

REPORT CONCERNING THE PRINCIPLES OF CORPORATE GOVERNANCE IN BANK MILLENNIUM IN 2009

I. Principles of Corporate Governance applied in 2009

Pursuant to the regulations of Giełda Papierów Wartościowych w Warszawie S.A. (WSE), each and every company listed on the WSE's primary market should observe the principles of the corporate governance as defined in the document adopted by the Warsaw Stock Exchange – “Good Practices in Public Companies on WSE” (hereinafter called “Good Practices”), which constitutes an attachment to Resolution No 12/1170/2007 of the Supervisory Board of WSE dated July 4 2007. The Good Practices are a collection of recommendations and principles of conduct concerning in particular the authorities of the Bank and its shareholders. The Regulations of the Stock Exchange as well as resolutions of the Management Board and the Supervisory Board of the WSE identify the manner in which stock listed companies disclose information about application of the principles of corporate governance and scope of the disclosed information. If a specific principle was not applied by Bank Millennium (“Bank”) in a permanent way or was infringed upon incidentally, the Bank would be obliged to transfer this information about this fact in the form of a current report. The content of the Good Practices is available on the WSE's official website in its corporate governance section at www.corp-gov.gpw.pl

As a company listed at the Warsaw Stock Exchange, Bank Millennium fully observed in 2009 all the norms of the Good Practices, contained in the aforementioned document. The Bank has been striving to ensure the highest possible transparency of its actions, due quality of its communication with investors and protection of shareholders' rights, also in the materials that are not regulated in the law. The Bank took measures to comply with the principles contained in the Good Practices to the highest extent.

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. 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, including increase and reduction of share capital, issue of convertible bonds and bonds with priority rights as well as subscription warrants and cancellation of capital and funds as well as passing resolutions on their use, election and 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 2009 the share capital of the Bank was composed of 849.181.744 shares of nominal value PLN 1 each and did not change versus 31 December 2008.

Below please find the information according to the data held by the Bank on the 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. This information includes the following:

1. Composition of the shareholders of the Bank as at December 31 2009

Shareholder	Number of shares	% share in share capital	Number of votes	% shares in votes at GSM
Banco Comercial Portugues S.A.	556 325 794	65,51	556 325 794	65,51
AVIVA OFE Aviva BZ WBK	69 568 623	8,19	69 568 623	8,19

2. Composition of the shareholders of the Bank as at December 31 2008

Shareholder	Number of shares	% share in share capital	Number of votes	% shares in votes at GSM
Banco Comercial Portugues S.A.	556 325 794	65,51	556 325 794	65,51
Commercial Union OFE*	62 200 437	7,32	62 200 437	7,32

* currently AVIVA OFE Aviva BZ WBK

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 appoints Members of the Management Board. Due to the above corporate rights, BCP is able to exercise significant control over the operations of the Bank.

In the context of the share issue conducted in 2010 by the Bank, BCP - pursuant to its intention announced on November 17 2009 - exercised all the pre-emptive rights from its shares and did not make additional subscriptions. Consequently, after registration of capital, BCP's share remained unchanged and totals 65.51%. Following registration of the increase of the share capital, the other shareholders could, within their pre-emptive rights and rights to additional subscriptions, change their percentage participation in the share capital of the Bank.

Apart from this, 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 2009.

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 March 27 2009 a General Shareholders Meeting was held in connection with end of the 2008 accounting year. The GSM approved financial reports of the Bank and the Bank's Capital Group as well as reports of the Management Board and Supervisory Board on their activity in the above-mentioned period. The GSM discharged each Member of the Management Board and the Supervisory Board from performance of duties and established the number of Members of the Supervisory Board and composition of the Supervisory Board for the new three-year term-of-office.

The General Shareholders Meeting decided on the distribution of profit from 2008 accounting year, assigning the total of the Bank's net profit from the accounting year ending December 31 2008 in the amount of PLN 496.9 million for reserve capital.

On December 3 2009 Extraordinary General Shareholders Meeting of the Bank was held, which adopted a resolution in the matter of increasing the share capital of the Bank in the form of the rights issue. As a result of the Issue, the share capital of the Bank was increased from PLN 849.181.744 up to PLN 1.213.116.777 through issue of 363.935.033 Bank's Series L ordinary bearer shares of nominal value of PLN 1 each. The detailed description of the process of issue of the Series L Shares can be found in the Management Board Report on the activity of the Bank Millennium Capital Group in 2009, in chapter VI "Additional information – information about rights issue of shares".

Supervisory Board

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

The 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 reporting period following persons were Members of the Supervisory Board:

1. Maciej Bednarkiewicz - Chairman of the Supervisory Board,
2. Ryszard Pospieszynski - Deputy Chairman and Secretary of the Supervisory Board
(Mr Pospieszynski performed function of the Secretary until March 27 2009),
3. Carlos Jorge Ramalho dos Santos Ferreira – as of March 27 2009 he also performed function of Deputy Chairman of the Supervisory Board, tied with BCP,
4. Vitor Manuel Lopes Fernandes – Member of the Supervisory Board, tied with BCP,
5. Paulo Jose de Ribeiro Moita de Macedo – Member of the Supervisory Board, tied with BCP,
6. Nelson Ricardo Bessa Machado – Member of the Supervisory Board, tied with BCP,
7. Andrzej Koźmiński - Member of the Supervisory Board,
8. Marek Rocki - Member of the Supervisory Board,
9. Dariusz Rosati - Member of the Supervisory Board,
10. Luis Maria Franca de Castro Pereira Coutinho – Member of the Supervisory Board as of March 27 2009, tied with BCP
11. Marek Furtek – Secretary of the Supervisory Board as of March 27 2009.

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 of the Supervisory Board was established on January 25 2000 on the basis of a resolution of the Supervisory Board. The Audit Committee must consist of at least two independent Members. At least one of the Members of the Audit Committee must have experience in accounting and finance. 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 auditors and issuing opinions regarding independence of the auditors and any other relations between the auditor and the Bank; (ii) constant monitoring of the systems of processes of financial reporting and risk management of the Bank; and (iii) evaluation and monitoring of internal procedures within the scope of 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. Maciej Bednarkiewicz,
2. Dariusz Rosati,
3. Luis Maria Franca de Castro Pereira Coutinho (as of March 27 2009),
4. Paulo Jose de Ribeiro Moita de Macedo.

In the reporting period Dariusz Rosati 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 was established on January 25 2000 on the basis of a resolution of the Supervisory Board. The duties of the Personnel Committee include, without limitation: (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; and (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. Ryszard Pospieszynski (until March 27 2009),
3. Carlos Jorge Ramalho dos Santos Ferreira,
4. Luis Maria Franca de Castro Pereira Coutinho (as of March 27 2009),
5. Marek Furtek (as of March 27 2009).

Remuneration paid to the Members of the Supervisory Board in the period between 01.01.2009 and 31.12.2009 is presented in the table below (in thousand PLN)

No.	Name and Surname	Remunerations	Benefits	Total
1.	Bednarkiewicz Maciej	538,5	0,0	538,51
2.	Furtek Marek*	268,0	0,0	268,0
2	Pospieszynski Ryszard	135,9	0,0	135,9
3	Rosati Dariusz	243,7	0,0	243,7
4	Kozmiński Andrzej	65,0	0,0	65,0
5	Rocki Marek	65,0	0,0	65,0
6	Carlos Jorge Ramalho dos Santos Ferreira	149,7	0,0	149,7
7	Paulo Jose de Ribeiro Moita de Macedo	120,7	0,0	120,7
8	Vitor Manuel Lopes Fernandes	65,0	0,0	65,0
9	Nelson Ricardo Bessa Machado	65,0	0,0	65,0
10	Luis Maria Pereira Coutinho *	111,4	0,0	111,4
	Total:	1 827,9	0,0	1 827,9

* as of 27.03.2009

In 2009, the Members of the Supervisory Board did not receive remuneration or any additional benefits from subsidiaries of Bank Millennium.

Information on value of advances, loans and guarantees granted to supervising persons: as at 31.12.2009, the supervising persons had a total debt limit of PLN 160.0 thousand PLN (including unutilised limit on credit cards in the amount of 125.3 thousand PLN)

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 of those 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 reporting period the Management Board of the Bank was composed as follows:

1. Bogusław Kott - Chairman of the Management Board,
2. Luis Maria Franca de Castro Pereira Coutinho – Deputy Chairman of the Management Board (until February 12 2009),
3. Rui Manuel da Silva Teixeira – Deputy Chairman of the Management Board (as of February 12 2009),
4. Fernando Maria Cardoso Rodrigues Bicho - Member of the Management Board,
5. Julianna Boniuk-Gorzelańczyk – Member of the Management Board,
6. Joao Nuno Lima Bras Jorge - Member of the Management Board,
7. Wojciech Haase - Member of the Management Board,
8. Zbigniew Kudaś - Member of the Management Board (until February 12 2009),
9. Piotr Romanowski – Member of the Management Board (until February 12 2009),
10. Artur Klimczak – Member of the Management Board (as of February 12 2009).

The term-of-office of the current Management Board ends on the day of holding the General Shareholders Meeting approving the financial report of the Bank on 2011 accounting year.

The remuneration of the above-mentioned Members of the Management Board for 2009 totalled PLN 21 379.5 thousand. This amount includes remuneration of the Members of the Management Board with additional benefits, bonuses due for 2006 and 2007 and severance pay and non-competition indemnity paid to the resigning Members of the Management Board. In 2009, 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 the managing persons are presented in the table below (in thousand PLN)

No.	Name and Surname	Remunerations and bonuses	Benefits	Total
1.	Kott Bogusław	3 794,7	10,6	3 805,2
2.	Boniuk-Gorzelańczyk Julianna	1 987,5	3,8	1 991,4
3.	Haase Wojciech	1 785,0	3,8	1 788,8
4.	Klimczak Artur*	810,6	0,2	810,8
5.	Teixeira Rui Manuel**	1 141,3	237,6	1 379,0
6.	Bicho Fernando	1 947,5	117,3	2 064,8
7.	Jorge Joao Bras	1 927,5	803,0	2 730,5
8.	Kudaś Zbigniew***	3 350,4	4,8	3 355,2
9.	Romanowski Piotr***	3 450,0	3,8	3 453,8
	Total:	20 194,5	1 185,0	21 379,5

* as of 27.03.2009, ** as of 15.02.2009, *** until 31.03.2009

Information on value of advances, loans and guarantees granted to managing persons as at 31.12.2009:

1. The managing persons had a total debt limit of PLN 1 055.0 thousand including unutilised limit on credit cards and current accounts in the amount of PLN 253.4 thousand.
2. The managing persons had advances and mortgage loans in the total of 3 070.0 thousand PLN.
3. As at December 31 2009 there were no active guarantees granted to the managing persons.

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

According to valid legal regulations reports of Bank Millennium (solo basis) and of the Bank's Capital Group (consolidated) are subject to review (semi-annual report) or examination (annual report) by an independent entity, authorised to examine financial reports – an External Auditor. At the same with a view to correctness of the method of presentation of financial data in other regular reports, which are published quarterly, the Bank has worked with the External Auditor to implement cooperation procedures that permit day-to-day consultation of significant matters connected with reporting of business events in financial books and reports.

The internal control system, introduced by the Management Board of the Bank as regards the process of preparing financial reports, was designed to be an effective instrument of risk control and supervision over proper flow of the process of data collection and processing, and presentation of data in the form of financial reports in keeping with valid relevant legal regulations. The internal control system functioning in the Bank and composed of mechanisms of functional control (preventive, detection and corrective mechanisms) described in strict internal regulations of the Bank as well as systematised actions of a specialised independent unit of institutional control – the Internal Audit Department, to a significant extent protects the Bank against errors in financial reporting and delivers to the Bank’s management information, which permits assessment of correctness, efficiency and security of operation of the process of preparing financial reports, aimed at the highest possible effectiveness of managing identified risks accompanying this process.

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

Signatures of the Members of the Management Board:

<i>Date</i>	<i>Name and surname</i>	<i>Position/Function</i>	<i>Signature</i>
01.03.2010	Bogusław Kott	Chairman of the Management Board
01.03.2010	Rui Manuel Teixeira	Deputy Chairman of the Management Board
01.03.2010	Fernando Bicho	Member of the Management Board
01.03.2010	Julianna Boniuk-Gorzelańczyk	Member of the Management Board
01.03.2010	Wojciech Haase	Member of the Management Board
01.03.2010	Joao Bras Jorge	Member of the Management Board
01.03.2010	Artur Klimczak	Member of the Management Board