of the Bank. In connection with the remuneration paid the Bank shall make appropriate deductions under relevant legal regulations. Each of the Supervisory Board members may make a declaration regarding refraining from collection of all or part of the remuneration. Declarations to such effect shall be submitted to the Chairman of the Supervisory Board.

Remuneration paid to members of the Supervisory Board in 2015 (in PLN ths)

Name and Surname	Remuneration for 2015	Benefits	Total (PLN ths)
Kott Bogusław *	256.80	21.58	278.38
Koźmiński Andrzej	120.48	0.00	120.48
Rosati Dariusz	222.88	0.00	222.88
Jędrys Grzegorz	141.20	0.00	141.20
Nuno Manuel Da Silva Amado	136.08	0.00	136.08
Miguel De Campos Pereira De Braganca	151.20	0.00	151.20
Rui Manuel Da Silva Teixeira	100.48	0.00	100.48
Boniuk-Gorzelańczyk Julianna **	90.00	0.00	90.00
Hryniewicz-Bieniek Agnieszka	80.00	0.00	80.00
Jakubowski Anna	80.00	0.00	80.00
David H. Klingensmith	90.00	0.00	90.00
Miguel Maya Dias Pinheiro	80.00	0.00	80.00
Bednarkiewicz Maciej	209.92	13.51	223.43
Furtek Marek	142.08	0.00	142.08
Rocki Marek	20.48	0.00	20.48
Luis Maria Franca Castro Pereira Coutinho ***	71.68	0.00	71.68
Maria Da Conceicao Mota Soares De Oliveira Calle Lucas	20.48	0.00	20.48
Total	2 013.76	35.09	2 048.85

(*) additionally for the period of office of the President of the Management Board, was paid an annual award for the years 2012 and 2013 in the amount of PLN 349.51 thousand and compensation for non-competition clause in the amount of PLN 681.50 thousand

(**) after the departure from the Management Board also paid compensation for the non-competition clause in the amount of PLN 693.50 thousand

(***) additionally for the period of office of a Member of the Management Board, was paid a reward outstanding in the amount of PLN 1 200 thousand

In 2015, Members of the Supervisory Board did not receive any remuneration or additional benefits from the Bank subsidiary companies.

Bank's shares held by Supervisory Board Members (performing their functions on 31 December 2015):

Name and surname	Function	Number of shares 31.12.2015	Number of shares 31.12.2014
Bogusław Kott	Chairman of the Supervisory Board	4 465 791	4 465 791
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	0	0
Dariusz Rosati	Deputy Chairman and Secretary of the Supervisory Board	0	0
Julianna Boniuk - Gorzelańczyk	Member of the Supervisory Board	492 248	492 248
Miguel de Campos Pereira de Braganca	Member of the Supervisory Board	0	0
Agnieszka Hryniewicz-Bieniek	Member of the Supervisory Board	0	-
Anna Jakubowski	Member of the Supervisory Board	0	-
Grzegorz Jędryś	Member of the Supervisory Board	0	0
David H. Klingensmith	Member of the Supervisory Board	0	-
Andrzej Koźmiński	Member of the Supervisory Board	0	0
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	0	-
Rui Manuel da Silva Teixeira	Member of the Supervisory Board	0	0

IX.4. Management Board

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 Code of Commercial Companies and other regulations, the Bank's Articles of Association, resolutions of the General Meeting of Shareholders and the Supervisory Board, as well as provisions of the Bylaws of the Management Board adopted by the Supervisory Board, which are available on the Bank's website in the "About the Bank > Corporate Bodies and Governance" tab. The competences of the Management Board include all matters that are not restricted to other authorities of the Bank.

The Management Board makes decisions in the form of resolutions. Resolutions of the Management Board are adopted by an ordinary majority of votes present at the Management Board meeting. In the case of equal votes the Chairman of the Management Board has the casting vote. Resolutions of the Management Board may be adopted, if at least half of the Management Board Members are present.

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. Until 26 May 2015 Mr. Jerzy Andrzejewicz was a 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 at least 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 Management Board may be recalled by the Supervisory Board at any time.

The composition of the Management Board in the period from 1 January till 24 April 2015 was as follows:

1. Joao Nuno Lima Bras Jorge - Chairman,
2. Fernando Maria Cardoso Rodrigues Bicho - Deputy Chairman,
3. Artur Klimczak - Deputy Chairman,
4. Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
5. Wojciech Haase - Member of the Management Board,
6. Andrzej Gliński - Member of the Management Board,
7. Maria Jose Henriques Barreto De Matos De Campos - Member of the Management Board.

Mr Artur Klimczak tendered his resignation from the function of a Management Board Member - Deputy Chairman of the Management Board as of 24.04.2015. The Supervisory Board on 24.04.2015 filled the Management Board vacancy by electing Mr Michał Gajewski as a Member of the Management Board.

Thus the composition of the Management Board of the Bank in the period from 24.04.2015 till 21.05.2015 was as follows:

1. Joao Nuno Lima Bras Jorge - Chairman of the Management Board,
2. Fernando Maria Cardoso Rodrigues Bicho - Deputy Chairman of the Management Board,
3. Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
4. Wojciech Haase - Member of the Management Board,
5. Andrzej Gliński - Member of the Management Board,
6. Maria Jose Henriques Barreto De Matos De Campos - Member of the Management Board,
7. Michał Gajewski - Member of the Management Board.

On 21.05.2015 the Supervisory Board elected the following persons as the Management Board for the term of office ending as of the date of the General Meeting of Shareholders approving the financial report for the financial year 2017:

1. Joao Bras Jorge - Chairman of the Management Board



Mr Joao Nuno Lima Bras Jorge has a Degree in Management from Universidade Catolica Portuguesa. He also completed the Advance Management Program, PADE - AESE.

He started his career as a stockbroker in 1990 and during the next 10 years made a career in investment banking. Among others was a board member of an investment bank and was on the board of the Lisbon Stock Exchange.

Prior to his move to Poland he had 5 years of experience in Retail Banking, namely as Head of the Customer Division and as Coordinator of the Retail Network of Millennium bcp.

Since 19 July 2006 he has been a Member of the Management Board of Bank Millennium S.A. In 2006 - 2008 in charge of Retail Banking, and from 2009 Corporate Banking. From 22 April 2010 he was Deputy Chairman of the Management Board, and since 24 October 2013 Chairman of the Management Board of Bank Millennium S.A. responsible for the work of the Management Board, internal audit, compliance, legal support, retail marketing (until 31 December 2015), personnel, marketing communication and PR.

2. Fernando Bicho - Deputy Chairman of the Management Board



Mr Fernando Maria Cardoso Rodrigues Bicho graduated from the Economic Department at Universidade Catolica Portuguesa in 1984. In 1993 he obtained an MBA from Universidade Catolica Portuguesa.

He gained his professional experience inter alia in the Portuguese Foreign Investment Institute, Lloyds Bank Plc in Lisbon and Uniao de Banco Portugueses (UBP), later renamed Banco Mello.

He performed duties as fund manager and later in the bank's Financial Division he was in charge, among others, of treasury and capital markets, securities operations, asset and liabilities management, issues on international capital markets, capital management and investor relations.

After Banco Mello's purchase by Banco Comercial Portugues (BCP) in 2000, Mr. Fernando Bicho worked in the BCP Corporate Centre and from June 2001 he was the head of the Asset and Liabilities Management Division of the BCP Group.

Since August 1, 2002 Member of the Management Board of Bank Millennium. Supervises the areas of planning

and management information, Treasury, capital investments and investor and financial institutions relations, reporting and financial control, accounting, taxes and central procurement.

3. Wojciech Haase - Member of the Management Board



Mr. Wojciech Haase graduated from the Faculty of Production Economics at Gdańsk University.

He worked at the National Bank of Poland in Gdańsk to be then transferred to the group organising Bank Gdański SA. In 1989-1997 he worked at Bank Gdański SA - first in the Credit Department and then in the Treasury Department. From 1993 he was Deputy Chairman of the Management Board of Bank Gdański SA and then acting Chairman of the Management Board of that Bank.

Since 27 June 1997 Member of the Management Board of Bank Millennium. Since 4 December 2015 occupying the post of the supervisor of the risk material to the Bank's operations. Supervises the area of risk, credit and rating processes, workout of receivables and Treasury control.

4. Andrzej Gliński - Member of the Management Board



Mr. Andrzej Gliński graduated from the Poznań University of Technology (1994) and completed his post-graduate studies in banking and finance at the Warsaw School of Economics. He has worked in the financial sector for more than 20 years: he worked at Bank Handlowy S.A. in Warsaw - in management positions as Branch Director and Sales Director in the Assets Financing Department.

In 2001-2004 he was Vice President of Handlowy Leasing S.A. He has been working in the Bank Millennium Group since 2004, first as Chairman of Millennium Leasing Sp. z o.o. and next as Head of the Corporate Banking Area at Bank Millennium SA.

Member of the Management Board since 22 April 2010. Supervises the area of corporate banking, factoring and trade finance, structured finance and custody.

5. Maria Jose Campos - Member of the Management Board



Mrs Maria Jose Henriques Barreto De Matos De Campos graduated in the field of Electronics and Telecommunications from Aveiro University (1990), Portugal. She started her professional career in the same year at an electronics and telecommunications R&D company. In 1994 she joined the Macao Post Office and Telecommunications Authority, heading its IT division, supporting both the postal bank and mail services.

She joined Millennium BCP Group in 1999, initially integrating the operational IT platform of Banco Comercial de Macao, as head of the IT division. Then, from 2001 she was responsible in Bank Millennium S.A. for the IT Area. From 2006 she had also responsibility in BCP Group for IT Europe, a division at group level supervising the IT areas for European operations.

Since 22 July 2011 Member of the Management Board of Bank Millennium. She supervises the area of IT, processes and operations as well as complaints, service quality, administration and infrastructure, security and continuity, sales campaigns, control and settlement of Treasury transactions.

6. Michał Gajewski - Member of the Management Board

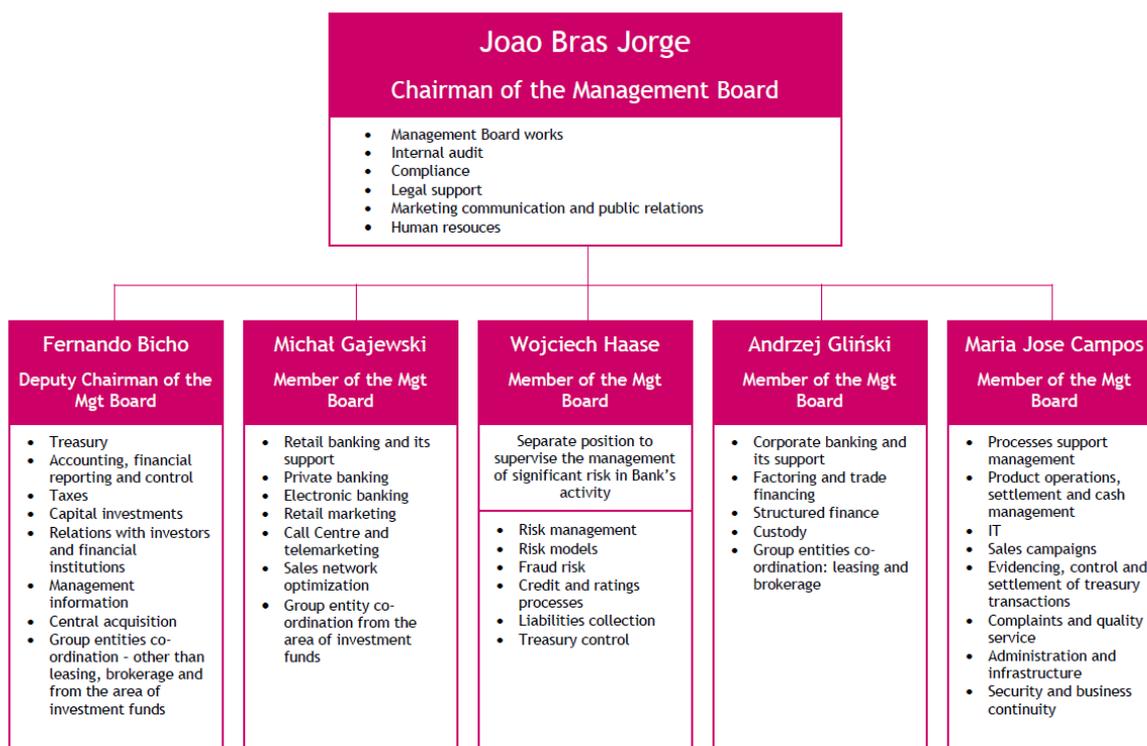


Mr Michał Gajewski is a graduate of the Law Department at the Adam Mickiewicz University in Poznań. He also studied at the Northwestern University in Chicago and London Business School.

Since 1992 he has worked in the banking sector. Before his employment in 2012 at Bank Millennium S.A. he performed the function of Deputy Chairman of the Management Board at BGŻ S.A., where he was responsible for the retail business and SME banking. In 1992-2008 he was professionally involved with WBK S.A. Capital Group and then BZWBK S.A., where he performed a number of functions, starting from working at a branch, through medium and higher-level management functions, up to the position of Member of the Management Board of BZ WBK S.A., responsible for the retail banking area.

Before his appointment as Member of the Management Board of the Bank he was Macroregional Director in the Retail Banking Division. Member of the Management Board of Bank Millennium S.A. since 24 April 2015. He supervises the area of private, retail, electronic banking, retail marketing (since 1 January 2016), call center and telemarketing.

Organization structure of the Bank Millennium is consistent with strategy, modern approach to business and complies with principles of corporate governance for financial institutions. The division of tasks between the members of Management Board of the Bank is presented on the following diagram:



The principles of remuneration of the Board Members with the amount of salaries, bonuses and other benefits in 2015 can be found in chapter VIII of this report in Part 3, entitled "Remuneration policy".

Bank shares held by Members of the Management Board (performing functions on 31 December 2015):

Name and Surname	Function	Number of shares 31.12.2015	Number of shares 31.12.2014
Joao Bras Jorge	Chairman of the Management Board	111 000	51 000
Fernando Bicho	Deputy Chairman of the Management Board	0	0
Wojciech Haase	Member of the Management Board	7 494	7 494
Andrzej Gliński	Member of the Management Board	0	0
Maria Jose Campos	Member of the Management Board	0	0
Michał Gajewski	Member of the Management Board	0	-

IX.5. Internal Control, External Audit and Compliance Policy

Internal control system

The Bank has an internal control system adjusted to the organisational structure whose scope covers the organisational units of the Bank's head office, branches and subsidiaries. This system comprises internal control procedures defined in the form of internal control bylaws for particular units of the Bank, and internal control mechanisms which cover, among others, control principles, limits and procedures, and any other types of operations whose purpose is to control the quality and correctness of the tasks implemented at the Bank.

The Internal Audit Department is a specialist unit of institutional control whose purpose is an independent and objective assessment of adequacy, correctness and effectiveness of the internal control and management systems, including risk management. In particular, this is connected with the assessment of quality, correctness and security of running banking operations. In implementing its mission Internal Audit takes into account strategic objectives and tasks of the organisation specified by the Management Board and Supervisory Board of the Bank. The audit process is implemented according to the Internal Audit Methodology fostering international standards of internal audit and good banking practices.

The activity of Internal Audit is planned and based on an annual audit plan. The basis of the planning process is the assessment of risk of particular areas and processes at the Bank in order to identify increased risk and support the specification of priorities and resources for the implementation of tasks. The planning process takes into account consultations with higher level management and owners of key processes. The annual audit plan is approved by Bank's Supervisory Board and implemented on a quarterly basis by experienced and highly qualified professionals.

Internal audit provides opinions on regulations being implemented and updated at the Bank, it independently and objectively assesses and advises particular units with respect to the audited area and builds positive relations with audited units in order to work out common added value to streamline the Bank's operations. Advisory activities can be provided, if they do not undermine the objectiveness and independence of the internal auditor.

In 2015, the Internal Audit Department implemented audit tasks at the Bank, the Bank's subsidiaries, external entities to which the Bank, to the extent permissible by regulations, outsourced banking and bank-related operations, as well as within the BCP Group. The planned activity of the Department covered among others audits of key business and support processes, as well as financial audits, outlet audits and those of compliance with external regulatory environment. The tasks performed by the Internal Audit Department also include investigations and spot checking (prevention). The Internal Audit Department is an independent unit reporting to the Chairman of the Management Board of the Bank and the results of its activities are reported by it to the Audit Committee of the Supervisory Board and the Supervisory Board of the Bank. The results of a review of the entire internal control system are also regularly presented and reviewed by the Audit Committee of the Supervisory Board of the Bank.

Internal Control System with respect to the Process of Preparing Financial Reports

Solutions described above regarding internal control system protect to a significant extent the Bank against financial reporting errors and provide the Bank Management with information facilitating evaluation of preparation of financial reports or its correctness, efficiency and security in order to ensure the highest possible effectiveness in managing identified type of risks accompanying the process.

The internal control system, introduced by the Management Board of the Bank and incorporating the financial report preparation process, has been designed to facilitate the controlling of process risk while maintaining appropriate supervision of correctness of the gathering, processing and presentation of data necessary for preparation of financial reports in keeping with effective laws.

According to effective laws, the Bank's reports (non-consolidated) and those of the Bank Capital Group (consolidated) are subject to, respectively: review (semi-annual statements) or audit (annual statements), performed by an independent entity authorised to audit financial statements - i.e. the External Auditor. The External Auditor is selected by the Supervisory Board on the basis of a recommendation issued by the Audit Committee of the Supervisory Board. In addition, considering the quality of financial data presented in remaining published quarterly reports, the Bank, jointly with the External Auditor, implemented cooperation procedures ensuring the consultation of important issues connected with recognition of economic events in the Bank accounts and financial reports, on a current basis. At the meetings of the Audit Committee of the Supervisory Board the External Auditor presents key findings relative to financial reporting. Furthermore, the external auditing firm also performed, in 2015, a review of the adequacy and effectiveness of a part of the Bank's internal control system supporting the financial information preparation and publication process (financial reporting) and issued relevant opinions. In 2015 the Bank's External Auditor was PricewaterhouseCoopers Sp. z o.o. In October 2015, the Bank Supervisory Board decided to select PricewaterhouseCoopers Sp. z o.o to be the Bank's External Auditor in 2016. The Bank is covered by the consolidated financial statement of the BCP Group. Therefore, the annual review of the Bank's system of internal control in support of the process of preparing and publishing financial information is also subject to the terms and requirements of consolidated supervision, which is performed by the Bank of Portugal and the European Central Bank.

Information on the agreements with the entity authorised to audit financial reports

In 2015 the audit of Bank's financial statements was performed by PricewaterhouseCoopers sp. z o.o. On 24 October 2014 the Supervisory Board of the Bank adopted a resolution on selection of PricewaterhouseCoopers sp. z o.o. to perform audits of annual financial statements of Bank Millennium and Bank Millennium Group for 2015. The audit agreement was concluded on 24 March 2015.

Remuneration received by auditor on account of services provided to the Capital Group of Bank Millennium S.A under concluded agreements:

Auditor's Remuneration (in PLN '000)	2015	2014
Examination of annual financial statement	613	555
Certification services, including review of financial statement	729	1 233
Tax advisory services	0	0
Other services	0	20

Compliance policy

Lack of legal compliance of internal regulations and the ensuing risk of legal or regulatory sanctions, material losses or reputation risk is one of the areas threatening the activity of every bank. Therefore Bank Millennium has the Compliance Department, the task of which is to ensure compliance with Acts of Law, secondary legislation, rules, related self-regulatory organisation standards as well as codes of conduct, relating to banking activity. Monitoring compliance with both internal as well as external regulations, Bank Millennium Group considers the following to be particularly important:

- Preventing money laundering and financing of terrorism;
- Ensuring consistency of Bank Millennium's internal normative acts with generally binding laws as well as recommendations issued by supervisory authorities,
- Managing conflicts of interest,
- Observance of ethical principles,
- Restricting personal transactions and protecting confidential information related to Bank Millennium, financial instruments issued by the Bank as well as information connected with purchase/sale of such instruments.
- monitoring and ensuring compliance of the investment products covered by MiFID.

Companies from Bank Millennium Group undertake appropriate actions for the purpose of ongoing and continuous tracking of changes occurring in generally binding legal regulations as well as recommendations and guidance given by supervisory authorities, both national as well as of the European Union.

For the purpose of ensuring compliance of internal normative acts with generally binding legal regulations the solutions adopted by Bank Millennium Group reflect the need for periodic reviews of all internal normative acts, binding in the Group.

The scope of actions undertaken by the Group may generate a conflict of interest between these actions and the interests of Customers. The Group's main principle is to take all reasonable steps to identify a conflict of interest between the Group and its Customers, as well as between individual Customers, and also to establish rules ensuring that such conflicts have no adverse impact on Customers' interests.

Companies from Bank Millennium Group undertake also appropriate actions to ensure conduct concerning personal transactions, which is compliant with standards and laws. These actions and measures are meant to, according to the circumstances, to restrict or prevent performance of personal transactions by Relevant Persons in situations, which may cause a conflict of interest or be involved with access to confidential information or to data about Customers' transactions. Shares of Bank Millennium are admitted to public trading on the Warsaw Stock Exchange. Such status requires special attention and observance of the obligation to maintain highest standards for transparency of financial markets. It is the policy of Bank Millennium Group to maintain strict control as regards protection of the flow of Confidential Information. The Bank forbids use and disclosure of Confidential Information in whatever form. Purchasing and selling the Bank's shares, derivative rights concerning the Bank's shares or any other financial instruments thereto related is forbidden during closed periods.

The Anti-Money Laundering and Counter Terrorism Financing Programme (AML/CTF), applied by Bank Millennium, is a comprehensive system of identification of threats related to money laundering crimes.

Actions launched under this programme include in particular:

- application of financial security measures to Customers, depending on the degree of risk and based on „Know your Client” or KYC principle - the key concept of the programme,
- transaction registration and reporting,
- identification of suspected transactions,
- cooperation with the General Inspector of Financial Information.

Bank Millennium adjusts its reports to the analysis of suspected transactions on the on-going basis, taking into account up-to-date patterns (sectors, cash-flow routes, Customer behaviour) for effective identification and reporting of transactions suspected of money laundering.

Our internal procedures, organisational solutions and employee training programmes ensure efficient operation of the Programme.

Bank Millennium with view to protecting Clients who invest their funds in investment products with varied degree of risk strictly monitors compliance of these products, their offering and handling process with relevant internal regulations, laws and external guidelines - on the domestic and European Union level (MiFID).

Consumer loans and insurance products directed to consumers are also subject to the special programme of compliance monitoring.