INFORMATION CONCERNING CAPITAL ADEQUACY

OF THE BANK MILLENNIUM S.A. GROUP

(AS AT 31ST DECEMBER 2009)

I. Introduction

In keeping with requirements regarding Information Policy as defined in Resolution No. 385/2008 of the Polish Financial Supervision Authority dated 17th December 2008, this paper presents qualitative and quantitative information as concerns capital adequacy of Bank Millennium S.A. (‘Bank’) Capital Group (‘Group’) as at 31st December 2009.

The said data in the area of calculation of credit risk capital requirement were prepared according to the provisions of par. 4-101 Annex No. 4 of Resolution No. 380/2008 of the Polish Financial Supervision Authority of 17th December 2008.

A comprehensive description of the principles of management of the Group’s financial risk as well as a list of consolidated companies is contained in the Group’s 2009 financial report.

Considering that the Bank, as the Group’s dominating entity, is a subsidiary of an EU dominating entity - Banco Comercial Portugues S.A., the data presented below exhaust the scope of information defined in par. 3 and par. 4 of Annex No. 1 to Resolution No. 385/2008 of the Polish Financial Supervision Authority and were prepared on the basis of the highest domestic level of consolidation (Group).

All financial data were expressed in thousands of PLN.

II. Own funds

The Group’s Own Funds constitute capital and funds created in keeping with binding law, relevant acts as well as articles of association.

Own Funds (Tier 1 and Tier 2) comprise: initial capital, share premium capital, revaluation capital, retained earnings and subordinated liabilities.

Shareholding Equity

Shareholding Equity is reported at nominal value, in keeping with the articles of association and the business register entry.

If an entity acquires own equity instruments, then the amount paid, including directly related costs, is reported as a change in own capital. Acquired treasury shares are carried as treasury shares and reported as decrease of own capital until their cancellation.

Share premium capital

Share premium capital (surplus of issue price over nominal price) is created from the share premium generated on share issue, less related direct costs incurred.

Revaluation capital

Differences from valuation of financial assets available for sale as well as the effect of valuation of cash flow hedge, less related deferred income tax write-offs are referred to revaluation capital.

Retained earnings

Retained earnings are created from earnings write-offs and are assigned for purposes defined in the articles of association or other legal regulations (remaining part of reserve capital, additional reserve capital, including general banking risk fund) or constitute gains/losses from previous years, or also net financial result of the current period.

The general banking risk fund in the Bank is created from profit after tax, in keeping with provisions of the Banking Law of 29th August 1997 as amended.

Net financial result of the current period constitutes the result from the Profit and Loss Account of the current year adjusted with the charge on account of corporate income tax. For the purpose of calculation of prudential norms current period financial result is taken into account (as well as profit pending approval), which was verified by an auditor and reduced by expected charges and dividends.

Subordinated liabilities

Pursuant to a decision of the Polish Financial Supervision Authority the Bank (and the Group) includes in Tier 2 the liabilities on account of issue of securities with maturity in December 2011 and December 2017 (as at 31st December 2009 in the amount of EUR 32 million and EUR 150 million respectively).

Reductions and adjustments of Tier 1 and Tier 2

The Group adjusts the value of the funds in keeping with relevant regulations, considering following factors:

- Held intangible assets,
- Unrealised losses on debt instruments classified as available for sale,
- Exposure on account of securitisation positions

III. Capital requirements

The figures below, illustrating the Group's structure of own funds, were prepared in line with the above description, as at 31st December 2009.

Tier 1	**2 772 932**
Basic Funds	2 545 738
Shareholding equity	849 182
Share premium	472 343
Other components of supplementary capital	1 224 213
Additional reserve capital	- 1 708
Additional reserve capital jointly with undistributed profit from previous years	0
Current period net profit and profit pending approval (verified by auditor)	1 495
Revaluation capital	-3 203
General risk fund for unidentified risk of banking activity	228 902
Reductions of Tier 1	-30 684
Intangible assets at balance-sheet value	-22 821
50% of the amount of exposure on account of securitisation positions (risk weight equal to 1250 %)	-7 863
Tier 1 after reductions	***2 742 248***
Tier 2	757 032
Subordinated liabilities	747 692
Adjustment of revaluation capital transferred to Tier 2	9 340
Reductions of Tier 2	-7 863
50% of the amount of exposure on account of securitisation positions (risk weight equal to 1250 %)	-7 863
Tier 2 after reductions	***749 169***
OWN FUNDS	**3 491 417**

On the 26 February 2010 the District Court for the Capital City of Warsaw in Warsaw registered the Bank's share capital increase from PLN 849.181.744 up to PLN 1.213.116.777 through the issuance of 363.935.033 series L ordinary bearer shares of Bank. In result of this issuance, Bank gained net proceeds (including costs of issuance) amounting to PLN 1.040.248.462, which means own funds' increase of the Bank and the Group.

STRUCTURE OF CAPITAL REQUIREMENTS

Table below includes 8% of risk weighted exposure values assigned to each class defined in par. 20 section 1 Annex No. 4 of Resolution No. 380/2008 of the Polish Financial Supervision Authority in the matter of banks' capital adequacy, as at 31st December 2009.

CREDIT RISK	Total capital requirements on the following risks: credit risk, counterparty credit risk, settlement and delivery risk on long settlement transactions
Governments and Central Banks	470
Regional and local governments	5 924
Administrative bodies and PSE	10 752
Multidevelompent banks	0
International Organizations	0
Institutions - banks	43 690
Corporates	488 537
Retail	1 080 249
Secured by Real Estate	449 295
Past Due	71 313
High risk exposures	0
Covered bonds	0
Short term exposures to Banks and Corporates	0
Participation Units in Collective Investment Undertakings	0
Other	44 622
TOTAL	**2 194 852**

MARKET RISK	
Price risk of capital securities	116
Specific risk of debt instruments	407
General risk of interest rates	55 904
Currency risk	0
TOTAL	**56 427**

OPERATIONAL RISK	222 411

TOTAL CONSOLIDATED OWN FUNDS	**3 491 417**
TOTAL CAPITAL REQUIREMENT	**2 473 690**
SOLVENCY RATIO	**11,29%**

IV. Internal capital

The Group carries out the process of internal assessment of capital adequacy (ICAAP), which bases on internal economic capital model.

The Group defines economic capital as an amount of capital to cover future unexpected economic losses in the one-year time horizon taken assumed probability (aiming at maintaining value of deposits and other liabilities from creditors).

Calculation of internal capital covers all material risk types, which the Group is exposed to and is based on set of parameters that reflect specifics of Polish market. The model quantifies unexpected and expected losses on identified as material risk types with chosen confidence level and 1-year time horizon.

The Group considers following, material risk types in its internal capital calculation:

1. Credit Risk (quantification based on modified CreditRisk+ methodology)
2. Market Risk (quantification based on VaR model)
    a. Trading book positions
    b. Interest rate risk in banking book
    c. Real estate price risk
3. Liquidity Risk
4. Business and Strategic Risk
5. Operational Risk

The Group presents a conservative approach to correlations between different risk types (phenomenon that risk types are not turn into losses simultaneously), calculating diversification benefits from the full losses distribution (taken into account extreme losses additionally).

According to a banking supervision recommendations, particular risk types and diversification benefits are subjected to stress tests. Total diversified internal capital is then evaluated in the context of economic capital adequacy, by comparing its value to a risk-taking capacity (by available financial resources). Currently, the Group assumes conservatively that available financial resources equal to regulatory own funds, which are used to calculation of capital adequacy ratio

The Group considers its internal assessment of capital adequacy process as an embedded into a risk, capital and business management systems and it consists of the following stages:

1. Risk classification and assessment of risk types materiality in the context of their account in ICAAP
2. Risk quantification
3. Internal capital aggregation to cover material risk types, taken into account risk correlations between risk types
4. Capital adequacy evaluation (comparison between economic risk and risk bearing capacity)
5. Internal capital allocation on business lines/segments
6. Employing of allocated internal capital to risk based performance measurement, product pricing and bonuses.
7. Risk and capital control and monitoring.

The group is continuing efforts on methodologies pointed at points 5, 6 and 7.

Capital adequacy assessment within Pillar II of Basel II (“Supervisory Review Process”) points at significant excess of the economic risk coverage by available financial resources.
The Bank is complied with the Banking Act regulatory requirements on internal capital (para 128).