INFORMATION CONCERNING CAPITAL ADEQUACY OF THE BANK MILLENNIUM S.A. GROUP

(AS AT 31ST DECEMBER 2011)

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 including amendments, this paper presents qualitative and quantitative information as concerns capital adequacy of Bank Millennium S.A. ('Bank') Capital Group ('Group') as at 31st December 2011.

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.76/2010 of the Polish Financial Supervision Authority of 10th March 2010 including amendments.

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 2011 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 exhibit 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: Shareholder Equity, share premium capital, revaluation capital, retained earnings and subordinated liabilities.

Shareholder Equity

Shareholder 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 2017 (as at 31st December 2011 in the amount of EUR 150 million).

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 2011.

PLN ths.

Tier 1 funds	4 151 114

Basic Funds	3 791 010
Shareholding equity	1 213 117
Share premium	1 147 502
Other components of supplementary capital	1 430 391

Additional reserve capital	131 202
Additional reserve capital jointly with undistributed profit from previous years	0
Current period net profit and profit pending approval (verified by auditor)	135 886
Revaluation capital	-4 684

Generic risk fund for unidentified risk of banking activity	228 902

Reductions of Tier 1	-40 129
Intangible assets at balance-sheet value	-32 266
50% of the amount of exposure on account of securitisation positions (risk weight equal to 1250 %)	-7 863

Tier 1 after reductions	**4 110 985**

Tier 2 funds	**663 524**
Subordinated liabilities	662 520
Adjustment of revaluation capital transferred to Tier 2	1 004

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	**655 661**

OWN FUNDS	**4 766 646**

CAPITAL REQUIREMENTS' STRUCTURE

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. 76/2010 of the Polish Financial Supervision Authority in the matter of banks' capital requirements on particular risk types, as amended, as at 31st December 2011.

PLN ths

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	0
Regional and local governments	16 723
Administrative bodies and PSE	1 107
Multidevelompent banks	0
International Organizations	0
Institutions	78 397
Corporates	600 151
Retail	1 643 482
Secured by Real Estate	169 997
Past Due	58 674
High risk exposures	1 344
Covered bonds	0
Short term exposures to Banks and Corporates	0
Participation Units in Collective Investment Undertakings	0
Other	47 547
TOTAL	**2 617 422**

MARKET RISK	
Price risk of capital securities	241
Specific risk of debt instruments	60
General risk of interest rates	38 410
Risk of goods' prices	0
Currency risk	0
TOTAL	38 711

OPERATIONAL RISK	**225 492**

TOTAL CONSOLIDATED OWN FUNDS	4 766 646
TOTAL CAPITAL REQUIREMENT	2 881 625
CAPITAL ADEQUACY RATIO (CAR)	13.23%
T1 CAPITAL RATIO	11.41%
CORE T1 CAPITAL RATIO	11.41%

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, indispensable to cover all future unexpected economic losses, that might occur over a defined time in the future and estimated with the defined probability, without jeopardizing interest/safety of depositors /creditors of the Group. Calculation of internal capital covers all material risk types, which the Millennium 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 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 (or “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 under I Pillar.

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

1. Risk classification and assessment of risk types materiality in the context of their account in risk management process and 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 – internal capital - and risk bearing capacity),
5. Internal capital allocation on business lines/segments,

6. Employing of allocated internal capital to risk based performance measurement, setting risk limits, capital reallocation given risk-adjusted return,
7. Control and monitoring of risk, available financial resources, capital limits and targets.

As at the end of 2011, the capital adequacy evaluation (according to Pillar II of Basel II) indicates a high capital adequacy, expressed in a significant excess of risk-taking capacity (equivalent of regulatory own funds) over economic risk (internal capital amount), and over risk calculated according to regulatory regulations (minimum capital requirements amount).

At the same time, the Bank is complied with the Banking Act regulatory requirements on regulatory own funds, as well as internal capital (para 128).