

**Report on the Activities of the Supervisory Board of Bank Millennium S.A. in 2011
(„Report”)**

The present Report includes:

1. Summary of the 2011 activities of the Supervisory Board and its committees: Audit Committee and Personnel Committee (Statements of the committees form attachments No. 1 and No. 2 to the present Report),
 2. Report from the assessment of the reports of the Management Board on the activities of Bank Millennium S.A. and the Bank Millennium S.A. Capital Group and financial statements of the Bank Millennium S.A. and of the Bank Millennium S.A. Capital Group for the financial year 2011, and the Management Board’s motion regarding the distribution of the profit for the financial year 2011,
 3. Brief assessment of the Bank Millennium S.A. condition in 2011 including the assessment of the internal control system and risk management system.
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1. Summary of the 2011 activities of the Supervisory Board and its committees: Audit Committee and Personnel Committee (Statements of the committees form attachments No. 1 No. 2 to the present Report).

In the reporting period the Supervisory Board consisted of the following persons:

Maciej Bednarkiewicz - Chairman of the Supervisory Board,
Ryszard Pospieszynski - Deputy Chairman of the Supervisory Board,
Carlos Jorge Ramalho dos Santos Ferreira – Deputy Chairman of the Supervisory Board,
Marek Furtek – Secretary of the Supervisory Board,
Luis Maria Franca de Castro Pereira Coutinho – Member of the Supervisory Board,
Vitor Manuel Lopes Fernandes – Member of the Supervisory Board,
Andrzej Koźmiński - Member of the Supervisory Board,
Paulo Jose de Ribeiro Moita de Macedo – Member of the Supervisory Board - until 31 March 2011,
Antonio Manuel Palma Ramalho – Member of the Supervisory Board - from 31 March 2011,
Nelson Ricardo Bessa Machado – Member of the Supervisory Board,
Marek Rocki - Member of the Supervisory Board,
Dariusz Rosati - Member of the Supervisory Board.

The Supervisory Board had the following standing Board Committees: Audit Committee and Personnel Committee. The Committees actively implemented tasks in the areas of their competence and significantly supported the activities of the Supervisory Board, assuring permanent and in-depth monitoring of cases.

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

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

During the reporting period Mr Dariusz Rosati met the conditions of independence and had qualifications in the area of accounting or financial audit, in pursuance to Art. 86 Sec. 4 of the Law dated 7 May 2009 on auditors and auditors' self-governments, entities authorized to audit financial statements and public supervision.

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

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

The Supervisory Board was informed about the works of the Committees and approved their annual Reports from activities in 2011.

In the reporting period the Management Board consisted of the following persons:

From 1 January until 22 July 2011 composition of the Management Board was as follows:

- Bogusław Kott – Chairman of the Management Board,
- Joao Nuno Lima Bras Jorge – Deputy Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho – Member of the Management Board,
- Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
- Andrzej Gliński – Member of the Management Board,
- Wojciech Haase – Member of the Management Board,
- Artur Klimczak – Member of the Management Board,
- Antonio Ferreira Pinto Junior – Member of the Management Board.

The Supervisory Board met on 22 July 2011 and accepted the resignation tendered by Mr Antonio Ferreira Pinto Junior from the function of the Management Board Member and nominated

Ms Maria Jose Henriques Barreto De Matos De Campos as Member of the Management Board for the present term of office ending on the date of the General Meeting approving the Bank's financial statement for the year 2011.

After the changes the composition of the Management Board from 22 July to 31 December 2011 was as follows:

- Bogusław Kott – Chairman of the Management Board,
- Joao Nuno Lima Bras Jorge – Deputy Chairman of the Management Board,
- Fernando Maria Cardoso Rodrigues Bicho – Member of the Management Board,
- Julianna Boniuk-Gorzelańczyk - Member of the Management Board,
- Maria Jose Henriques Barreto De Matos De Campos – Member of the Management Board,
- Andrzej Gliński – Member of the Management Board,
- Wojciech Haase – Member of the Management Board,
- Artur Klimczak – Member of the Management Board.

In the reporting period Supervisory Board held 7 meetings. The Work Plan for 2011 approved and implemented by the Board included as a permanent item of the agenda of the Supervisory Board meetings information about the Bank's results recorded at the end of each quarter in connection with credit risk, market, liquidity and operational risk information. Information in the above area

was also supplemented with information on Bank's liquidity management. Moreover, every half a year the Supervisory Board was presented information regarding the mortgage loan and other retail loan portfolio, in keeping with the supervisory regulations of the Polish Financial Supervision Authority.

During the reporting period Supervisory Board elected the auditor of the Bank and the Bank Millennium S.A. Capital Group, reviewed the materials for the General Meeting, made changes in the composition of the Management Board, approved the Compliance Report for the year 2010. Moreover, Supervisory Board took special care in familiarizing itself with the Plan and Budget of Bank Millennium S.A. Capital Group for the years 2012 - 2014 approving its individual components such as: Risk Management Strategy of the Bank Millennium S.A. Capital Group, Budget of the Bank Millennium S.A. Capital Group, Liquidity Plan of the Bank Millennium S.A. Capital Group and Capital Plan of the Bank Millennium S.A. Capital Group.

Members of the Management Board were present at each Supervisory Board meeting. This allowed Members of the Supervisory Board to ask questions, and in consequence contributed detailed information and explanations to issues discussed by the Supervisory Board.

The Supervisory Board was informed about major events and decisions made by the Management Board over the period between the Supervisory Board meetings. Analyses of the Bank's results compared to the peer group provided the Supervisory Board with an appropriate context.

The Supervisory Board used in its work documents and explanations pertaining to every issue under its consideration. The cooperation with the Management Board proceeded very well.

The Supervisory Board positively assesses the Management Board's activities in 2011. In terms of numbers, it translates into the achieved financial result. One should particularly emphasise the projects in support of long-term business growth, which are implemented in particular through improving the quality of service. The Supervisory Board wishes to emphasise that the initiatives in the above respect brought results both in the business sphere (i. a. a considerable growth of the number of new current accounts) and in terms of the Bank's reputation (the Bank received a number of awards and distinctions).

The control measures and contribution of the Supervisory Board to the supervisory function constituted a natural element complementing the management activities.

The Supervisory Board wishes to thank the Management Board and employees of the Bank Millennium S.A. Capital Group for its good work in 2011.

In view of the overall activities and results achieved in 2011 the Supervisory Board moves for discharging members of the Bank's corporate bodies from the performance of their duties in 2011.

2. Report from the assessment of the reports of the Management Board on the activities of Bank Millennium S.A. and the Bank Millennium S.A. Capital Group and financial statements of the Bank Millennium S.A. and of the Bank Millennium S.A. Capital Group for the financial year 2011, and the Management Board's motion regarding the distribution of the profit for the financial year 2011.

Pursuant to art. 382 § 3 of the Commercial Companies Code and § 17 section 3 of the Bank's Articles of Association, the Supervisory Board at its meeting of 22 March 2012 conducted a review

(as submitted by the Management Board) of: (i) Management Board's statement on the Bank's activity (ii) financial report of the Bank for the financial year 2011 (iii) Management Board's statement on the activity of the Bank Millennium S.A. Capital Group (iv) consolidated financial report of the Bank Millennium S.A. Capital Group for 2011.

The Supervisory Board has also familiarised itself with the auditor's opinion with respect to the above documents. On this basis the Supervisory Board finds that both the Management Board's report on the Bank's activity and the financial report for the financial year 2011, and the report on the activity of the Bank Millennium S.A. Capital Group and consolidated financial report have been prepared correctly in substantive and formal terms, correspond to the facts and the books and render a true and fair picture of the financial results and the activity of the Bank the Bank Millennium S.A. Capital Group in the financial year 2011.

The Supervisory Board recommends to the General Meeting the adopting of the above documents in the version submitted by the Management Board along with the auditor's opinion.

The Supervisory Board finds justified the Management Board's motion relating to the manner of the distribution of net profits for 2011 contributing the net profit in total to reserve capital. Although the Bank employs the policy of dividend payouts between 35% - 50% of the net profit, the Supervisory Board thinks that the procedure of distribution of the profits and payout of the dividend in the current situation of the banking sector should incorporate the PFSA recommendation recently sent to the banks in this regard. This recommendation in the Board's opinion is a very important factor which the Bank's governing bodies should consider very carefully.

As the consequence of the expressed above assessment of the Management Board motion, the Supervisory Board unanimously recommends to the General Meeting to accept the subject matter motion.

3. Brief assessment of the Bank Millennium S.A. condition in 2011 including the assessment of the internal control system and risk management system.

This part of the Supervisory Board report contains the assessment of the Bank's condition given by the Supervisory Board pursuant to the requirements of Principle III.1.1) „Good Practices of the Companies listed on the Warsaw Stock Exchange”.

With reference to the external environment in which the Bank as an entrepreneur conducted its business in the reporting period it should be mentioned that 2011 in Poland continued to be a period of macroeconomic recovery. The Bank intensified its steps towards business development, especially conducive to long-term growth, such as client acquisition, launching new products, gaining more deposits, boosting corporate lending.

The Supervisory Board expresses its highest approbation that in 2011 the Bank Millennium S.A. Capital Group achieved the highest consolidated net profit in the Group's history in amount of PLN 466,5 mln, excluding one-off events.

The Supervisory Board was particularly careful in analysing the circumstances which contributed to the achievement of such result, for example: growth of operational revenues, improvement of cost effectiveness thanks to a strict cost control and considerably lower level of provisions for non-performing loans (as a result of the improvement of loan portfolio quality).

The Supervisory Board wishes to emphasise in this context that the Bank was able to reduce the cost/income ratio below 60%, much before the deadline.

Moreover, the Supervisory Board notes with satisfaction that in the reporting period:

- the Bank Millennium S.A. Capital Group achieved a considerable growth of net interest income (by 17.9%) compared to 2010.
- net commission income in 2011, at PLN 561,8 mln, was comparable to 2010,
- total mortgage sales were the highest since 2008 (which gave the Bank Millennium S.A. Capital Group the market share of 4,7% in new production),
- there was a quick growth of corporate loans,
- good lending diversification was maintained,
- in leasing and factoring the Bank Millennium S.A. Capital Group maintained a high market share: 7,1% in non-real estate leasing and 6,6% in factoring.

It should be mentioned that the capital adequacy ratios remained satisfactory throughout the reporting period despite negative factors (e.g. the requirements connected with FX loan revaluation). Consolidated regulatory solvency ratio equalled to 13,2% at the end of the month of December 2011, whereas Cor Tier 1 equalled to 11,4%.

In sum, the Supervisory Board, having analysed the Bank's report and financial results of the Bank and the Bank Millennium S.A. Capital Group in 2011 and having familiarised itself with the plans for the coming years, positively assessed the Bank's financial situation and its development prospects.

The Supervisory Board, in view of its supervisory activities and having performed its assessment, on the basis of reasonable premises, assures that the internal control system, as a whole, including the information management system, information systems, communication and internal control monitoring system, effectively and adequately corresponds to the regulatory requirements and, being efficiently managed, is adequate to the Bank's size and to the exposure to the risks connected with the activity conducted by the Bank. The Audit Committee of the Supervisory Board controlled the quality of the internal control system on an on-going basis.

[Signatures of the Bank Millennium S.A. Supervisory Board Members]

Bank Millennium S.A.
Supervisory Board
Personnel Committee

Statement of the Personnel Committee of the Supervisory Board concerning activity in 2011

The Personnel Committee of the Supervisory Board of Bank Millennium S.A. during the reporting period acted with the following composition:

- Maciej Bednarkiewicz – Chairman
- Carlos Santos Ferreira
- Luis Pereira Coutinho
- Marek Furtek

During the reporting period the tasks of the Committee concerned the matter of changes in the composition of the Management Board of the Bank as well as giving and determining the value of annual bonuses to Members of the Management Board of the Bank.

In 2011 two meetings of the Personnel Committee were held.

[Signatures of the Personnel Committee members]

Warsaw, January 30, 2012

Audit Committee of the Supervisory Board

Bank Millennium S.A.
Supervisory Board

2011 Activity Statement of the Audit Committee of the Supervisory Board

Bank Millennium S.A.

In the reporting periods, the Audit Committee at the Supervisory Board of Bank Millennium S.A. operated in the following composition:

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|----------------------------|---------------------------------|
| Chairman of the Committee: | Mr Dariusz Rosati |
| Member of the Committee: | Mr Maciej Bednarkiewicz |
| Member of the Committee: | Mr Luis Pereira Coutinho |
| Member of the Committee: | Mr Vitor Manuel Lopes Fernandes |

in 2011, the subject of the permanent analyses during the meetings of the Audit Committee of the Supervisory Board were the following issues:

1. Results of the audits conducted by the Internal Audit Department along with the identified material risks, recommendations issued and monitoring of the status implementation progress.
2. Review of the adequacy and effectiveness of the Internal Control System (ICS).
3. Systematic monitoring of the risk, finance and compliance issues.
4. Supporting actions to increase effectiveness and improve the quality of performance of the internal audit function.
5. Monitoring projects aimed at adjustment of the Bank to the legal requirements and external regulations.
6. Important information concerning situation of Bank Millennium, in particular information about material events and irregularities disclosed during the controls performed and remedial actions taken.

Furthermore, the Audit Committee received current information about material issues concerning Bank's relations with supervisory organs.

In the opinion of the Audit Committee of the Supervisory Board the independence of the internal audit unit at the Bank is ensured thanks to operation of the following mechanisms:

1. Placement of the Internal Audit Department in the Bank's structure and scope of the responsibilities and authorisations of the internal audit.
2. Appointment and recall procedure for the Head of the Internal Audit Department.
3. Supervision over the remuneration level of the Head of the Internal Audit Department and audit employees from the Supervisory Board's Audit Committee.
4. Protection of the employees of the Internal Audit Department against unjustified termination of the employment relationship.
5. Direct involvement of the Head of the Internal Audit Department in the meetings of the Management Board and Supervisory Board, where the issues related to the tasks of the Department and supervision over internal control are discussed (organisational Bylaws of the Internal Audit Department).

6. Direct and systematic communication between the Head of the Internal Audit Department and the Management Board and Audit Committee of the Supervisory Board.

The Audit Committee of the Supervisory Board declares that within its responsibilities, the Audit Committee:

1. Presents to the Supervisory Board its recommendation of the auditor authorised to examine financial statements.
2. Monitors independence of the auditor.

[Signature of the Chairman of the Audit Committee]