

The image features a vibrant red background with a large, stylized graphic of three overlapping circles. The largest circle on the left contains the Millennium Bank logo. The other two circles, positioned to the right and slightly higher, are connected to the first by thin white lines. The text 'corporate responsibility' is written vertically inside the upper-right circle.

Millennium
bank

corporate responsibility

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corporate responsibility

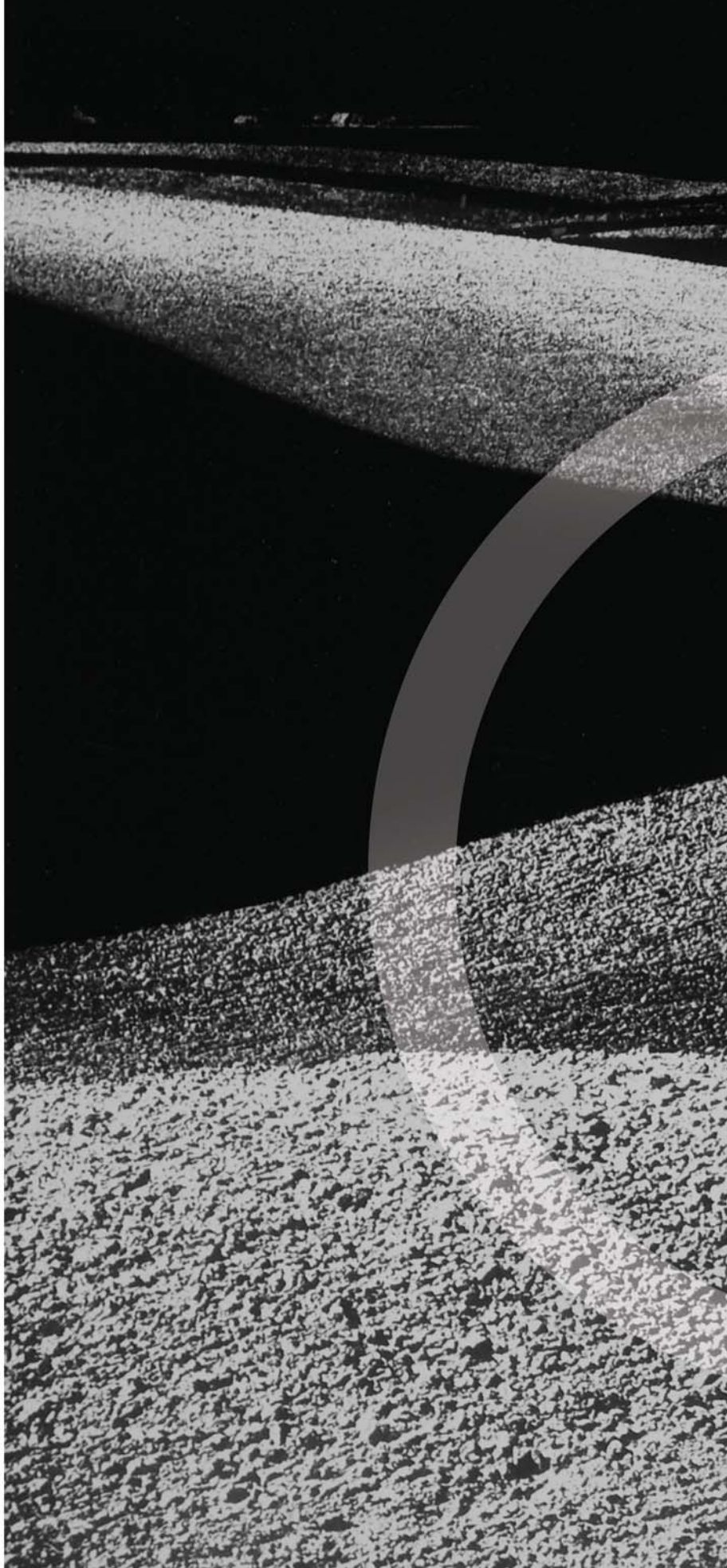
Introduction

■ This publication contains a description of Bank Millennium's activities in pursuit of its corporate social responsibility policy in 2008. We are publishing this report for the third time, thus confirming that our dialog with stakeholders is an important element of the strategy pursued by the Bank.

This year, the layout of the report allows its readers to compare information on various areas of our activity with information published in previous years. New subjects have been added, which is another step towards a formula that will eventually allow the Bank to draw up the report in compliance with GRI standards.

The Corporate Social Responsibility document supplements the financial information presented in Bank Millennium's Annual Report.

Last year's Bank Millennium "Corporate Social Responsibility 07" report received a recognition in the best Social Report contest organized by the Responsible Business Forum and PricewaterhouseCoopers. The report was commended for progress in the way information is conveyed, interesting presentation and integration with the Bank's financial report.





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Letter from the Chairman of the Bank Millennium Management Board

Dear Readers,

It is with true satisfaction that we present to you the third annual report summarizing Bank Millennium's activities related to the fulfillment of its corporate social responsibility principles.

The acute tremors that affected the global economy in the second half of last year reemphasized the importance of transparency in business activity, respect for the interests of all the involved parties and open communication based on integrity.

Dialog with stakeholders, which is one of the cornerstones of our mission, has become a universal instrument that allows us to avoid problems, supports the process of resolving them and builds trust during periods of economic slowdown. Customer satisfaction, focus on performance, teamwork and employee satisfaction remain the main goals of our activity.

As a result of organizational changes, a process of reviewing all areas of the Bank's activities has been implemented to harmonize and align the rules underlying our activity to corporate social responsibility principles. We have also started a discussion on formulating universal policy that would allow the Bank to conduct activity in compliance with the practice of sustainable development.

We are convinced that the harmonious combination of economic, social, cultural and ecological factors is indispensable in our core business activity. We endeavor to incorporate the points of view and needs of the stakeholders in this process of constant change whose purpose is to enhance the quality of our services and improve our effectiveness. We believe that our cooperation founded on the principles of responsible business will enable all parties to achieve their intended business objectives.



BOGUSŁAW KOTT

Chairman of the Management Board, Bank Millennium

Mission, values and corporate culture

■ 2008 was the second full twelve-month period of implementing the Bank's medium-term development strategy planned for 2006-2009. Its most noticeable external expression was the introduction in 2006 of a new visual identification accompanied by Bank Millennium's new homogenous image for all client groups. These changes supported the Bank's development in two major areas. The first one associated with it was the program to expand the branch network as a part of the Bank's broader expansion program on the individual client market. The second one linked directly to the new brand's values lent support to the qualitative changes in the product offer, service level, quality of work and the formation of a new corporate culture.





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The Bank's motto "Life inspires us" accompanying the Bank's daily operations in the past year formed an obligation to satisfy client needs for comprehensive bank service and to recognize active relations with them as the most important objective from the Bank's point of view.

The values linked to the Millennium brand continue to retain their currency:

- **Trustworthiness** – the Bank must observe high ethical standards and take responsibility for its actions;
- **Openness to the customer** – learning and meeting customers' expectations and needs;
- **Ethics and Responsibility** in action;
- **Excellence** – high quality of services rendered;
- **Innovativeness** – striving and searching for new customer service and financial market solutions;
- **Respect for stakeholders.**

The achievement of the Bank's operating strategy in 2008 materially hinged on the development of the situation on the international and Polish economic market. Despite the sharp turmoil on the market the Bank steadily followed its program while observing the standards and values associated with its mission statement.

Vision

We are part of a financial group with a transnational identity whose actions are focused on value creation in core business areas in markets with distinct profiles, based on excellent quality and innovation in the creation and distribution of financial products and services.

Mission

Our mission is to create value for customers by offering superior quality financial products and services, while complying with rigorous standards of conduct and corporate responsibility and facilitating stable and effective growth to provide shareholders with steady growth in the value of their capital.

The motto "Life inspires us" is an element that combines the requirements of our customers and the expectations of the society as a whole and the employees.

Life inspires us

In 2008 the Bank built relations with its clients and invested in the development of the Millennium brand while showing care for the firm's daily operating practice to comply with the values inherent in the brand. These actions have significantly enhanced the Millennium brand recognition and, according to the findings of client research, they have improved how it is evaluated and perceived. It is evolving in the direction of a more customer-friendly organization.

Dialog with Stakeholders

■ In its operations the Bank gives consideration to the need for engaging in dialog with its stakeholders. The Bank's motto "Life inspires us" puts people and their needs at the center of attention.

The Bank strives to conduct a dialog in a responsible and ethical manner while maintaining good relations with all the stakeholder groups that have direct and indirect relations with the Bank.

This is especially true as regards relations with:

- **customers** – by being part of their lives, understanding their expectations and responding to them and especially by building relations based on mutual trust,
- **employees** – who are the Bank's most important asset by promoting responsibility, developing competences, showing respect for employees' personal and family welfare and contributing to the attainment of their private and professional goals,
- **the Bank's partners** – by building long-term relations based on trust, transparency, responsibility and mutual benefit,
- **Investors** – by fostering relations based on an equilibrium and creating common value, assessment of results, seeking new market opportunities and trends and full transparency of publicly disclosed information;
- **community** – by taking part in social dialog and responding to socially-important issues and problems.

In 2008, especially in the fourth quarter, having regard for the sudden changes in the economic situation, many circumstances occurred portending the possibility of conflicts arising between the Bank and some stakeholder groups. The Bank did its utmost to solve these situations while respecting the interests of all parties based on the binding rules of law, procedures and in a spirit of dialog to facilitate the achievement of compromise solutions.



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Dialog with Clients

CUSTOMER SERVICE QUALITY AND SATISFACTION RESEARCH

We are aware that our Bank's future hinges on satisfying our customers. Their needs and expectations set the direction of our work.

In 2008 we continued to follow the process-based management approach implemented in 2007. In the context of dialog with a customer this implies, among other things, conducting research in more areas. On top of conducting satisfaction research on products and services we monitor satisfaction with the flow of executing customer-related processes.

The Quality Team, a separate unit in the Process Department conducts this research. The reports it prepares constitute an important analytical material used in the decision-making process.

The survey results and proposed changes are reported to the Bank's Management Board and to the persons responsible for the operational areas being surveyed. The changes made and the results they produce are analyzed regularly and the relevant information forms the basis for regular internal communication.

Nearly 80 thousand customers took part in the surveys we conducted in 2008.

According to their opinion, the products we offer and the quality of service we provide meet the expectations of 87% of our customers (individual customers).

81% of our clients are very satisfied or satisfied with our products and services, while 87% of our clients find our quality of service to be satisfactory.

These findings are directly reflected in the declared recommendation and inclination to continue using the Bank's services. 62% of our customers would readily recommend our Bank's products and services to their acquaintances and family while 72% of our customers have expressed the desire to take advantage of more Bank products. 85% of our customers have declared the desire to continue cooperating with the Bank.

On top of the surveys it conducts on its own, the Quality Team coordinates Mystery Shopping surveys conducted by an external research firm. We held the next wave of the survey at the end of 2008. The survey findings will be available in early 2009.

This survey was conducted in all Bank Millennium outlets and in selected outlets of competing banks. The pollsters played the role of a customer interested in a Bank's services. That is why the survey concerned front-line employees interfacing with customers.

A survey like Mystery Shopping delivers comprehensive knowledge about the extent to which the target standards and level of service quality are being reached while also illustrating the Bank's position with respect to the competition. Among other aspects the pollsters assess work organization, the first impression in cooperation with the Bank employee, cleanliness and order in the outlet. The survey's findings, followed up by the overall report, are conveyed to the Regional Coordinators, while the points accumulated by the various outlets affect the score an outlet earns in the month in which the survey takes place.

Quality and satisfaction survey

	2008	2007
Surveys conducted	20	16
Number of customers surveyed	76 805	128 056
Number of responses received	8 177	11 526

Overall satisfaction

Individual clients satisfied with their cooperation with the Bank	87%	89%
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MILLENNIUM BOOK

In 2008 Bank Millennium, under the auspices of the MilleMaster 3 Project, launched the Great Millennium Book specifying the fundamental principles of corporate culture associated with behavior, internal communication, sales and customer service standards.

The MilleMaster 3 Project continues the actions initiated under the MilleMaster 1 and MilleMaster 2 programs that aimed at meeting customer expectations concerning ongoing improvement in the standard of service.

The MilleMaster 1 Program called for perfecting sales skills and enhancing the quality of customer service in our Bank. It was successfully implemented in 2004. The entire retail network underwent training.

MilleMaster 2 was a program whose objective and primary target was to grow sales in the existing customer group. It formulated our approach anew from a product orientation to one focused on customer needs. The external expression of this approach was the implementation of customer segmentation. This made it possible to analyze their needs in greater detail and to respond to them.

In 2006 the entire retail network underwent training supplemented with on-the-job coaching.

Under the MilleMaster 3 Project the Bank is implementing the principle that the entire organization should be focused on strengthening customer relations. All employees should be committed to developing open and precise internal communication founded on cooperation to enhance the effectiveness of service processes.

Bank Millennium's standards are unique in that they apply not just to the staff members responsible for sales but to all the Bank's employees.

The standards of behavior and internal communication held in common by all employees are subordinated to the following three primary objectives:

- strengthening employee identification with the Bank and the fundamental standards of behavior and communication in external relations;
- shaping employee awareness with an eye to caring for the satisfaction of every customer;
- raising the Bank's quality of customer service by streamlining communication between employees.

The standards have been implemented by delivering e-learning training. The training was attractive and effective thanks to using an interesting fable and having ready access to the web.

The standards in Bank Millennium's retail sales network were implemented using a top down training system. Four-day training sessions with employees were delivered by outlet managers who were previously prepared to undertake this task under the framework of a professional train-the-trainer training program.

Bank Millennium's operating objective is to make caring about the observance of standards a constant practice. This is one of the reasons why the Bank commissions periodic Mystery Shopping surveys on the quality of customer service. The sales management model currently being formulated in the retail network also calls for constantly monitoring the process of employee professional development to ensure that they live by the rules laid out in the Great Millennium Book in their daily banking practice.

2009 will be another period of intensive work on implementing mechanisms whereby the level of customer satisfaction with the Bank's quality of service will grow. One of the crucial paths leading to this destination entails implementing standards in the field of what are referred to as soft skills.

MANAGING COMPLAINTS

In mid 2008 Bank Millennium introduced new rules for examining complaints to address customer expectations. This change concerned simple complaints and largely entailed transferring the power to examine complaints to the venue where the customer reports his/her complaint.

These powers were conferred on the Bank's outlets and call center by the end of the year. By embracing this strategy the customer receives information on whether his/her complaint is recognized or not at the time of submitting a simple grievance. More difficult and complicated complaints are still transmitted to the Bank's special head office unit.

Implementing new rules for examining complaints was made possible by applying new information technology solutions. To this end, an application was used that makes it possible to run the entire process of examining a complaint in a single system and to allow all the persons involved in the process to oversee how it goes.

Introducing a new form of providing a response to a customer using text messaging also marks a major change. Once the head office unit handles the complaint positively the customer receives a message with the pertinent information. This solution considerably accelerates customer communication.

In 2009 the Bank intends to entrust the decision-making powers regarding complaints to web-channel employees and to offer a similar service to customers of the corporate line of business.

Bank customers may choose from many paths to submit a complaint. A complaint may be conveyed through the Bank's outlets, its telephone banking system, its Internet banking system or in the form of a letter sent to the Bank.

The process of managing complaints also entails actions to monitor those areas of the Bank that constitute the primary source of complaints. The reasons for complaints arising are analyzed and solutions are devised for the purpose of eliminating them. Information about the number of a given type of complaints is given in the monthly report conveyed to the Management Board members responsible for specific sales areas and the process owners responsible for managing various processes in the Bank.

Every customer notification is analyzed in-depth while the decision regarding a given grievance is made on the basis of the "General conditions for opening and keeping bank accounts" while giving consideration to the nature of each case. At the same time the Bank does its utmost to meet a 14-day deadline for examining complaints. When making decisions the Bank responds to customer expectations and has in mind the fundamental principle of showing due diligence to which the Bank's employees are committed.

Complaints management

	2008	2007
Number of reported complaints		
Total	53 458	52 077
Retail	52 489	50 937
Corporates	969	1 140
Number of complaints examined in the Bank's favor		
Total	15 666	12 442
Retail	15 546	12 278
Corporates	120	164
Number of complaints examined in the customer's favor		
Total	38 082	36 924
Retail	37 673	36 290
Corporates	409	634
Number of complaints on violating a customer's privacy and losing his/her personal data		
	125	75
Complaint examination outcome		
up to 3 days	14 393	4 044
4-7 days	7 857	8 847
over 7 days	25 844	37 547
Channels for receiving complaints		
Branch	57%	65%
Millenet	18%	13%
Call Center	15%	13%
Head Office	8%	7%
CWK – Customer Relationship Center	1%	1%
Other	1%	0%

CUSTOMER CONTACT CHANNELS

Telemillennium

In addition to the outlet network, an alternative source of information for customers about the Bank's offer is the Telemillennium Call Center (tel. 0 801 331 331).

The hotline is open 24 hours a day. Customers may use this hotline to obtain the most up-to-date information about the product offer and promotions as well as check their account balances, place orders for wire transfers, activate and stoplist cards.

Customers appreciate the convenience the telephone-based service channel offers them. This year Telemillennium consultants fielded more than 1.2 million calls, representing a 20% increase over 2007.

Telemillennium

	2008	2007
No. of incoming calls to Telemillennium	1 263 338	1 067 028
Number of complaints received	9 094	7 779

The number of complaints lodged with the Bank by Telemillennium edged up slightly over 2007 and stood at 9,094 reports (compared to 7,779 in 2007), of which 968 were clarified and completed at the level of the Direct Banking Department, while 8,126 were turned over to the competent units to be examined.

In its endeavor to secure the highest quality of telephone service, starting from April 2008 the Monitoring Team in the Direct Banking Department has been surveying the Telemillennium customer satisfaction level on a regular basis. The assessment of how easy it is to reach a consultant by phone, to use the automatic service option, what level of knowledge and skills consultants have and how courteous and committed they are in the customer interface are of particular significance. The information obtained from clients is a priceless source of knowledge for the Bank enabling it to undertake immediate steps to enhance the quality of customer service. What is important is that 91% of the respondents are very satisfied or satisfied with telephone service while the overall customer satisfaction level in 2008 was 4.5 on a 1-5 point scale.

Telemarketing

One of the customer contact channels whereby customers obtain information about the Bank's products is the Telemarketing sales line.

The number of customers whom the Bank has contacted using the Telemarketing channel over the twelve months of 2008 topped one million, among whom nearly 283 thousand declared their interest in our offer. Compared to 2007 when the number of contacts was slightly below 660 thousand, this signifies growth of approximately 53% in the number of customer contacts.

Telemarketing

	2008	2007
Number of contacts with customers	1 009 727	655 379
Declaration of interest in the Bank's offer	282 866	171 060

Telemarketing primarily runs credit card campaigns to sell credit cards to primary holders and additional credit cards as well as to make contact with customers to elevate the usage of the limit customers have on the credit cards in the Bank's portfolio. Customers also receive a loan and deposit product offer. Telemarketing campaigns target individual customers and customers belonging to the small and medium enterprise segment.

46 campaigns were conducted in 2008, representing 39% growth over 2007.

To ensure high quality customer service, teams of consultants were formed in 2008 to carry out various campaigns under the tutelage of the Team Manager. A separate team was formed to cater to customers who submit contact requests via the web.

Millenet

The Bank is constantly developing its electronic banking services to respond to customers' growing expectations in terms of having access to their accounts and being able to transact business and communicate with the Bank at their leisure. Since many customers select the internet as their primary channel of communication with the Bank, we are doing our utmost for the functionality supported by Millenet (electronic banking system) to be as extensive as possible.

Customers utilizing the internet banking system (Millenet) may send their suggestions regarding the operation of this system's individual functions. They may also pose questions regarding bank products and services and they may submit complaints.

The number of e-mails received in this way is rising in proportion to the growth in the number of customers using Millenet. At present, the number of e-mails is equal to approximately 3% of active customers.

During a month the Bank receives approximately 8 thousand e-mails from customers. Of that number, on average, 25% of the e-mails refer to the mortgage products customers have while 15% are complaints. The other e-mails include questions and suggestions about other banking products and procedures. The Bank does its utmost to answer the customer's question within one week.

Millenet advances among its customers the idea of sending bank statements online instead of the traditional printed version as a printed form, thereby giving customers the ability to take part in a campaign to protect the natural environment run by the Bank in conjunction with the WWF Foundation. Customers who elect to take this service receive their monthly bank statement in electronic form (PDF) without receiving the hard-copy bank statement.

Several information campaigns were conducted in the web to encourage customers to switch from paper bank statements in favor of electronic ones. At the same time, information was sent to 1.2 million customers receiving paper-based bank statements about the possibility of activating electronic bank statements.

Another enticement to activate electronic bank statements was the possibility of canceling the monthly fee for having the Student Personal Account conditional upon activating online bank statements. Approximately 88% of all the persons holding these accounts elected to take advantage of this opportunity.

Information about the possibilities and how to activate online bank statements is also included in the welcome package in the form of a leaflet for each customer of the Bank's retail banking arm. This information is also available in other marketing materials such as the "Bank Millennium Internet Banking Guide".

Customers may also communicate with the Bank using the MilleSMS service channel. This service channel enables customers to receive notifications regarding the operations on their account or card. The MilleSMS service channel is currently being used by approximately 50 thousand customers.

Customers who have credit cards may also take advantage of this service channel in the form of text messages. In 2007 information regarding outstanding debt and the credit card payment deadline was sent to 30 thousand customers holding Sephora Millennium VISA credit cards.

The timeliness of paying debt increased by 50% thanks to the ability to make quick customized contact with customers. The number of customers defaulting on credit card debt was reduced from 18% to 9%.

Dialog with Clients

The excellent results of this campaign contributed to the decision of continuing it in 2008. Customers holding General Millennium VISA cards were also covered by it.

SMS messages are sent to customers at monthly intervals prior to the due date for card debt. The continuation of these types of actions is slated for continuation in 2009.

The Bank attaches special significance to quality and currency of information on the Millenet website where reports on the Bank's results and other information of importance for customers are made available.

In 2009 Bank Millennium will continue to develop internet banking services by expanding them to include new functionalities and by endeavoring to enhance the customer service level.

Millenet*

	2008		2007	
	Number	Percent	Number	Percent
Customers using Millenet	906 536	55%	668 357	49%
Customers using MilleSMS	51 394	16%	37 657	15%
Customers using online bank statements	31 528	11%	24 290	11%
Millenet inquiries on the system's functionality	2 266		1 056	
Millenet inquiries on products and services	45 200		46 752	

* Individual clients

COOPERATION WITH INTERNET PORTALS

Employees of the Internet Portal Cooperation Department are the ambassadors of web customers at Bank Millennium. They are responsible for information about Bank products and services being widely available and communicated in an open and clear manner.

To facilitate customer access to the Bank's offer it has been made available in the financial passages of the leading internet portals, in specialist services related to finance and in an extensive network of websites belonging to partner programs. In 2008 the Bank also launched cooperation with Poland's largest community portal called "Our Class".

The Bank products for which Bank Millennium's prospective customers may submit online applications are as follows: mortgage-backed loans, cash loans, credit cards, personal accounts and as of 2009 deposits.

On top of cooperating with internet portals, one of this unit's important tasks is to communicate closely with the Electronic Banking Department to design and oversee the effectiveness of applying online for bank products and to ensure that these processes are transparent and convenient to customers.

Over the four years of its operation the successes achieved by the Internet Partner Cooperation Division have made it possible to obtain a contact database consisting of several hundred thousand persons to whom the Bank has offered its products.

MARKETING COMMUNICATION

Advertising is an important instrument for Bank Millennium to communicate with its current customers and prospective customers. The advertising message should above all inform the community about the new products and services added to the Bank's offer and promote them. It is also one of the key tools for building the Bank's image as an institution of public confidence. All of Bank Millennium's advertising messages, including its television, radio, press and web advertising as well as the posters and leaflets displayed in the Bank's branches contain all the required information to enable customers to familiarize themselves with a given product or service and facilitate making the right choice.

In its advertising communication Bank Millennium applies the principles of fair competition. The messages conveyed by advertising never compromise the interests of the Bank's current and future clients, nor those of its competitors.

Bank Millennium's advertising message is clear and comprehensible to its recipients; it is transparent and fully compliant with the Code of Good Financial Market Practices and the guidelines laid down by the Polish Financial Supervision Authority in this area.

Bank Millennium implements in practice the values set forth in the Code of Good Financial Market Practices by advertising with integrity, conveying transparent and complete information about products and services and by observing fair competition practices in this area.

Bank Millennium tracks on an ongoing basis all the recommendations formulated by the Polish Financial Supervision Authority regarding advertisements of financial products and services and if necessary submits to newly-introduced regulations.

According to the rules for advertising banking services devised by the Polish Financial Supervision Authority, Bank Millennium's product and service advertisements are not misleading, they convey information about the important attributes of the service being advertised and the related costs and benefits as well as its legal characteristics. Moreover, if a product entails risk for a customer, the Bank's advertisements include information about that subject. If a message concerns a promotional offer,

the end date of its validity is always clearly indicated.

Bank Millennium's advertisements of deposit products always contain information about the nominal annual percentage rate, the minimum amount required to generate the interest rate displayed in the advertisement and the minimum period for depositing the funds. Advertisements of credit products show the actual annual percentage rate and the factors limiting the ability to take the product.

The Polish Financial Supervision Authority also pays attention to the very form of advertisements and how the aforementioned product and service information is depicted. Bank Millennium adheres in full to the rules in this area too endeavoring to ensure that the advertising message is formulated in a manner aligned to the knowledge and perception capability of the average recipient. Bank Millennium's advertisements are created in such a way so as to be customized to the specific nature of the media in which they will be presented. In that way all information, including detailed product traits are fully intelligible to the recipients, whether in television, press, radio or internet advertisements or in posters or leaflets.

In 2008 Bank Millennium conducted 34 product and service advertising campaigns. All these campaigns, in keeping with the motto "Life inspires us" were friendly, based on emotions and were honest, transparent and fully compliant with the existing rules and regulations in this area.

Bank Millennium's advertisements broadcast in 2008 contributed to considerable growth in the brand's level of recognition on the market and in the sales of the products being promoted. The surveys conducted on a regular basis by MilwardBrown SMG/KRC indicate that Bank Millennium's spontaneous brand recognition oscillates around 40%, making it number 3 or 4 among the most recognizable banking brands in Poland (following PKO BP, PEKAO and in some cases ING). Bank Millennium's supported brand recognition is 95%. The spontaneous awareness of Bank Millennium's advertising communication is approximately 20%, ranking it number 2 on the market.

ENLARGING SERVICE ACCESSIBILITY

Bank Millennium is steadily implementing the strategy of aligning its actions to customer needs. Customer service is provided in various lines of business where each line customizes its offer to the requirements of individual customer groups: Individuals, high-earning individuals, small and medium enterprises and corporations.

As it understands how important it is for customers to have continuous access to their bank accounts and to have the ability to manage their funds on account, the Bank has steadily expanded access to its offer via alternative channels of distribution, primarily internet banking, telephone banking and ATMs. Additionally, selected Bank products, primarily for individual customers, are available through a network of external sales agents.

In 2007 the process of building outlets in large cities (with more than 60 thousand inhabitants) was successfully concluded. In 2008 we also opened branches in smaller towns to respond to our customers' expectations. Opening outlets on new markets confirmed Bank Millennium's aspirations to create a network of branches providing extensive accessibility to its services across the nation. This was consistent with our customers' expectations. All the sites of our new outlets were selected after meticulously analyzing the local market with respect to the demand for banking products and services among individual clients and business clients.

The first outcome of network expansion was the growth in the number of customers whereby in March 2008 we were able to pay tribute to our Bank's one millionth customer. The constantly and rapidly growing number of new customers constitutes confirmation of the selected strategy of developing the network and the attractiveness of the Bank's offer.

In 2008 the total number of new outlets was 80, of which 55 were established to cater to individual customers, 20 were established to cater to individual customers and small firms and 5 were established as Financial Centers.

At the end of 2008, Bank Millennium served customers in 490 outlets across Poland, compared to the 410 outlets at the end of 2007. In 2009 the Network Expansion Project will continue the rollout of new outlets.

All the newly-formed branches and the branches customized to meet the new image and customer service standards have been made accessible to physically-disabled persons by eliminating stairs or by building ramps for wheelchairs in front of and inside the branches. If there are stairs in a branch, the customer service area is moved to the ground floor or ramps are built.

All the ATMs installed in our Bank's branches are accessible to physically-disabled persons.

Customers have identical access to their accounts in all the Bank's branches. The branch service network is complemented by 557 multiple-function ATMs bearing the Bank's logo and a network of 1744 Euronet ATMs.

All customers have telephone access to their accounts. The call center is a complementary sales and service channel. The highly-developed technical back office provides customers with automatic account service and the ability to reach a consultant 24 hours a day.



In addition to providing customers more facile access to a larger number of outlets, in 2008 the Bank focused on ensuring that customers receive the highest quality of service. It is our objective to become the market leader in terms of the quality of customer service.

To this end, in 2008 modernized standards were implemented in the Bank with respect to sales and customer service. All that is being done so that it is obvious to our employees (regardless of their participation in the process) that the most important person in Bank Millennium is the customer.

To attain the highest customer service quality we have specified the standard attitudes and behaviors binding upon all employees.

Building lasting relations is a source of information for the Bank concerning customers' potential needs and is reflected in the Bank's offer. The rising cross-sales ratio, which we also intend to grow in the future will allow us to enhance customer satisfaction by enabling them to achieve their own goals and ambitions in accordance with the mission statement "Life inspires us".

Enhancement of Service Accessibility

	2008	2007
Number of branches	490	410
Number of branches with access for disabled people	490	410
Telemillennium – number of calls	1 263 338	1 067 028
Millenet – Total number of customers*	906 536	668 357
Number of Bank Millennium's ATMs	557	481
Number of Euronet ATMs	1 744	1 248

* Individual clients

SOCIALLY-COMMITTED PRODUCTS

Individual customers

Bank Millennium aspires to its offer being widely accessible and meeting customer expectations to the greatest extent possible. Bank Millennium's products and services are construed in a transparent fashion while they are sold by following simple and safe procedures. According to the message "Life inspires us" the Bank focuses on customers and meeting their needs in its business activity.

The Bank also implements the concept of social responsibility with the assistance of products supporting specific social purposes. In September 2008 Bank Millennium launched the market's first affinity card associated with the idea of environmental protection, namely the WWF Millennium MasterCard. The 47th anniversary of the founding of the international organization WWF, which launched this card jointly the Bank coincided with the launch date on September 11, 2008.

The WWF Millennium MasterCard card was issued with the idea of supporting WWF's activities as an organization involved in protecting the environment and the Earth's natural resources. Bank Millennium transfers one-half of the annual fee for the first year of using the card and a specified percentage of each electronic transaction conducted in any store or service outlet to the WWF Foundation's account. Customers using the card do not incur any additional costs associated with the charitable nature of the product. One novelty on the Polish market is also the fact that the card is made using an environmentally-friendly polyester called PETG which is subject to utilization.

By launching this card on the Polish market the Bank has given its customers a convenient opportunity to support WWF for whom protecting the natural environment and the Earth's natural resources is important.

Mortgage banking customers

2008 was a period of serious challenges and changes for Bank Millennium's mortgage banking. During the first three quarters the Bank's priority was to perfect the offer further to offer greater accessibility to mortgage loans. These actions entailed not just a business dimension. Their purpose was also the desire to provide customers a socially-responsible product, in other words a product, which thanks to extensive accessibility and flexibility makes it possible to meet the housing needs of the largest possible group of customers. The Bank attached special importance to proper risk assessment enabling customers to service their debt safely over the entire lending period.

In the fourth quarter, as a result of turmoil on the international financial markets (the crisis of mortgage and financial institutions in the US), diametrical changes took place in the conditions for conducting lending activity. Giving consideration to the new business circumstances Bank Millennium made the decision to introduce a more cautious and conservative risk management policy. As a result, the Bank over the next three stages effected changes to the conditions for extending mortgage loans (raising the down payment, shortening the maximum loan period and modifying the margins) and reviewed the loan decisions previously made. Through these changes the Bank attempted to align its offer to the rapidly changing market conditions.

Since the changes in the offer also affected the loan applications submitted previously by customers which were in the process of being examined the Bank undertook active actions to finalize the decision-making process. To this end the Bank contacted the customers affected by the changes made in order to propose to them solutions allowing them to take advantage of a loan. With respect to customers with time-sensitive obligations linked to buying real estate (like the necessity of signing a notary deed or paying the amount due to the property developer) the Bank proposed individual solutions that were satisfactory to both parties in many instances.

During the verification of the loan decisions previously made the Bank contacted all the customers affected by the changes to the offer. 1,790 of the 4,467 customers at the initial stage, i.e. during their first contact with the Bank decided not to apply for a loan with Bank Millennium, declaring their intention to finalize their transactions in another institution in which they were simultaneously applying for a loan. As a result, the Bank made 1,870 positive decisions with respect to which loan agreements were ultimately signed in 682 cases (some customers did not decide to take a loan from Bank Millennium even though they obtained a positive decision).

In the final months of the year, after a meticulous analysis of the possible development of the economic situation, including the situation on the international and Polish foreign exchange market, the Bank made the decision on November 12 that as of December 1 it would cease to offer loans in foreign currencies, including Swiss Franc loans (CHF), and that it would focus on expanding its offer in Polish zloty (PLN). The Bank recognized that the credit risk for CHF-denominated loans had grown considerably, where this includes a reduction in the creditworthiness of a considerable group of prospective borrowers, as a result of which they will not be able to pay the installments on their loans, as well as the risks associated with the difficult to predict foreign exchange risk and the highly-probable growth in the costs of financing loans extended in foreign currencies. The Bank's assessment was consistent with the recommendations given by the Polish institutions overseeing financial institutions.

The sudden changes in the economic situation forcing changes to be made in the offer of mortgage loans precipitated a situation in which the sales of mortgage loans at Bank Millennium in 2008 were 15% lower than the record-breaking year of 2007 and amounted to PLN 6,042.9 billion. Bank Millennium's mortgage loan portfolio expanded by 69% to the level of PLN 22.1 billion. The Bank advanced from third to second place in the classification of the largest mortgage lenders with a market share of 11%.

Notwithstanding the achievement of business objectives, acting in the best interests of its current and prospective customers in 2008 the Bank continued its educational activities in the area of mortgage loans. Among the actions targeting the Bank's prospective customers one should mention regular cooperation with journalists to create texts with advice and glossaries as well as to organize meetings with media coverage on loan-related topics and the frequent participation of Bank Millennium's experts in housing fairs and discussion panels accompanying them.

The expert knowledge of the Bank's employees has also been tapped into during "Real Estate Week", an event sponsored by the Bank and prepared by "Radio dla Ciebie". Prior to the audition with the participation of Bank Millennium's representatives and commentary by the experts, this event entailed a five-day-long contest regarding knowledge about mortgage loans with prizes funded by the Bank. Educational activities were also directed at current borrowers. At the Bank's initiative, a book with advice entitled "I have a loan" was written in 2008. It contains a comprehensive set of useful tips and advice assembled with mortgage loan holders in mind. This was one of the many actions undertaken by the Bank in 2008 within the framework of developing relations with customers enabling them to service their debt comfortably. The Bank maintains regular communication with mortgage banking customers through the Customer Service Division established in 2007 by responding to all the inquiries and requests submitted by borrowers.

In 2008 the Bank was once again involved in activities to promote culture. The face for both Bank Millennium mortgage loan campaigns was Feel, one of Poland's most popular bands among the younger generation. The Bank organized a concert by this band to which Bank Millennium's partners and customers were invited in the framework of its cooperation with the band. This enabled it to advance its recently-launched artistic career rapidly and to reach many listeners (tv, radio, internet campaign and CDs for customers visiting Bank Millennium outlets).

Bank Millennium's efforts to build its position and image as a mortgage bank leader have been appreciated by the market as demonstrated in numerous prizes and distinctions awarded to Bank Millennium's loans in 2008. One of the most important ones was "Customer Laurel 2008" – victory in Poland's largest consumer program (August 29, 2008). The votes cast by the readers of Rzeczpospolita and Gazeta Prawna newspapers brought the Bank's victory in the contest for the best mortgage loan accompanied by the results of polls about brand recognition and opinions about the brand. One should mention the following among other distinctions:

- first place for the best combination of an attractive offer and a short turnaround time to extend a loan according to Expander – Independent Financial Advisor (June 24, 2008)
- first place in the category of loans for persons searching for a favorably-priced and flexible source of financing real estate in the ranking made by Gazeta Wyborcza and the advisor firm Open Finance (May 15, 2008)
- first place in the table of refinance loans prepared by Gazeta Giełdy Parkiet and Dom Kredytowy Notus (February 18, 2008).

Next year the Bank will undertake further efforts to customize mortgage products to the social needs of their recipients. One of the important actions planned for 2009 is the analysis of the potential and the possible implementation of the Family on Its Own program, under which the Bank (operating pursuant to the Act on Financial Support for Families to Purchase Their Own Apartment) could offer customers preferential loans with a co-payment toward interest from Bank Gospodarstwa Krajowego.

Small and Medium Enterprises

The essence of Bank Millennium's operation is to take an individual approach to every customer. The Bank is constantly modernizing its offer to customers in the micro-business segment so as to meet their expectations concerning the scope of available products and the level of service. In 2008, the offer for the Biznes segment customers was expanded to include three new current accounts denominated in zloty:

- Business Start Account
- Business Profession Account
- Business PayUp Account

In April 2008 Bank Millennium launched the Business Start Account with the idea of supporting the development of new enterprises. This offer targets economic entities operating on the Polish market for a period shorter than 12 months. Assuming that persons starting economic activity face many challenges in the initial period of running a firm, the Bank supports customers by offering to keep their account and to handle their wire transfers by internet free of charge for 18 months from the moment of opening the account. Moreover, the customer is exempt from fees for issuing and using the Visa Executive Electron debit card for the same period of 18 months.

Bank Millennium was one of the few banks in Poland to include in its offer an account for customers who are free lancers. The Business Profession Account allows free lancers to keep their business account free of charge and exempts them from the fees for handling wire transfers by internet and using Telemillennium's telephone service for a period of 12 months.

Bank Millennium prepared a special offer called the Business PayUp Account for the trade partners of the Firm PayUp. Customers who have signed a cooperation agreement with the Firm PayUp may use this account free of charge and make payments by internet and are exempt from the fees for issuing and using the Visa Executive Electron card for 18 months.

Bank Millennium proposes an investment loan designated to increase a firm's non-current assets to customers belonging to the small and medium enterprise sector. In 2008 the Bank stopped requiring that customers present a business plan to finance the purchase of machinery, a vehicle or commercial real estate. This loan may be extended for a maximum of 15 years in foreign currencies (EUR, USD, CHF, GBP) or in Polish zloty. The object of the loan is usually its collateral. If the collateral is insufficient, the customer may supplement it using sureties from one of the six surety funds with which the Bank has entered into agreements.

The Bank's efforts to build an offer aligned to the real needs of entrepreneurs were recognized by extending the title of "Entrepreneur-Friendly Bank" in January 2008. This distinction conferred by the National Chamber of Commerce and the Polish-American Foundation of Small Business Advisory Services points out to firms financial institutions that have an understanding for the specific nature of the SME segment. Bank Millennium's introduction of innovative solutions in the SME sector using modern technology and great flexibility in contacts with entrepreneurs was appreciated particularly strongly.

In 2009 Bank Millennium plans to launch the MilleSMS service for customers in the Business segment. Thanks to this service customers will be able to receive notifications about events on their accounts, check their account balance and make wire transfers using information in the form of an SMS to recipients defined in the Millenet internet system.

In 2009 to meet customer expectations Bank Millennium intends to launch the Millennium VISA Business Credit Card in the Business Segment. Within the framework of the limit awarded by the Bank customers will have the opportunity to take advantage of a 56-day interest-free period, to repay credit card debt in another bank on preferential terms and conditions and make payments using the card for pre-defined bills, like rent, natural gas and water. Moreover, three programs will be added to the card: "Convenient Installments", "I pay and profit" and "Inspirations". Thanks to "Convenient Installments" customers will be able to repay selected transactions made by card in 6, 9, 12 or 24 equal monthly installments. In turn, the "I pay and profit" program will make it possible to obtain an exemption from the fee for using the card in the subsequent year, while "Inspirations" will allow customers to obtain discounts in more than 500 merchant and service outlets.

Corporate clients

Bank Millennium offers a number of products belonging to the group of socially-responsible products to its Corporate Banking customers.

The results of the poll conducted among Corporate Banking employees and the feedback communicated to bank advisors by customers themselves largely contributed to the product offer in 2008. On the basis of an analysis of the amassed material the work priorities were established and the implementation of new products and the modification of existing products were commenced. In this way the EUROMillennium offer was introduced, a cooperation agreement with BGK was signed for the National Loan Surety Fund and the rules and regulations and the instructions for loans were modified. A new offer of price bundles was introduced for accounts in Polish zloty and foreign currencies. It contributed greatly to increasing the number of new customers handled by the Bank. Customers were also afforded the opportunity to repay revolving loans using the Millenet and ESOBIG electronic banking channels.

Thermo-modernization projects

Bank Millennium extends an investment loan to its customers to finance thermo-modernization projects. By financing thermo-modernization projects the Bank is contributing to the development of economic heat management in Poland, which is consistent with the ideas of curtailing CO₂ emissions and reducing the economy's energy intensity. The purpose of a thermo-modernization investment may be to reduce the need for energy, to reduce energy losses or to replace energy sources with renewable sources, where the borrower conducting such an investment may take advantage of the disbursement of a premium from the Thermo-Modernization Fund's resources making it possible to repay up to a maximum of 20% of the borrowed loan.

Moreover, in connection with the upcoming change to the act on supporting thermo-modernization projects and expanding it to include renovation works for buildings under usage since before August 14, 1961, the premium in the new scope will also contribute to revitalizing Poland's old residential developments.

EUROMillennium loan

Within the framework of supporting the development of Polish entrepreneurship, environmental protection projects, growth in the innovativeness of the economy, social and regional development Bank Millennium has become actively involved in offering investment loans to finance investments covered by grants from European Union funds under the new Operational Programs for 2007-2013.

The EUROMillennium Loan is extended for investment projects that meet the conditions to apply for public aid and whose execution will be co-financed using EU funds. The EUROMillennium Loan consists of an investment portion and a bridge portion. The investment part of the loan is to finance the part not covered by the grant while bridge finance makes it possible for the firm to retain financial liquidity until the time when the funds from the operational programs are actually disbursed.

Additional support for enterprises availing themselves of the EUROMillennium offer is embodied in the ability to take advantage of the EU Surety Fund offer through the Bank. The purpose of the Fund's operation is to increase the availability of loans and the ability to secure funds to perform projects and to support Polish entities and local governments in the process of absorbing European Union funds. Thanks to the sureties provided by the European Union Surety Fund, borrowers who do not have sufficient collateral may still take advantage of the EU offer by taking a surety or guarantee from the Fund.



Cooperation with regional loan surety funds

In concentrating its activities on supporting Polish entrepreneurship Bank Millennium for many years has been cooperating with regional loan surety funds to provide its customers with access to inexpensive and attractive forms of collateralizing the liabilities drawn down. The active utilization of the sureties offered by these funds clearly turns into expanding the lending campaign, and thus access to funding to many particularly small and medium enterprises. In 2008 Bank Millennium also expanded cooperation with surety funds so that an ever higher number of the Bank's customers could take advantage of this instrument.

The coronation of this work was this year's cooperation agreement with the National Loan Surety Fund at BGK. This fund is one of the largest and safest surety and guarantee institutions in Poland. It is financed among others using the State Treasury's funds, where its area of operations extends across the nation. Its offer largely targets supporting enterprises in the SME sector.

The Bank's commitment to the surety market is also visible in its active participation in the work of the Working Group under the Polish Bank Association to regulate the cooperation between the sector of regional surety funds and the sector of banks so that their mutual efforts would accrue even greater benefits to entrepreneurs and the economy.

corporate responsibility

**PRODUCTS AND SERVICES DISTINGUISHED
ON ACCOUNT OF THEIR HIGH QUALITY**

The Bank's efforts to offer the highest quality products and services have been appreciated and distinguished by independent experts.

JANUARY 2008

**Bank Millennium
is the number 2 factor among banks**

Bank Millennium holds the number two position with respect to the value of invoices purchased in 2007 among banks offering factoring services according to an analysis conducted by the Rzeczpospolita daily.

In 2007 the Trade Finance Department at Bank Millennium bought invoices worth a total of PLN 2.2 billion thereby recording 57% growth over 2006.

**Bank Millennium
distinguished with the "Financial Order 2008" prize**

Bank Millennium was distinguished with the "Financial Order 2008" prize in the mortgage loan category. This prize is conferred by the Home&Market financial magazine.

This was the second time that Bank Millennium's mortgage loan was distinguished.

**Bank Millennium
recognized as an "Entrepreneur-friendly Bank"**

The chapter of the 9th annual contest organized by the National Chamber of Commerce and the Polish-American Small Business Advisory Foundation awarded the "Entrepreneur-friendly Bank" emblem to Bank Millennium. Bank Millennium's introduction of innovative solutions in the SME sector using modern technology and great flexibility in contacts with entrepreneurs was rated particularly highly by the jury.

This was the third time that Bank Millennium was honored with the "Entrepreneur-friendly Bank" emblem.

FEBRUARY 2008

**Bank Millennium
Top Rated Custodian in Poland**

Bank Millennium S.A. was honored for the fourth time in a row by the American trade quarterly Global Custodian Magazine with the prestigious title of "Top Rated" for the best bank offering custodian services in Poland in 2007. The Top Rated status is the highest possible one for a custodian bank and testifies to the high quality of custodian services offered by Bank Millennium S.A. It also confirms its position in this segment of the market.

**Stock Exchange Company of the Year 2007
– "Puls Biznesu" ranking**

In the "Stock Exchange Company 2007" ranking of the "Puls Biznesu" daily, 180 brokers, analysts and investment advisors were asked, among other things, about their assessment of public companies from the perspective of the quality of products and services. Bank Millennium found itself among top ten banks.

**Bank Millennium
in the lead of the "Gazeta Prawna" ranking**

Bank Millennium ranked third in the best mortgage loan ranking.

The ranking was prepared by the "Gazeta Prawna" daily in cooperation with analysts of the eHipoteka.com portal. The authors of the ranking asked respondents about the bank offering the cheapest loan with a relatively high LTV ratio – the ratio of the borrowed amount to the value of the property collateralizing it.

Bank Millennium found itself among the winning banks thanks to: low loan-granting costs and monthly service of the loan, and the highest among all banks rating awarded by eHipoteka.com experts for non-price elements of the offer (including inter alia: type and number of required documents, flexibility of banking procedures and speed of the process).

The Bank's refinancing loan number 1 in the "Parkiet" ranking

Bank Millennium ranked first in the refinancing loan ranking (earmarked for repayment of mortgage loans in other banks). The ranking was prepared by the "Parkiet" daily.

Millennium Leasing second in the leasing sector

Millennium Leasing ranks second in the leasing sector in terms of the profits generated in 2007 according to the "Rzeczpospolita" daily.

In 2007 Millennium Leasing earned profit in the range of PLN 49 million, 13% more than in 2006.

Bank Millennium appreciated for its gold credit cards

Bank Millennium was distinguished for its Millennium Visa Gold and Millennium MasterCard Gold card offering in the "Gold credit card ranking" of the "Rzeczpospolita" daily.

The ranking analyzed the fees for using the card in the first year, the conditions for granting the card, and additional services (discount packages, concierge services, and additional insurance).

Bank Millennium Visa Gold and Millennium MasterCard Gold cards ranked third and were found to be among the best cards thanks to no fees for using the card in the first year, attractive credit interest rate in the first 3 months and rich discount package and concierge services.

MARCH 2008

Bank brand value ranking

In the bank brand value ranking prepared by UK's "Brand Finance", the Millennium brand was valued at USD 206 million, which gave the Bank the seventh position in Poland. The share of the brand value in the stock exchange capitalization was estimated at 6.7 %.

Millennium Mortgage Loan again among the best

In the mortgage loan ranking published by "Gazeta Wyborcza" and prepared by Comperia.pl on the basis of the annual percentage rate (APR), Bank Millennium ranked second in the category of the most attractive Swiss franc loans with a 20% down payment.

Millennium mortgage loan again on the podium

The "Wirtualna Polska" Financial Portal published a ranking of top-rated mortgage loans available through the portal.

The ranking assessed eight biggest lenders in the market, and Bank Millennium occupied a high third position.

APRIL 2007

Bank Millennium again distinguished as an employer

On 16 April 2008 a grand ceremony was held to announce the results of the "KOMPAS" National Employer Ranking among year 3, 4 and 5 students of the best economic and business schools in Poland.

In the "Finance" sector Bank Millennium ranked in the very top of the category:

- 1st position in the "Career and development" category (before ING Group, National Bank of Poland and Ministry of Finance)
- 1st position in the "Presence at the university" category (before the ING Group, Bank Zachodni WBK, PKO BP and the Pekao Group)
- 4th position in the "Friendliness" category (just after the Ministry of Finance, National Bank of Poland and PKO BP)

In the most important category of the ranking (selecting the leading institutions): "Dream Employer", Bank Millennium ranked third, preceded only by the Ministry of Finance and the National Bank of Poland.

Millennium mortgage loan in the lead of the "Gazeta Prawna" ranking

The Bank Millennium CHF mortgage loan ranked second in the house construction mortgage loan ranking prepared by the "Gazeta Prawna" daily and the Comperia.pl portal.

Bank Millennium Group among "100 most valuable companies"

The Bank Millennium Group ranked 16th in the "100 most valuable companies in Poland in 2007" ranking prepared by the "Newsweek Polska" weekly and the A.T. Kearney consultancy.

In 2007 the Bank Millennium Group increased its value by 70% (in relation to 2006) and was promoted by 13 positions in the "100 most valuable companies" ranking.

Bank Millennium among the "Pearls of the Polish Stock Exchange"

Bank Millennium ranked 6th in the "Finance" category in "Parkiet" daily's "Pearls of the Polish Stock Exchange" ranking of the most valuable companies listed on the Warsaw Stock Exchange.

In the main ranking Bank Millennium was classified on a high 23rd position among the 327 listed companies in the ranking.

MAY 2007

Bank Millennium appreciated by developers

Bank Millennium was appreciated for the speed of lending decisions in the "Ranking of banks financing developer housing projects". In the general classification of the PZFD (Polish Association of Developers) ranking Bank Millennium ranked fourth.

Bank Millennium mortgage loan the best according to the "Gazeta Wyborcza" daily

Bank Millennium's offering ranked 1st in the category of loans for persons seeking cost-attractive and flexible funding for real estate, in the mortgage loan ranking organized by "Gazeta Wyborcza" and the "Open Finance" advisory company.

Title of Market Leader and EuroLeader for Bank Millennium

The Bank Millennium lending offer addressed to businesses was honored with the prestigious title of "Market Leader 2008" and "EuroLeader 2008".

The purpose of the Market Leader contest is to distinguish and promote the companies, products and services with the leading and established market position and innovative technical, technological and organizational solutions.

From among the winners of the "Market Leader" contest, the Award Committee of the European Promotional Contest selects a group of companies awarded with an additional title – "Euro Leader". Bank Millennium was honored with this title for its outstanding quality of the corporate lending offer.

JUNE 2007**Bank Millennium mortgage loan
– good and fast**

In the ranking of fast mortgage loans organized by the "Expander" advisory company, Bank Millennium was distinguished for the best combination of an attractive offering and short loan-granting time.

The biggest financial institutions in Poland

The "Rzeczpospolita" daily published its annual ranking of Poland's biggest financial institutions.

In the main ranking (based on the balance sheet total criterion) of 101 companies, Bank Millennium was classified on the 9th position – 3 positions up from the previous year (12th position).

JPMorgan Chase 2007**Elite Quality Recognition Award**

Bank Millennium's Financial Institutions Department once again was honored with the "JPMorgan Chase Elite Quality Recognition Award", granted by JPMorgan Chase Bank to its international correspondents and clients, in recognition of the very high quality of dollar interbank payments (MT202) executed in cooperation with JPMorgan Chase.

The award was granted for the period 1999-2007 and was based on the straight through processing rate of 99.7% of the total volume of transferred payment orders by our bank in the entire period. Less than one percent out of several thousands of JPMorgan correspondents globally can pride themselves in a similar ratio. Bank Millennium has received the above distinction regularly since 1997.

50 biggest banks in Poland

The "Bank" monthly published an annual ranking of "50 biggest banks in Poland". The banks were ranked on the basis of their 2007 financial data in the following rankings: main ranking, universal bank, retail bank, corporate bank, mortgage bank, Internet bank and car loan bank rankings, and the efficiency ranking.

Bank Millennium was in the lead of the "Universal banks" ranking, coming in the fourth position.

JULY 2008**Bank Millennium****chosen once again as a High Reputation Brand**

In this year's edition of the Polish brand reputation survey "PremiumBrand", Bank Millennium, just like last year, received the "High Reputation Brand" title.

The "PremiumBrand" survey is conducted for brands in several categories – Bank Millennium received the "High Reputation Brand" title in the "Finance" category.

Bank Millennium was particularly appreciated by the respondents as a business partner and potential employer; also the brand's presence in the media was appreciated.

Bank Millennium**second among bank factors**

Bank Millennium ranks second in terms of the value of invoices purchased in the first half of 2008 among banks providing factoring services – according to an analysis carried out by the "Rzeczpospolita" daily.

"The best brokerage houses" ranking

The "Parkiet" daily prepared a ranking of "The best brokerage houses for retail investors". Brokerage houses were evaluated in sixteen categories, inter alia, trust in the broker, quality and professionalism of services, including Internet platforms, costs of service or support for investors in the form of analyses and recommendations.

The Millennium Brokerage House ranked second in the "Trust in the brokerage house" category, giving in only to KBC Securities. In the "Speed of service" category it ranked third, and in terms of the "Service quality", "Service costs" and "Employees' readiness to help" the Millennium Brokerage House ranked fourth.

AUGUST 2008

“Millenet” – the best Internet banking system

Once again “Millenet”, Bank Millennium's Internet banking system for individual clients, was awarded the title of the “Best Internet Bank in Poland” by the independent international financial magazine “Global Finance” in its annual global contest “World's Best Internet Banks”.

Bank Millennium's Internet banking offer won in Poland in the “Best Consumer Internet Bank” category in 2005-2008.

SEPTEMBER 2008

Golden “Client Laurel 2008” for Mortgage Loan

Bank Millennium's Mortgage Loan won the first place in the “Client's Laurel 2008” contest. The Bank's success was decided by the readers' vote, results of brand awareness questionnaires and opinions about the brand.

The “Consumer's Laurel” is the biggest consumer program in Poland, selecting popularity leaders – the most popular products and brands in nearly 300 categories. Although the contest has been organized annually since 2005, awards in the “Mortgage Loans” category were awarded for the first time this year.

Bank Millennium appreciated in the “Friendly Bank” ranking

Bank Millennium was highly appreciated in the “Friendly Bank” ranking prepared by the “Newsweek Polska” weekly in cooperation with the TNS OBOP polling center.

The banks in the ranking were classified in two categories: traditional and Internet.

In the traditional bank category banks were assessed, amongst other things, for: service quality, customer acquisition and retention, branch properties, and knowledge of procedures. In the general ranking of twenty two traditional banks Bank Millennium ranked sixth.

Bank Millennium was particularly appreciated for the “Friendliness of banking procedures” – second position (just after ING Bank Śląski) and “Service quality” – fifth position.

In the Internet bank category, the ranking focused on reliability and transparency of the website, range of Internet operations available, easiness of procedures and service quality.

“Millenet”, Bank Millennium's Internet banking system, ranked third in this category, including the third position for “Reliability and friendliness of the website” and second position for “Friendliness of procedures”. In addition Bank Millennium's Internet banking offering ranked second as the preferred offer of the auditors conducting the research.

Bank Millennium the best bank for business according to the “Forbes” monthly for the third time

The “Forbes” monthly selected the best banks for small and medium-sized businesses. For the third time in a row Bank Millennium's offering turned out the best, ranking first.

Bank Millennium earned its top place in the Forbes ranking primarily thanks to:

- the lowest cost of a corporate account on the market;
- transparent overdraft facility;
- deposit offering.

OCTOBER 2008**Economists' ranking**

Bank Millennium economists ranked second in the ranking of accuracy of macroeconomic forecasts. The ranking prepared quarterly by the "Parkiet" daily is based on the data about the forecasts submitted by participant institutions.

Distinction**for Bank Millennium's 2007 Annual Report**

For the second time Bank Millennium took part in "The Best Annual Report" contest and on 17 October 2008 received, for the second time, a distinction for "The Best Application of International Financial Reporting Standards/International Accounting Standards" in the 2007 financial statements.

The contest was organized by the Accounting and Tax Institute.

"Golden Record" for Bank Millennium

For the third time in a row Bank Millennium received the "Golden Record" – this time for sponsoring the "Seweryn Krajewski. Smooth jazz" album, performed by Tomasz Filipczak, Piotr Rodowicz and Friends.

The status of the "golden record" goes to CDs which have been sold in more than 10 thousand copies. The Bank was Polish Radio's partner in this artistic project.

Award for the "Corporate Social Responsibility 07" report

Bank Millennium's "Corporate Social Responsibility 07" report received a distinction in the contest entitled "Social reports. Award for the best corporate social responsibility report". The jury chaired by prof. Witold Orłowski appreciated the report for progress in the information presentation method, interesting presentation and integration with the bank's financial report.

In the contest organized for the second time by PricewaterhouseCoopers and the Corporate Social Responsibility Forum, 14 reports were assessed, and one award (to Lotos Group) and one distinction was presented (to Bank Millennium).

NOVEMBER 2008**Bank Millennium wins the EuroProdukt contest**

Bank Millennium was one of the winners of this year's edition of the "EuroProdukt" contest. This prize was conferred to the Bank for its extensive business credit offer customized to the individual needs of every single firm.

DECEMBER 2008**Millennium in the brand ranking**

In this year's ranking of the Most Valuable Polish Brands "Polish Brands 2008", prepared by the "Rzeczpospolita" daily, Bank Millennium ranked twenty seventh, fourteen positions higher than last year.

In the detailed ranking of the strongest brands among financial companies, Bank Millennium kept its last year's position, ranking eighth.

The "Rzeczpospolita" ranking was published for the fifth time and comprised 330 brands this year.



Dialog with Investors

■ In 1992, Bank Millennium (then: Bank Inicjatyw Gospodarczych BIG S.A.) became the first bank listed on the Warsaw Stock Exchange. A specialized organizational unit – the Investor Relations Department was established in Bank Millennium in 1999. It was established based on the Bank's profound need to communicate with the community of investors and to build trust in the Bank among all the participants of the capital market.

Currently, as a member of the Millennium bcp Capital Group, Bank Millennium has a single strategic shareholder, Banco Commercial Portugues, holding 65.5% of all shares. In 2008, Poland's largest pension fund, Commercial Union, increased its stake to 7.3% of shares. The remaining shares, that is 27.2% of the Bank's share capital, are dispersed among Polish and international institutional and private shareholders.

The current scope of duties of the Investor Relations Department entails comprehensive management of relations with all capital market participants: current shareholders, prospective investors, market analysts, rating agencies, the Warsaw Stock Exchange and its brokers, the GDR custodian bank and other organizations operating on the Polish capital market.

The Investor Relations Department is responsible for transferring reliable information about the Bank's strategy and its financial standing. The Bank's overriding objective in communicating with the investor community is to ensure transparency of and equal access to information. Being guided by the foregoing principle, the Bank as a public company also fulfills all the Corporate Governance Principles.

In order to reach its current and prospective Shareholders, the Bank uses various communication channels, such as:

- periodic conferences during which the Bank's quarterly results are presented (four in 2008),
- participation in conferences and road shows organized for investors in Poland and abroad (11),
- individual and group meetings with analysts and investors (183),
- regular reports to the stock exchange and press releases,
- updating the investor relations website on the Bank's portal,
- encouraging people to participate in the Bank's annual Shareholder Meeting,
- maintaining contacts with market participants (by e-mail or telephone).

Among the banks listed on the Warsaw Stock Exchange, Bank Millennium is traditionally the first to present its quarterly results. Every quarter, two conferences are prepared concerning the current financial standing: one conference is attended by journalists and the other by investors and market analysts. Both conferences are usually attended by the Chairman of the Management Board and the Management Board member overseeing the financial area, who answer questions asked by interested persons. Following the best practice in equal access to information, since 2006 the Bank has enabled unlimited access to these conferences via the web (video transmission) and by telephone. A record of every conference is available on the Bank's website for at least one quarter after a conference. In 2008, the Bank also broadcast a web-based video transmission of the Shareholder Meeting. The record of the meeting along with resolutions adopted is also available on the Bank's website.

Every year, the Bank participates in a number of conferences in Poland and abroad, presenting its current financial results. In order to reach individual investors as well in 2008 Bank Millennium took part in the "CEE Market Forum" organized by the Warsaw Stock Exchange. During the conference, individual Investors had the opportunity to talk directly to Bank Millennium representatives about the bank's current financial standing.

Within the activity of the Association of Stock Exchange Issuers (co-founded by the Bank), the Bank is actively involved in all the initiatives and shares its experience with other participants in the Polish capital market. The association's primary objective is to transmit to the lawmaker the issuers' expectations concerning improvement in the operation of the securities market and to articulate proposed changes to the legal regulations to enhance the appeal of the Warsaw Stock Exchange as the place for business to raise capital.

An important channel of information for the investor community are analyses of the Bank prepared by specialized teams in brokerage houses. Each year, the number of reports about the Bank increases. In 2007, there were 10 such reports and the number increased to 16 in 2008. Therefore, investors have access to a broader range of analyses and forecasts about the Bank. In 2008, the following brokerage houses drafted analytical reports about Bank Millennium: CA IB Securities, Citi Investment Research (CitiGroup), Deutsche Securities, DI BRE Banku S.A., DM BZ WBK, DM IDM S.A., DM PKO BP, Espirito Santo Investment, ING Securities, IPOPEMA Securities, JP Morgan, Keefe, Bruyette & Wood, Nomura, KBC Securities, Wood & Company, and UBS.

Moreover, the Bank is rated by rating agencies that present their opinions for the needs of entities investing in the equity and debt instruments issued by the Bank. The Bank cooperates with the following rating agencies: Fitch Ratings, Moody's Investor Services, Standard & Poor's and Capital Intelligence.

In August 2008, the Capital Intelligence agency increased the financial strength rating of Bank Millennium from BBB- to BBB.

The current ratings awarded to Bank Millennium as at the end of 2008 are as follows:

Ratings awarded to Bank Millennium in 2008

FITCH

Issuer Default Rating (IDR)	A
Short-term	F1
Individual	C/D
Support Rating	I

Moody's Investor Service Ltd.

Long-term Deposit Rating	A3
Short-term Deposit Rating	P-2
Financial Strength Rating	D

Standard & Poor's

PI Rating (based on public information)	BBB
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Capital Intelligence

Long-term Foreign Currency Rating	BBB+
Short-term Foreign Currency Rating	A2
Financial Strength Rating	BBB
Support Rating	2

High quality investor relations make it possible to have a continuous and transparent flow of information between the company and its Shareholders, which guarantees the conditions necessary for a complete and reliable evaluation of the Bank. The exchange of information is bilateral, permitting the Management Board to assess the reactions of the Bank's Shareholders to the adopted strategy and its implementation. It is even more important in times of detrimental conditions on the capital markets and rapidly changing business environment in which the Bank operates.

Cooperation with Business Partners

- In its business activity the Bank cooperates with many entities as a buyer of services and products from various market segments. The Bank's internal regulations formalize the vendor selection process, most of whom are selected in tenders.

The Central Purchasing Department is the Bank's unit authorized to conduct tender proceedings. Vendor selection procedures describe how to organize the selection process and they impose the duty of treating bidders equally and making objective decisions. In order to guarantee that, offers are evaluated from the substantive and commercial standpoint by functionally independent organizational units of the Bank. The outcome of a tenders is decided by the Investment and Cost Committee or by the Bank's Management Board, depending on its value.

The procurement process is audited at least once a year and continuously improved in order to fulfill its principal objective, which is to ensure the best price to quality ratio of the goods and services being purchased.

This process is also supported by numerous IT tools, such as invoice processing, contract management, ordering systems, an office material orders aggregating system and a system supporting the database of cases processed by DZC.

Within the framework of the process management implemented in the Bank in 2008 the Supply Chain Management Process was separated and the head of DZC was appointed to supervise it. Thus, the integration of the procurement processes in place in the Bank, including supplier selection, delivery execution, payment or agreement performance monitoring and reporting processes was improved.

At the same time, other improvements were made in cooperation with the counterparties: the supplier selection process for low ticket goods worth under PLN 30 thousand was regulated in detail, control over expenditures was increased by launching precise reporting requirements on the performance of agreements and the contract monitoring process was centralized.

We make efforts to encourage our business partners to conduct socially responsible activity. This is achieved through a dialog with suppliers to turn their attention also to social issues, such as improving the social situation of their employees (see: The case of security company employees).

Cooperation with Business Partners

In 2008 the Central Purchasing Department concluded 161 tenders and negotiations with an initial value of approximately PLN 212 million and a final value of approximately PLN 147 million.

We have managed to achieve stability in relations with our partners as a result of providing them reliable information about the Supply Chain Management regulations in place in the Bank. Invitations to the tender process contain identical information for all the participants. The bidders are not provided with any selection criteria (because of the risk of the bid being manipulated) but are rather prepared by the responsible unit and verified by DZC. Only the information included in the bids is evaluated.

Each agreement of significant value contains a defined and expected service level, contractual penalties for defaulting to keep the service levels, security of the agreement, usually in the form of a bank guarantee and it identifies the person responsible for its performance.

The Bank conducts a dialog with suppliers by evaluating their services and providing feedback on its level of satisfaction from the cooperation. Depending on the type of the agreement the Bank and the supplier sign acceptance reports for the goods or services. With this method all the comments are delivered to the business partner. Alternatively, the Bank receives contract or project performance reports or it organizes regular meetings with partners devoted to the performance of contracts.

Suppliers

	2008	2007
Tenders		
Number of tenders	161	91
Initial value (PLN million)	212	221
Final value (PLN million)	147	168
Suppliers		
Total amount paid to suppliers	658 733 118	658 467 645
Total number of suppliers	4 904	4 753

The case of security company employees

In 2008 the National Commission of the NSZZ "Solidarity" trade union took steps to bring public attention to the salary problems existing in the security business. Bank Millennium does not employ any security personnel itself – such services are provided by specialized companies selected in a tender, where evaluation of their professional capabilities is the main evaluation criterion. Nevertheless, representatives of the Bank's Management Board met with the trade union.

The purpose of those meetings was to learn about the salary demands issued by the trade union to the companies that employ security personnel.

Due to the fact that the Bank is not a party to salary disputes between security personnel and their employers, Management Board representatives, referring to the union postulates, asked all of the security companies cooperating with the Bank to provide information about their observance of their employees' right to associate in trade unions, their relations with unions and their readiness to begin discussions about the social package requested by the trade union. Information received from companies cooperating with the Bank were provided to representatives of the NSZZ "Solidarity" National Committee. Also, through BCP, its largest shareholder, the Bank presented its stance in this matter to the international UNI Global Union organization. Nevertheless, the "Solidarity" trade union organized a number of demonstrations in front of the Bank's branches, where it announced that it was the Bank that set the salary levels of the security personnel. This was obviously false and the Bank had to treat this information as a violation of good dialog principles. At the same time, the Bank upheld its previous stance that it could not interfere in any relations between employees and their employers.

The Bank still believes that reasonable discussion and dialog remains the best method of resolving disputes.



Dialog with Employees

INTERNAL COMMUNICATION

Internal communication as one of the key elements of Public Relations activities, is an important part of Bank Millennium's corporate culture. Adequate management of information, with the use of diverse communication tools ensures quick and direct access to information about the most crucial events in the Bank's life and enables continuous dialog with employees. Reliable information is also the key for building awareness of the objectives pursued by the Bank.

Millenniumnet

A well-developed Millenniumnet intranet system is the most important tool used for internal communication in the Bank. This service is the primary source of information for employees, who are informed on an ongoing basis about all the important facts related to the Bank's operation.

The Intranet is available on every workstation and is a universal working tool for first-line employees working with all the client groups as well as the Bank's head office employees. Through the Intranet, employees can easily and quickly access current business news, financial markets news and the Bank's current offer and any applications that are necessary to service our customers. The Employee Section has special importance in the Intranet service. It contains data on all of the employees, current social information and, through specialized applications, constitutes an operating system for sending internal information on employee matters. All the sections of the Millenniumnet service are presented in two language versions, English and Polish.

“Świat Millennium”

The magazine of Bank employees – the “Świat Millennium” (“Millennium World”) monthly, which has been published continuously since 1992, is an excellent addition to information published in the Intranet. Besides the current information about the Bank’s activity, the magazine features interviews with experts, reports on events of importance for the Bank, reviews of meetings and integration trips attended by employees.

The periodical is published by an independent editor team in the Public Relations Department and it prints texts written by the Bank’s employees.

“Świat Millennium” is published in Polish, with a short summary in English and is available in printed or electronic form.

Bank employees also have access to information about the international activity of the Millennium bcp Group, through an English-language newsletter “About us”, which is prepared and distributed by the Millennium bcp head office in Lisbon. In Poland, all the newsletter issues are published electronically in the Intranet. Millennium bcp also prepares a printed “Magazine” monthly, which is published in English and Portuguese and is distributed among all the Group employees.

Special events

Special events organized by the Bank are yet another important element of effective internal communication. Most important of those include: Management Staff Meeting and Employee Picnic.

The annual Bank Millennium Management Staff Meeting is where managers of all levels and business areas meet. Usually organized in the beginning of the year, it is focused on summarizing the previous year, presenting the performance and defining goals for the next year. The meeting is an opportunity to present selected issues related to the Bank’s detailed operations and has an educational part – presentation delivered by a recognized expert from outside of the Bank. The meeting is also the chance to confer the “Chairman’s Awards” upon employees who have performed the best in the past year.

The Employee Picnic is the event to which the employees look forward the most. Every year, it is attended by several thousand people. The event has been organized since 1999, is informal and serves the purpose of integrating the employees through good fun. During the Picnic, employees take part in games and contests in which they can win attractive awards. In 2008, the picnic had a “Healthy Living” theme and its script focused on activities and presentations promoting a healthy and active life style. The Bank intends to promote this subject among its employees as part of its environmental campaigns. The Picnic allows the employees to get to know each other and is an exceptional opportunity to exchange opinions in a nice and informal atmosphere.

EMPLOYEE OPINION SURVEYS

In 2008, we asked our employees again to participate in employee satisfaction survey. Through anonymous questionnaires, we collected information about employee satisfaction levels pertaining to, among others, work conditions within the unit, cooperation with the boss, internal communication, career and professional development opportunities, terms of employment. We additionally asked whether they intended to remain Bank employees, their attitude towards recommending the Bank as an employer and their willingness to recommend products and services offered by the Bank.

Each year, more and more employees take part in the survey. Over 83% of our employees shared their observations with us in 2008.

65% of them are very satisfied with their work for Bank Millennium.

57% intend to continue their work for the Bank, while 55% consider the Bank as an employer worth recommending.

The results are forwarded to the Bank's Management Board and to respective department directors. Reports prepared by the Quality Team are the starting point for further, detailed analysis, identification of key areas that impact employee satisfaction, identification of issues and recommendations of changes that would boost satisfaction and motivation of the Bank's employees.

Besides the annual Employee Satisfaction Survey, we continuously examine the level of satisfaction of our employees resulting from: participation in trips organized by the Bank (Millewycieczki), participation in Milleclubs, training and other events organized by the Bank.

Since 2007, within the implemented process management, we have been studying relations between internal clients participating in respective processes. Among others, we evaluate quality of cooperation between the sales network and support units, quality of internal audit work and quality of internal regulations.

Employee Opinion Survey

	2008
Questionnaire completion ratio	83%
Overall satisfaction with the job*	65%

* percentage of very satisfied and satisfied

INNOVATION CENTER

The Innovation Center has been promoting innovativeness and creativity among the Bank's employees. Each employee may report their idea for a new product, campaign or process improvement through a suggestion box available on the Intranet site. Each suggestion is then analyzed by experts from the specific area and the best ones are implemented.

Call to Action campaigns are conducted regularly, in which employees submit their ideas concerning a specified issue raised by an expert. CTA campaigns are very popular among the Bank's employees. In 2008, the Innovation Center received over 200 ideas in the CTA campaign. Out of those, 4% have already been or is implemented, while 5% will be introduced in the future.

The Innovation Center also organizes brainstorming sessions, which support optimization processes in the Bank. The main benefit of those meetings is the possibility of generating a large number of solutions for a problem within a short timeframe, and activating creative thinking among the participants.

The Innovation Center also encourages employees to look creatively at their work by organizing 3-tier "Creativity Training" sessions. The purpose of all the training sessions is to activate creativity of their participants through problem-solving exercises, riddles and charades. The participants also tackle real problems which they may encounter in their daily life. The main goal of the training is to convince the participants that work and its challenges may be approached creatively. What is particularly important is the conclusions and solutions that may be used to optimize processes in the Bank.

Innovation Center

	2008	2007
Number of employees submitting ideas	314	270
Number of ideas submitted	558	592
Status of the ideas:		
implemented	1%	2%
put aside	5%	8%
rejected	38%	25%
in analysis	53%	58%
in implementation	3%	7%

Transparency and security

■ The Bank is a company established under Polish law; its business activity is governed by the regulations applicable to the financial sector and public companies listed on the Warsaw Stock Exchange.

As a public trust institution, the Bank acts in compliance with the prevailing legislation. The overriding principle in its business activity is to ensure the security of the funds entrusted to the Bank by its customers and Shareholders.



corporate responsibility



CORPORATE GOVERNANCE RULES

In the document entitled "Statement of compliance with the corporate governance model", Bank Millennium accepted an obligation to observe the transparent business principles set forth in the document entitled "Good Practices in Public Companies". You may learn more about the application of the corporate governance model in the "2008 Annual Report".

COMPLIANCE POLICY

The Compliance Department at Bank Millennium is responsible for implementing the compliance policy in the whole Group and for monitoring observance of regulations derived from external laws.

The non-compliance risk means the risk of legal or regulatory sanctions, material losses or loss of reputation, which the Bank could suffer as a result of lack of compliance with legislative acts, executive regulations, principles, related auto-regulatory organization standards and codes of conduct associated with banking activity.

Compliance laws, rules and standards have different sources, including legislative acts, laws and standards issued by the legislator and the supervisory authority, market conventions, codes of practices promoted by industry associations and internal codes of conduct for bank employees. They may go beyond the prevailing legal regulations and incorporate broader standards of honesty and ethical behavior.

Generally speaking, compliance laws, rules and standards refer to matters such as compliance with relevant market conduct standards, approach to conflicts of interest, honest treatment of customers and providing accurate advice to them. However, in connection with a relatively high potential non-compliance risk, the Bank Millennium Group believes the following areas are particularly important:

- a) preventing money laundering and financing of terrorism,
- b) ensuring consistency of the internal normative acts in place in Bank Millennium with the prevailing provisions of law, but also with recommendations issued by the regulatory authorities,
- c) managing conflicts of interest,
- d) restrictions on personal transactions and protecting sensitive information related to Bank Millennium financial instruments issued by the Bank as well as information related to sales and purchases of such instruments.

Bank Millennium Group companies take appropriate steps and apply the necessary measures to continuously follow any changes made to the prevailing law and to follow recommendations and instructions issued by regulatory authorities, in Poland and in the European Union.

The solutions adopted by the Bank Millennium Group to ensure compliance of its internal normative acts with the prevailing law take into account the need to conduct regular reviews of all the internal normative acts in place in the Group.

As the range of activities in which the Group is involved expands, there is an increasing potential for conflict between those various activities and the interests of clients. The key principle in the Group is to take all the reasonably necessary steps to identify conflicts of interest between the Group and its clients and also between respective clients and to establish principles to ensure that such conflicts will not have a detrimental effect on the clients' interests.

Bank Millennium Group companies take the appropriate steps and apply the necessary measures to ensure that personal transactions are performed in compliance with the standards and the law. Those actions and measures serve the purpose of restricting or preventing, as applicable, personal transactions executed by Relevant Persons in situations that could give rise to a conflict of interest or be related to access to confidential information or to access to customer transaction data.

Restrictions of personal transactions may involve the necessity to notify the Group about such a transaction and in some cases the necessity to obtain prior written approval to execute such transactions.

Bank Millennium shares are admitted to public trading on the Warsaw Stock Exchange. Such a status requires special attention and requires the highest standards to be kept with respect to transparency of financial markets. The Bank Millennium Group pursues a policy of maintaining strict control over the area of protecting the flow of confidential information.

The Bank has introduced a ban on using or disclosing Confidential Information in any form. Purchasing and selling the Bank's shares, derivative rights of the Bank's shares or other related financial instruments is forbidden in closed periods.

IMPLEMENTATION OF MIFID DIRECTIVES

MIFID (Markets in Financial Instruments Directive) is a European directive, the main purpose of which is to protect investors, promote competition in the financial services sector and increased market transparency.

MIFID EU Directives include the following regulations: Directive 2004/39/EC of the European Parliament and the Council on markets in financial instruments (MIFID level I), Commission Directive 2006/73/EC implementing Directive 2004/39/EC (MIFID level II) and Commission Regulation (EC) No 1287/2006 of 10 August 2006 implementing Directive 2004/39/EC as regards record-keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading.

Implementation of MIFID directives in the Bank Millennium Group covered the following companies: Bank Millennium SA, Millennium Dom Maklerski S.A. and Millennium TFI S.A.

Despite the non-existent domestic legislation, the Millennium Group implemented the Regulation and partially implemented the Level I and II MIFID Directives based on the provisions of the EU directives (to the extent permitted by the prevailing law). This ensured greater transparency of its business activity and more protection of its clients in the area of offering financial instruments.

Despite Poland's obligation to implement the European Union Directives on markets in financial instruments in the local law by 31 January 2007, this has not happened yet. The draft Act on Trading in Financial Instruments implementing the MIFID principles was enacted by the Parliament (Sejm) on 4 September 2008, but it was not signed by the President of the Republic of Poland, who forwarded the draft to the Constitutional Tribunal. So far, the Tribunal has not issued its decision in this matter.

In this legal situation, in 2008 the Millennium Group applied the MIFID principles to the extent implemented in 2007. Full harmonization with the EU MIFID Directives will take place after the national regulations come into effect.

ANTI-MONEY LAUNDERING POLICY

For many years now, Bank Millennium S.A. has been pursuing an Anti-Money Laundering Program. It is accompanied by basic activities which guarantee that clients and their expectations are identified correctly and the product offer is adjusted to the needs expressed by the client.

The AML Program pursued by Bank Millennium is a comprehensive system for identifying threat areas, transactions that should be registered and transactions which may be linked to money laundering or financing of terrorism, taking adequate actions with respect to them, and the procedures and organizational solutions that ensure effective operation of the program.

The Bank Millennium AML Program incorporates a concept of adjusting activities and allocating resources in line with risk analysis results.

The key issues covered by the Bank Millennium program include:

- detailed guidelines for identifying natural and legal persons, organizational entities without legal personality and their representatives. Such guidelines specify the necessary data and a list of documents needed to create an appropriate dossier,
- guidelines and procedures related to the mandatory registration of transactions worth over EUR 15,000 and delivery of monthly reports on such transactions to GIIF (Inspector General of Financial Information),
- principal methods for identifying suspicious transactions, especially those related to money laundering,
- exhaustive guidelines, list of criteria, warning and alarm signals to identify or recognize suspicious transactions,
- oversight and supervision over the execution of the AML Program, allocation of responsibilities among individual organizational units, annual report on the program's execution for the Bank's Management Board.

The program additionally contains detailed procedures for the following issues:

- transaction analysis and internal reporting when suspicions arise or circumstances typical for money laundering are found,
- Suspect Activity Reports (SAR) – preparation, examination, internal approval and delivery to the Inspector General of Financial Information,
- preparation and possibly suspension of transactions and/or account freezes,
- delivering information constituting a banking secret to the prosecutor's office and/or to the Inspector General of Financial Information

Additionally, the Bank takes action and new initiatives aimed at increasing security of the customer service process and eliminating criminal activities.

An important factor that influences efficiency and effectiveness of the those activities is developing proper attitudes of the Bank's employees, through systematic anti-money laundering training, the forms and methods used by criminals and tasks imposed on the Banks by the law¹.

¹ The Act of 16 November 2000 on Preventing the Introduction into Financial Circulation of Funds Originating from illegal or Undisclosed Sources and on Preventing the Financing of Terrorism (Journal of Laws 2003 No. 153 Item 1505, as amended), "Act"

There is no doubt that the banking system will be materially affected by the announced amendment of the Act, which will implement the provisions of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on preventing the use of the financial system for the purpose of money laundering and terrorist financing and Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for the above regulation regarding the definition of a politically exposed person.

The implementation of EU requirements in the national law will expand the scope of tasks assigned to banks, especially as regards to the application to clients of financial security measures based on risk analysis, depending on the type of client, business relations, product or transaction. In light of the anticipated changes, Bank Millennium S.A. has already started preparations for implementing the new duties supported by professional IT tools.

The Project Team established for this purpose consists of representatives originating from ten different units from various areas in the Bank. Project members systematically analyze the new requirements and prepare proposed changes to processes and amendments to internal regulations.

While performing its statutory duties, the Bank registered and delivered to the Inspector General of Financial Information over one million transactions that exceeded the limit of EUR 15 thousand. Upon request of the Inspectorate General of Financial Information, information about 300 entities was provided to that institution. Also, 96 suspect activity reports were submitted.

INTERNAL AND EXTERNAL AUDIT

Internal audit

The Internal Audit Department is a specialized institutional audit unit. The purpose of an institutional audit is to ensure independent evaluation of adequacy, accuracy and operational efficiency of functional audits (performed on an ongoing basis by organizational units in the areas of their respective tasks). In particular, it is related to evaluation of the quality and accuracy of banking activities.

This is how an independent and objective assessment and consulting are delivered to the relevant units regarding the audited area. Internal audit performs activities that support evaluation and improvement of the efficiency of risk management, the internal control system and the management processes for the entire organization.

The audit process identifies the factual status of the risk management and internal audit systems and objectively evaluates this status in reference to the internal and external regulations and generally accepted standards.

During banking process audits, particular attention is paid to system weaknesses, such as vulnerability to various types of threat and possible abuse, including corruption.

The audit process is conducted on the basis of the Internal Audit Methodology, which is well-documented, supported by specialized IT tools and up-to-date – it incorporates the binding requirements and banking standards. The audit process is subject to annual planning broken down into quarters. The Annual Internal Audit Plan is consulted on with the head of the Risk Department and the Bank's Management Board Members, and then approved by the Audit Committee of the Bank's Supervisory Board.

Performance of the Annual Audit Plan is monitored on a regular basis using specialized IT tools. The results of audit activities contain conclusions and classified recommendations for which implementation plans are prepared. They are presented on an ongoing basis to the owners of respective banking processes who are responsible for managing them and to the Bank's Management, and, on a quarterly basis, they are reported on to the Audit Committee of the Bank's Supervisory Board.

The internal audits are performed by experienced, highly qualified and regularly trained professionals holding appropriate certificates, including international ones (CIA, CISA, CISM), and conducting their work in accordance with the Auditor's Code of Ethics adopted in May 2008 and the introduced International Standards for the Professional Practice of Internal Auditing.

The Bank's Internal Audit Department consists of specialized organizational units focusing on audits in the following areas: operation of the Bank's outlets, credit process, financial management, IT process operations, compliance with external regulations, sale and development of the Bank's products and services, asset and liability management, and also on conducting prevention inspections and investigations, monitoring implementation of post-audit recommendations and reporting the results of audit activities.

In 2008, the Internal Audit Department conducted 1,776 audit tasks in the Bank, its subsidiaries and throughout the Millennium BCP Group, including IRF audits (Internal Review Function performed in line with the requirements of the New Capital Accord) in respect of credit, market and operating risk management processes.

Bank Millennium has formally introduced "Organizational Bylaws of the Internal Audit Department" and "Audit Bylaws" which define the mission, objectives and rules for performing audits in the Bank, the Bank's subsidiaries and companies with which the Bank has concluded outsourcing agreements or financing agreements under which transactions are carried out at the Bank's risk.

The Internal Audit Department is independent and reports to the Chairman of the Bank's Management Board; its audit findings are reported to the Audit Committee of the Bank's Supervisory Board.

Audit activities conducted in 2008

Audited area	Typical audits	IRF audits	Inspections and tests	Total
Outlet operations	251			251
Explanatory proceedings/complaints	484	1		485
Credit process	25	21		46
Products and services	16	2		18
Asset and liability management	14	10		24
IT process operations	17	5		22
Financial management	23	4		27
Ensuring legal compliance	1			1
Preventive inspections*			902	
Total	831	43	902	1776

* Process inspections based on dedicated audit reports on IT systems performed to identify potential threats.

External audit

In compliance with the legal regulations in force, financial statements of Bank Millennium (unconsolidated) and the Bank's Capital Group (consolidated) are subject to review (semi-annual financial statements) or audit (annual financial statements), respectively, by an independent entity authorized to audit financial statements, i.e. an External Auditor. At the same time, with a view to ensuring correct presentation of financial data in other periodically published quarterly reports, the Bank, together with the External Auditor, has implemented cooperation procedures to enable ongoing consultation on significant issues related to reflecting economic events in the accounting ledgers and financial statements.

In 2008 (like in other recent years), the Bank's External Auditor was KPMG Audyt Sp. z o.o., a company belonging to the Big Four auditors and one of the world's largest firms providing professional services (audit, tax consulting and business consulting).

OPERATIONAL RISK MANAGEMENT

Efficient risk management lies at the foundation of stable business development and is a necessary factor for ensuring safety of the funds entrusted by the customers and shareholders. It is also necessary to secure the interests of other groups of beneficiaries, including the employees.

The year 2008 brought numerous new challenges to the entire financial sector and those challenges put the quality of different organizations' risk management systems to the test. Bank Millennium also experienced a general trend of increasing values of operating losses, however its very limited scale lies within the assumed boundaries, which proves the effectiveness of the adopted operating risk management system allowing safety of the conducted business to also be maintained in the long run.

Understanding the growing challenges related to external factors independent of its organization, Bank Millennium undertook new initiatives to develop the operating risk management model implemented in 2007 and based on the process structure.

One of the most significant factors allowing reduced operating risk is properly prepared employees who are aware of their tasks and related threats. Accordingly, the year 2008 was a period of another phase of training increasing the knowledge of operating risk issues at the level of processes defined in the Bank.

Stronger emphasis was placed in 2008 on developing self-assessment of operating risk as a risk management tool. It was conducted in the form of expert groups led by a specially appointed project team. The processes defined in the Bank were carefully analyzed to identify and assess various categories of operating risk. The self-assessment of operating risk was conducted in the form of defining "worst-case scenarios" and assessing them from the perspective of the potential size and frequency of loss occurrence.

The risk self-assessment meetings ensured both an in-depth analysis of the organization's operating risk level and a better understanding of the aspects of such a risk by persons able to exert a real influence on the relevant processes in their day-to-day work.

The operating risk challenges facing the Bank will soon involve strengthening the system of key risk indicators and further developing the awareness of operating risk among the Bank's employees.

More information on the risk management methods is provided in Bank Millennium's "2008 Annual Report."

PROCESS MANAGEMENT

Bank Millennium treats process management as an important element of its strategy. Its ultimate objective is to support and stimulate the Bank's development based on a continuous improvement approach focused on three dimensions:

- effectiveness – through improving the ability to satisfy service quality-related requirements of external and internal customers,
- efficiency – through ensuring such use of the Bank's resources as to achieve the planned results at minimum cost,
- operating risk – through improving the ability to control, monitor and report on operating risk.

The Process Management Policy being applied by the Bank is to ensure the highest level of customer satisfaction thanks to a cost effective operating platform and control of operating risk within the defined levels.

With respect to implementing Process Management, the Bank continues its activities in two directions.

The first such direction is to fully implement and develop a process approach to Bank management. It is conducted through a number of activities, including process identification and appointment of persons responsible for those processes, i.e. Process Owners, the construction of corporate culture oriented towards measuring consumers' expectations and satisfaction with key processes and specialized training programs for employees, and the updating of normative acts related to those processes in order to make them more comprehensible and user friendly.

The second direction of action towards process management in the Bank is the introduction of a constant improvement approach with respect to service quality, satisfaction of all customer groups and effectiveness and control of operating risk. It is done through ensuring process reviews and preparing their optimization.

BUSINESS CONTINUITY PLAN

At the present time, business continuity management faces numerous challenges, such as evolution of business conditions, changing environment and an ever growing correlation between the day-to-day activity, the availability of state-of-the-art technologies and the pressure exerted by regulators. There are more and more variables to take into account in the process of ensuring business continuity and caring for the highest quality of the services being provided.

A modern institution must ensure not only the security of its employees in emergency situations, but also ensure uninterrupted operation of all critical processes.

In the event of an interruption of operating continuity of any such process, the institution must have plans in place for restoring its operation within a timeframe that would ensure a minimum level of possible losses.

This area, due to large volatility of the environment and external conditions as well as the dynamics of changes within the organization, requires constant supervision and optimization.

Accordingly, in order to improve the existing solutions and maintain consistency with the world's best models, the Bank takes steps aimed at maximizing its resistance to potential disruptions to operating continuity.

The Bank's activities are multidimensional and include comprehensive analyses of how critical the individual processes are and estimates of resources necessary to maintain basic operations of each process.

Also analyzed are the existing business continuity plans, crisis management models, communication policies and modes and possibilities of operation at alternative locations.

Thanks to these activities, the overall picture of the Bank's sensitivity to potential external threats is consistent and up-to-date. Based on these analyses, it is possible to prepare and update comprehensive business continuity plans allowing the Bank to conduct uninterrupted business regardless of any events of fate, disasters, unavailability of utilities and similar contingencies.

Such activities improve the security of business and increase the quality of the offer targeted at the Bank's customers.

COOPERATION WITH MARKET REGULATORS AND SUPERVISORS

In the period following the political regime change, 2008 was the first year in which both the banking activity and the Bank's operation as a public company were subject to uniform supervision exercised by the Financial Supervision Commission (KNF). Every change entails challenges resulting from the need to adjust the organization to the modified conditions, in particular those related to the necessity of developing efficient working communication methods. The experience of last year indicates that these objectives were achieved. During the year, the Bank filed a number of declarations and notifications related to various aspects of business, in particular with respect to outsourcing.

A constant element of the Bank's cooperation with various regulators is its participation, via the Polish Banks Association and the Leviathan Polish Confederation of Private Employers, in the process of sharing opinions and advice on draft normative acts at various stages of legislative work. We have the feeling that thanks to our cooperation in this area the final shape of adopted regulations, due to incorporating some of the practical experience and comments shared by the Bank, better serves the development of the business market in Poland.

CORPORATE COMMUNICATION

Bank Millennium is an institution of public trust and a company listed on the Warsaw Stock Exchange. The Bank's transparent, regular and active information policy is an important element of its operating strategy.

In accordance with the market requirements and regulations and pursuant to the Bank's procedures and standards, the Bank submits, on a regular basis, significant information regarding its business, in particular: the operating strategy of the Bank and its capital group, the most important facts associated with the pursuit of that strategy, any projects and development programs being executed, the Bank's financial results, offer, changes in that offer and any extraordinary events. To that effect, the Bank regularly publishes current and periodic (quarterly, semi-annual and annual) reports, press releases and analytical reports. At least once per quarter, the Bank holds a press conference for representatives of the media and a meeting for financial market analysts. Such meetings are available to market participants online via the Internet. Ongoing communication with the market is maintained by the Bank's two organizational units: the Public Relations Department and the Investor Relations Department. The Bank also cares for providing reliable corporate information to its customers who can read it on a publicly available website and to its employees who receive it via the Intranet and internal publications.

In 2008, due to the economic slowdown which brought a number of unexpected events in the financial markets, the amount of information provided by the Bank to the market voluntarily or in response to queries increased sharply. The main subjects of such information concerned the issue of safety of the Polish banking system, guarantees for customers' deposits and credit risk-related products, including foreign exchange options.

Foreign exchange risk hedging transactions

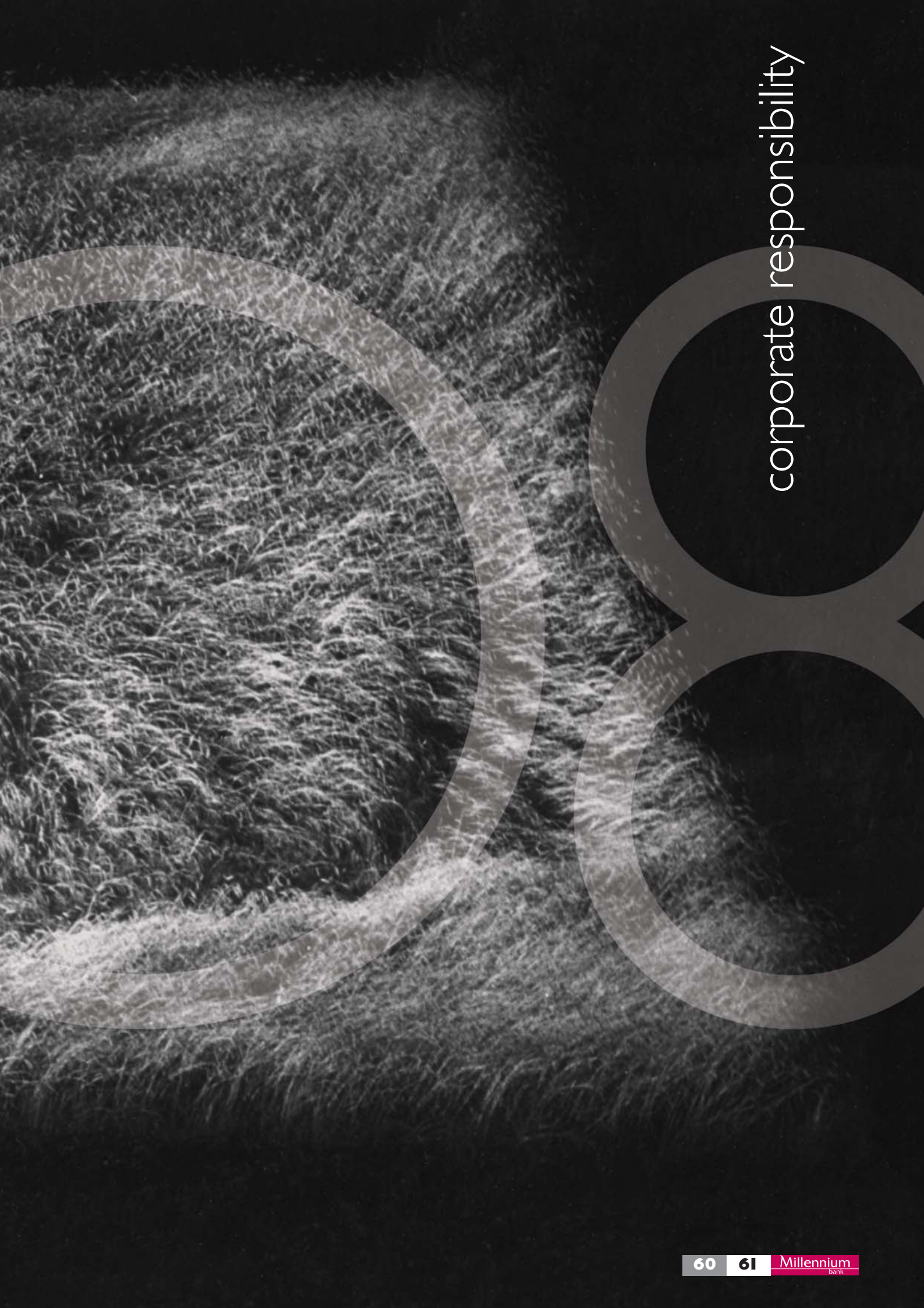
Until July 2008, the Polish zloty continued the appreciation trend that started in 2007. As a result of a strong and rapid appreciation of the zloty, the profitability of national exports decreased. More and more of the Bank's customers receiving revenues in foreign currencies tried to protect themselves from further appreciation of the zloty by entering into foreign exchange risk hedging transactions.

Bank Millennium, whose standard product portfolio contains a broad range of foreign exchange risk hedging instruments, responded to the expectations of exporters by offering them a spectrum of specialized products, including option-based products. As a rule, the Bank offered them to companies naturally exposed to foreign currencies (predominantly the euro and the US dollar). Thanks to hedging transactions, such companies fixed their future foreign exchange rates to be able to more accurately anticipate their revenues denominated in the domestic currency. Bank Millennium's offer of derivatives allowed hedging future cash flows for up to 2 years.

Good workplace

■ Whether or not a company benefits from a competitive advantage, greatly depends on the involvement and professionalism of its employees. The Bank's employees have always been its greatest asset and it is predominantly their contribution that has enabled the Bank to successfully pursue its development strategy.

Bank Millennium makes efforts to continuously increase the level of employee motivation by analyzing their expectations and trying to meet them. Actions aimed at motivating the employees include, above all, making the remuneration system more attractive, enabling development of professional competencies and offering social packages and integration activities. That is how the Bank supports comprehensive development of its employees, thus enabling them to make the best use of their personal abilities.



corporate responsibility



Human resources development

DEVELOPMENT PROGRAMS

There are three development programs in place in Bank Millennium. Two of them, "Grow Fast" and "Grow Plus," are for the Bank's employees and the third one, "People Grow," has been designed for students and university or college graduates. The objective of the Bank's development programs is to stimulate the pace of development of the Bank's employees, to increase their involvement and to acquire young ambitious employees from the labor market.

Employees participating in the development programs have an opportunity to participate in a greater number of training courses with scopes and subjects which are customized to individual needs. They are also offered an opportunity to participate in selected projects and familiarize themselves with different areas of operation of such a complex financial institution as a bank. Each participant in a development program has a mentor from among the Bank's Management Board Members. Program participants are taken care of by members of the Employee Development Team responsible for the recruitment process and coordination of development program operations.

Twice a year, Bank Millennium holds a Development Forum for the participants of development programs. The Development Forum is assumed to have two roles: improve the program participants' knowledge necessary to fulfill the function of an effective manager and integrate the participants. During the Forum, employees are invited to participate in training organized by reputable companies where they can acquire robust knowledge of the subject delivered in an attractive form of training. Each Forum has a different central theme and program. Meetings with invited guests, participants' presentations on current banking projects, integration activities and team building exercises are all held during the Forums in addition to training.

In 2008, all persons fulfilling the basic conditions for participation in employee programs were allowed to apply. Program recruitment information was available on the Bank's Intranet site at the beginning of the year. Every interested employee could send in his or her application which was then evaluated under a set of previously established criteria. Selected persons took part in the Assessment Center session which was an element of the program selection process.

The programs for students and graduates were open for application by 4th or 5th year students or graduates who finished their studies no earlier than in the previous year. The candidates underwent a multi-stage recruitment process the key element of which was an interview with the Management Board Members.

A total of 108 persons participated in Bank Millennium's development programs in 2008.

Development programs – number of participants

	2008	2007
Grow Fast	71	71
Grow Plus	18	9
People Grow	19	15
Total	108	95

ASSESSMENT AND VOCATIONAL CONSULTING MODELS

Bank Millennium conducts periodic assessments of employee competencies to enable its employees to prepare individual career development plans by setting development objectives and related training needs. Thanks to the extensive offer of training proposed by the Millennium Academy (read more in the "Training systems" part) for respective teams, each employee may select the ones that best suit his or her needs. Also, during the assessment of competencies the employees have an opportunity to indicate their willingness to rotate jobs, indicating the units where they would like to continue their development. Individual development plans are discussed during development meetings attended by the employee being evaluated and his or her superior. During such a meeting, the employee gets feedback from the superior on the level of the employee's standard competencies required in his or her position.

Bank Millennium attaches great importance to the reliability of its work assessment systems applied in order to provide the employees with valuable information about their further development potential within the organizational structure. The evaluation criteria are customized to fit the employee's specific tasks in the relevant units.

The objective of Bank Millennium's performance evaluation system is to promote development-oriented attitudes and positive work attitudes. The system also emphasizes the importance of fair remuneration, i.e. one that reflects the employee's contribution to the pursuit of the company's strategic objectives. It is also a method of emphasizing the company's organizational values through practical reference to such values in the assessment.

Evaluations of results are discussed with employees during periodic interviews serving the purpose of providing feedback and setting objectives for the pursuit of duties assigned to the relevant position and for professional development in the upcoming period.

The results of such assessments and joint setting of development plans influence decisions on co-financing of possible additional training or courses offered to the employee.

TRAINING SYSTEM

2008 was a year of developing e-learning training, from sessions promoting e-learning to training related to the Bank's business and soft skill training sessions. The implementation of the e-learning platform launched in 2007 resulted in almost 30 thousand persons trained in the reporting year in the following subjects:

- Implementing the Basel II Accord
- Preventing money laundering
- Product training
- MS Office
- Rules of conduct and rules of communication
- Time management

To meet the expectations of the Bank's employees, we launched an e-learning course of English for over 250 participants. It will be completed in June 2009.

The essence of our activities is constant development consistent with Bank Millennium's corporate values, i.e.: customer satisfaction, result orientation, team work and employee development. Our values set the standards and models allowing us to pursue the Bank's objectives. Our overriding objective is a stable expansion in the market through continuous growth of sales of ever more modern financial products and services and ever increasing customer service quality. Each employee impacts the achievement of the Bank's objectives.

The beginning of 2008 was a turning point for Bank Millennium in the process of increasing its customer service quality. All the Bank's employees were trained in the following standards:

- Rules of conduct
- Rules of communication
- Sales model
- Customer service standards
- Employee support standards through coaching

In 2008, cooperation was continued with training companies offering courses co-financed by the European Social Fund, particularly MS Office training.

Besides e-learning training, the Bank offers its employees a broad range of traditional courses.

The Millennium Academy Internet platform allows browsing through and selecting training subjects for various positions and functions, including:

- Vocational training – technical training related to the tasks performed by specific units,
- Management training – training focused on developing teamwork coordination and team leadership skills,
- Development programs – comprehensive development training for high-potential employees,
- Train-the-trainer programs – training for members of Trainer Teams,
- "Speaking with One Voice" – orientation training for new employees aimed at integrating and familiarizing them with the Bank, its history, structure, corporate values and the basics of banking and work organization.

In 2008, the average Bank Millennium employee participated in 5 e-learning training sessions and at least 2 traditional courses.

Training activity

	2008	2007
person-courses:	45 316	15 390
traditional	13 924	14 080
e-learning	31 392	1 310
number of training hours:	500 939	382 781
traditional	458 940	382 781
e-learning	41 998	-
Average number of training hours per employee:		
traditional	73	74
e-learning	7	-

Human resources development

EMPLOYEE BONUSES

Bank Millennium's annual Chairman's Award is a method of appreciating extraordinary achievements of the Bank's employees. It is presented to managers and project leaders who have significantly contributed to achieving Bank Millennium's annual result by their excellent sales performance, cost reductions, building positive relations with customers, improving processes, facilitating productivity growth, etc. The annual Management Meeting usually provides an opportunity to present the award.

In 2008, 7 persons received the Chairman's Award.

INTERNAL JOB EXCHANGE AND RECRUITMENT POLICY

Bank Millennium has a set of clearly defined rules in place for selecting personnel. The Bank's recruitment processes are optimized, subject to internal regulations and computerized to guarantee their high quality and effectiveness.

The Bank's employment offers are presented first to the employees of the Bank's Capital Group. Employees interested in selected offers have an opportunity to rotate jobs. This approach is consistent with the Bank's core value, i.e. employee development. Job advertisements for the organization's employees are published on an Intranet platform available to all employees and integrated with the recruitment application.

If no appropriately qualified candidates can be found within the organization, Bank Millennium seeks recruits in the external labor market. Recruitment methods differ, depending on whether the offer is targeted at students or graduates or at professionals.

In 2008, like in the previous years, Bank Millennium prepared a special program for students and graduates enabling them to gain valuable experience and knowledge of work in the banking sector, called "Come and Grow with us."

In 2008, in order to build a coherent and credible image of the employer, key benefits to be gained by young people employed in Bank Millennium were defined based on the Bank's principal corporate values.

Besides development opportunities and guarantees of reward for effective work, a significant benefit offered by the Bank is an opportunity to work in a team whose members are willing to cooperate and help each other. Pursuing the idea of cooperation and knowledge sharing through the "Come and Grow with us" program, the Bank arranged numerous training courses and workshops, expanded and updated its website for persons entering the labor market and prepared contests and hundreds of internships for students of all years and specializations. Participation in internships was for numerous persons the beginning of their professional career with the Bank.

Besides students and graduates, persons with at least one year of work experience – professionals – form another group of candidates for the Bank's employees. Candidates with professional experience are expected to have the competencies needed to follow the Bank's key values. It is equally important that they satisfy the Bank's requirements as to specific competencies necessary to hold the relevant position. To ensure an objective and accurate evaluation of candidates, the Recruitment Team develops employee selection tools applied in close cooperation with internal customers.

The process of communicating employment offers is transparent. Job advertisements for professionals are published on the Bank's website, Internet portals and in the press.

The Bank keeps a single database with personal data of candidates for its employees. Such data are properly secured and their processing is monitored on an ongoing basis and subject to internal audit.

Each candidate invited to a job interview gets feedback with his or her recruitment results.

Bank Millennium's continuous development translates into the Bank's growing popularity as a desirable employer. In 2008, 50 thousand people expressed interest in working for the Bank – 40 percent more than a year earlier.

Recruitment

	2008			2007			
	Women	Men	Total	Women	Men	Total	
Applications received			50 000			35 000	
Interviews conducted			10 760			7 940	
Hired:							
	Total	1 678	884	2 562	1 225	661	1 886
Secondary education			1 566			702	
Higher education			996			1 184	

EXIT INTERVIEWS

Bank Millennium makes efforts to ensure appropriate working conditions. To that effect, besides satisfaction surveys, interviews are conducted with employees leaving the Bank. We examine the reasons for their resignations, their opinions on the conditions of employment with Bank Millennium and the needs of our employees.

The results of such interviews and the changes proposed by the interviewed Employees allow us to draw certain general conclusions and form the starting point for any recommended changes.

Employees of the Bank Millennium Group*

	2008			2007		
	Women	Men	Total	Women	Men	Total
General data						
Total number of employees	4 819	2 229	7 049	4 114	1 954	6 067
Average employee age	32	32	32	33	32	32
Average number of years with Bank Millennium	4	4	4	4	4	4
Qualifications			7 049			6 067
Primary education			1			1
Secondary education			2 395			2 006
Higher education			4 652			4 060
Form of employment						
Indefinite term contract			5 273			4 740
Definite term contract			1 776			1 327
Part-time contract			96			101
Employees with disabilities			16			11
Net increase in employment			1 032			984
Resignations			1 627			991
Employee's initiative			1 151			757
Mutual consent			41			37
Dismissals			417			184
Retirements			15			13
Deaths			4			–
Annual absenteeism ratio			6,46%			5,86%

	2008			2007		
	Women	Men	Total	Women	Men	Total
Internal mobility						
Number of rotations			1 294			1 563
%			1,7%			2,1%
Management breakdown						
Upper management	26	71	97	25	70	95
Management	495	377	872	425	335	760
Total	520	448	968	450	405	855
Age breakdown						
<25	756	294	1 049	544	206	750
25-35	2 720	1 336	4 057	2 337	1 197	3 534
35-45	830	455	1 285	789	437	1 226
>45	513	145	658	443	114	557
Total	4 819	2 229	7 049	4 114	1 954	6 067
Promotions						
Upper management	1	5	6	2	2	4
Management	99	73	172	67	69	136
Other	1 310	446	1 756	1 178	471	1 649
Total	1 410	524	1 934	1 247	542	1 789
Local employees						
Management expats						
Upper management			13			15
Management			5			6
Total			18			21

* Tables cover the entire Group, not just Bank Millennium as in the 2007 report



Social activity

MEDICAL CARE

Since 2006 Bank Millennium S.A. has been continuing a private medical care program for its Employees delivered through private health care facilities. The program provides all the Bank's Employees with access to qualified medical staff and modern diagnostics. Medical packages offered by the service provider are aimed at covering Employees with primary and specialist medical care, available in every city where the Bank conducts its operations. The medical packages provide both health prevention and urgent treatment in case of illness or accident. The mass flu vaccination campaign conducted in the fall of 2008 both in clinics throughout Poland and directly in the Bank's Head Office was an example of our health prevention activity. Access to numerous specialist medical consultations and outpatient procedures ensure quick and precise diagnosis of illnesses and appropriate treatment.

Under the Bank's medical service contract Employees can expand their medical package to cover the members of their closest family, i.e. spouse or partner and children under 25, on preferential terms, for an additional fee deducted from the salary.

Medical care

	2008	2007
Number of medical partners	320	360
Number of cities offering medical care	141	120
Employees covered by private medical care	7 169	6 067

SPORTS AND RECREATION ACTIVITIES

Our vision is to provide all Bank Employees with broad access to diversified forms of physical activity in such sports facilities as fitness clubs, gyms or swimming pools. The Bank offers its Employees who prefer other leisure activities cinema tickets both to big multiplex theaters and local cinemas appreciating non-commercial repertoire. We try to offer after-work activities that allow each Employee to take advantage of our broad range of sports and recreational services available in the market, according to their personal interests.

Employees who are interested in additional forms of sports activity can practice the following disciplines within the framework of the "MilleKlub": basketball, chess, horseback riding, skiing, handball, volleyball, dance, tennis, diving, sailing, and trekking.

"MilleKlub" is a sports club for Bank Millennium Employees. It was established in 2003 and its main task is to promote physical activity while fostering employee integration. As a principle, sections are managed by Employees who voluntarily take care of the section's organization and development. They submit proposals for sports activities – training, competitions, courses and trips – and the Bank subsidizes their activity.

Through active and attractive after-work leisure time opportunities, we make it possible for our Employees to develop their passions, keep fit and integrate with their colleagues and the company.

Social activity

ASSISTANCE IN KIND AND HOUSING LOANS

Unchangeably, for many years the Bank's social activity is conducted primarily through providing financial aid to Bank Employees who have found themselves in a dire material, family or life situation as a result of different events. Those who have suffered as a result of natural disasters or those chronically ill may obtain social help from the Bank in the form of non-returnable financial benefits.

The Bank also offers low-interest rate loans to finance renovations or finishing work, as well as to purchase an apartment or build a home. The loans are intended to aid especially those Employees who are continuing home construction previously started, financed with their own money or a bank loan.

Loans to employees

	2008	2007
For housing purposes		
Amount (PLN)	3 293 908	2 036 900
Number of employees	215	173
For social purposes		
Amount (PLN)	355 680	209 560
Number of employees	146	126

TEAM-BUILDING TRIPS

Since 2002, the Bank has been organizing trips aimed primarily at enabling Employees to visit interesting locations. We believe that spending a few days among your colleagues in an interesting environment helps build positive ties required in work.

Traditionally the Bank has been offering two rounds of trips: the spring round and the autumn round. In 2008, for the first time we offered airplane trips to Paris and Rome and coach trips to Budapest, which have encountered huge interest. 512 Employees have taken advantage of the trips.

SPECIAL EVENTS

The cultural life of the Employees has been enriched thanks to participation in different types of cultural and entertainment events.

Employees who are fans of live music have been provided with tickets to concerts of famous stars such as: The Cure, Carlos Santana, Kylie Minogue, Metallica, The Police, Eric Clapton and Leonard Cohen. They could also take part in the "Swan Lake" theater performance. The "Disney Live! Winnie the Pooh" show was a new event for children. The fairy-tale character has turned out to have numerous fans also among our Employees' children.

The Bank subsidized the travel costs for Employees traveling from afar to see the shows.

In 2008, 976 Employees participated in cultural and entertainment events.

DRAWING CONTEST FOR EMPLOYEES' CHILDREN

It was the fourth edition of the drawing contest addressed to the children and grandchildren of the Bank's Employees. This year's slogan "Future of the Earth in Our Hands" was derived from the willingness to draw attention to environmental problems. The aim of the contest was to build a family-like relationship between the Bank and its Employees. 378 works of art were submitted for the contest, and as many as 16 of them were recognized and awarded prizes. The works were reviewed in three age groups.

FRIENDLY WORKPLACE

The building in which Bank Millennium's Head Office has been located since February 2008 is a modern and friendly office building. Architectural solutions used in the building improve work comfort and reduce the negative impact on the natural environment.

The facility is composed of three five-floor buildings connected with a shared ground floor and an additional passage between the buildings on the first floor. Thanks to appropriate interior design, individual floors enjoy good natural lighting for the workstations. Throughout the facade, on all floors, you can open windows, which significantly improves the comfort of the offices.

The automatic air-conditioning deactivation system in open-window zones reduces electricity consumption by the air-conditioning system.

On the ground floor roof there is a passage between the buildings arranged in the form of a small garden with trees, greenery and small streams. They are a nice brief rest area and "recover" the greenery which has been taken away by the building.

For the needs of the Bank's Employees and the neighborhood community, on the ground floor a cafeteria is open every day of the week. The cafeteria has 110 seats. The Bank's Employees can access it through the covered passage between the buildings.

The complex has nine "Schindler" elevators, three in each building, controlled by the modern "Miconic 10" system. The system optimizes the elevators' functions, reducing travel time and hence electricity consumption.

In emergency situations, the facility is supported by two power generators installed in casings reducing resultant noise to a minimum.

The offices have a central copying and printing system – two rooms on each floor are equipped with multi-function printing and copying equipment. This has enabled us to eliminate such equipment from office buildings, which has improved working conditions and reduced electricity consumption.

To ensure work safety, hygiene and comfort for its Employees the Bank conducts educational and prevention activities. They involve primarily training of all Employees on occupational safety and health and fire safety as well as rules of conduct in crime threat situations. The training is delivered on an E-learning platform. Employees are also informed about threats associated with their work (Assessment of occupational hazard), and the required training materials and occupational safety and health instructions are published on the Bank's Intranet sites.

All bank facilities are inspected at least once a year for fulfillment of OSHA standards.



Bank's impact on the natural environment

■ Due to the nature of its activity, the Bank's tasks aiming at reducing detrimental impact on the environment involve primarily rational materials management, energy and fuel consumption monitoring and waste management control. In 2008, the Bank was not informed about any breach of environmental protection regulations.



corporate responsibility

CONSUMPTION AND RECYCLING OF THE MATERIALS PURCHASED BY THE BANK

Purchases

In 2008, 115 shredders and 191 banknote counters were purchased for the Bank's field offices and the head office. This equipment – slated for automation and integration of counting processes – improves the efficiency and safety of the customer service process. Shredders enable the Bank to ensure the proper form of destroying bank documents in compliance with confidentiality requirements.

In 2008, 538 371 kg of paper and 145 213 kg of envelopes were used for the operating needs of the Bank's internal and external clients.

In addition to paper materials the Bank also uses plastic materials such as water bottles, disposable cups, spoons, mixing utensils and plastic secure envelopes. In 2008 the Bank consumed 19 127 kg of plastic. Other materials used in the Bank's day-to-day operations are different types of toners and cartridges; their consumption in 2008 amounted to 4 056 kg.

Rechargeable batteries are used for different kinds of photo cameras, opening and alarm devices and for remote controllers. In 2008 the Bank used up 568 kg of batteries.

Waste disposal and recycling

All the aforementioned types of materials are subject to subsequent segregation and disposal in line with the prevailing environmental protection regulations. This includes in particular:

- Environmental Protection Act (Journal of Laws 2001 No. 62 Item 627 as amended)
- Act on waste Electric and Electronic Equipment (Journal of Laws 2005 No. 180 Item 1495 as amended)
- "Environmental Policy of the State II"
- National Waste Management Plan (Polish Monitor 2002 No. 11 Item 159)

The aforementioned environmental regulations impose certain obligations on the Bank with regard to appropriate waste management. The Bank has an internal normative act which defines the rules for granting office equipment and devices subject to subsequent disposal and regulates the procedure for dealing with equipment disposal.

The waste that is subject to close control and disposal includes: electronic equipment, electrical equipment, spent toners and cartridges, mobile handsets, audio-video equipment, kettles refrigerators, light bulbs and batteries.

Consumption of materials

Type of material	2008	2007
	Volume (kg)	Volume (kg)
Equipment (shredders, money counters)	7 728	7 920
A4 Paper (for operational needs)	538 371	460 770
Paper for marketing needs	249 427	220 944
Envelopes (various types)	145 213	96 312
Plastic articles	19 127	28 013
Consumables for printers (toners, cartridges)	4 056	14 025
Batteries	568	584

In 2008, 34 354 kg of telecommunication and computer (ITC) hardware including printers, computers, monitors, hard drives, batteries and servers were handed over for disposal.

In September 2008 the Bank signed an agreement for disposal of electrical equipment, telecommunication and computer hardware, data carriers, UPS battery-equipped power supply devices, and all kinds of equipment. The contractor has a permit to conduct hazardous and non-hazardous waste recycling, collection and transport according to environmental protection laws.

9 406 kg of metal waste and 17 651 kg of ITC hardware including monitors, PCs, servers, printers, fax machines, keyboards, HUBs, UPSs, HDD drives, switches, telephone exchanges and routers were disposed of.

According to the prevailing regulations, all types of used toners are also subject to disposal; in 2008 the Bank disposed of 1 899 kg of toners and 2 343 kg of CCTV monitoring tapes.

The Bank systematically collects paper. In 2008, 347 239 kg of paper was handed over for destruction or recycling.

Environmental activities

To reduce the volume of waste and limit their negative environmental impact the Bank undertakes a number of environmental activities. For example, it has leased multifunction equipment and created Print Rooms. As a result the amount of equipment owned and used by the Bank has been reduced and paper consumption has been reduced (scanned documents are sent in an electronic version).

The discipline in ordering bottled mineral water by the Bank's organizational units, introduced at the end of 2008, is aimed at reducing the consumption of plastic packaging.

At the same time the Bank rationally uses hardware resources, donating reusable computer hardware or furniture to public benefit institutions such as schools, orphanages or centers of culture.

Redundant equipment that is not fit for further use, such as furniture, money counters, shredders, photocopiers slated, based on technical assessment, to be destroyed are classified and handed over for disposal. In 2008 the Bank handed over 16 810 kg of this type of equipment.

Disposal and recycling

	2008	2007
	Volume (kg)	Volume (kg)
Disposal - cooperation on the basis of framework agreements		
Telecommunication and computer hardware	34 354	50 126
Disposal of equipment	16 810	2 398
Disposal of CCTV monitoring tapes	2 343	1 690
Disposal of toners	1 899	2 400
Recycling - cooperation on the basis of an agreement		
Telecommunication and computer hardware	17 651	no data
Metal waste (safes, safe boxes etc.)	9 406	no data
Photocopiers	9 131	no data
Waste paper recycling	347 239	287 412

ENERGY, WATER AND FUEL CONSUMPTION

Comparison of electricity and water consumption in 2007 and 2008 (see: the table) shows that the changes in the area of the utilities consumed by the Bank's branches are smaller than the increase of useable space (2007: 79 000 m²; 2008: 83 000 m²; increase by 5 %). The following actions taken by the Bank have contributed to the reduction of electricity consumption (in addition to favorable weather conditions):

With regard to rationalization of electricity consumption:

- Air-conditioning equipment in 80 branches was replaced with modern equipment using the environment-friendly R410 agent (instead of R22). The equipment also has automation devices adapting its operation to the ambient conditions which minimizes energy requirements.
- The wattless power was compensated in lighting installations in the branches.
- In 2009 air-conditioning equipment will be replaced in an additional 70 branches. At the same time we are planning to introduce time control of outdoor advertisements and air-conditioning.

As far as heating savings are concerned:

- The gas-and coal-fired boiler room was replaced with a modern gas-fired boiler – gas consumption is approx. 30% lower.
- In 2009 the Bank is planning to modernize all oil-fired boiler rooms which will reduce fuel consumption by approx. 20%.

Last year the number of cars used by the Bank significantly increased (2007: 527; 2008: 628; changed by: 19 %; including diesel engine cars – changed by: 107 %).

Last year the Bank pursued its policy of dynamic development of its diesel engine car fleet, granting diesel cars to the Employees who use them intensively. This has reduced the volume of fuel needed to travel a comparable number of kilometers.

Energy and water consumption*

Category	Consumption		unit	change
	2008	2007		
Electricity purchased	39 813 451	40 518 542	kWh	-1,7%
Heating energy purchased	76 758	73 874	GJ	3,9%
Natural gas	331 831	356 925	m ³	-7,0%
Heating Oil	97 500	86 700	liter	12,5%
Water	87 116	80 125	m ³	8,7%
Diesel oil	214 603	97 333	liter	120,5%
Petrol	832 508	696 601	liter	19,5%
Kilometers traveled	14 486 104	10 663 915	km	35,8%
Taxis, kilometers traveled	238 172	98 731	km	141,2%

* The calculations according to the 2008 methodology may differ from the 2007 forecast presented in the previous year

PROTECTION AREAS

The Bank has land which neighbors with protected areas. On such areas, however, no operating activity is conducted.

Biodiversity

Location	Voivodship	Area (square meters)	Description
Warszawa Werbeny	Mazowieckie	2 813	Mazowiecki Landscape Park Protection Zone
Hajnówka	Podlaskie	5 609	Farming land

corporate responsibility



Activities benefiting society

■ Cooperating with public benefit organizations, the Bank is involved in important art and social events. We pursue our mission and corporate responsibility by supporting or creating valuable cultural and educational programs.



corporate responsibility

Activities benefiting society

SUPPORTING EDUCATION PROMOTING ECONOMIC EDUCATION

Bank Millennium has been taking actions aimed at providing current and prospective clients with professional finance expertise. In 2008, in cooperation with the "Rzeczpospolita" and "Super Express" dailies the Bank prepared a number of educational publications.

In cooperation with the "Rzeczpospolita" daily a series of articles were published on banking products and services for the Business segment. The series was entitled "Banking guide for micro-businesses" and was published from 1 April to 25 May 2008 every Tuesday in the "Good Company" supplement. Individual articles provided information on banking products facilitating day-to-day activity of small businesses and allowing them finance their needs. The "Banking guide for micro-businesses" was an educational publication, presenting the products and services available in the market including those outside Bank Millennium's offering.

In addition, Bank Millennium cooperated with "Super Express" on two occasions, preparing a set of guidelines for those interested in cash loans. In articles published in one of the most popular Polish dailies, Bank Millennium experts advised readers what they should pay attention to and what they should verify to choose the best cash loan.

For three years Bank Millennium has been regularly organizing investment seminars for the Prestige segment customers. The seminars host Bank Millennium specialists and financial market experts from such institutions as ING, Legg Mason, BlackRock or Franklin Templeton. In 2008, 115 seminars in 29 Polish cities were held. They were attended by over 5,5 thousand current and future customers of the Bank.

SUPPORTING LOCAL INITIATIVES AND ORGANIZATIONS

Bank Millennium has been involved in supporting local business organizations which aim at integrating companies and entrepreneurs operating in respective regions of Poland and promoting ethical business behaviors. In 2008, Bank Millennium sponsored meetings of, among others: the Business Center Club in Katowice, the Silesian Business Club and the Wielkopolska Capital Club. For the third time Bank Millennium sponsored the "White List" program organized by the Wrocław Chamber of Commerce. This year the "White List" was a national initiative, promoting businesses entities deserving trust and trustworthy partnership in business. The program is also a tool helping entrepreneurs in searching for solid and reliable business partners.

"COME AND GROW WITH US" PROGRAM

Since 2002 the Bank, through the "Come and Grow with Us" program, has been helping students and graduates to gain professional experience and develop their competences and interests.

Among the important elements of the program are paid internships organized in the Bank's Head Office in Warsaw and Gdańsk and in branches throughout Poland, as well as contests with attractive prizes.

In 2008 Bank Millennium organized the following contests for students:

"Millennium Profit" – a contest verifying the participants' skills in coping with investment markets. The main prizes in the contest were a palmtop and an internship in the Analysis Department of the Millennium Brokerage House.

"Millennium Chance" – through this contest we appreciated and supported unconventional passions among students. The prize was 10 thousand zloty to sponsor the winning project.

"Millennium Project" – marketing communication contest in which the prize was an internship in the Millennium bcp Group.

In total, over 100 students took part in the contests organized by the Bank in 2008. Eight finalists had vacation internships in the Bank Millennium Capital Group.

Bank Millennium also takes part in the largest educational fair events, inter alia, Career Days organized by the AIESEC student organization and in conferences for students and in Bank Millennium Days – a series of meetings with students at their universities. Participation in these events enables the Bank to present its offer directly to young people. Taking advantage of its presence in the biggest university centers we also organize training and courses for students and promote the “People Grow” program addressed to outstanding final year students and graduates.

A discussion forum and mailing group has been set up for those interested in the “Come and Grow with us” program. Over 1400 students receive a monthly newsletter with the most interesting information on the program.

In 2008 the Bank developed a recruitment guide which students can find on the Bank’s website. With this guide the Bank helps young people find their dream job and shares its recruitment expertise and experience. The Internet Career Navigator, showing the potential direction of development in the Bank, is an important part of the guide. It is enough to answer four simple questions about your professional preferences to obtain information on the area of the Bank which you in particular should become interested in.

INTERNSHIPS AND APPRENTICESHIPS

The Bank has been organizing internships for students of all years and curricula. Internships are organized in the departments of the Head Office in Warsaw and Gdańsk and in branches throughout Poland. The offer enables the youngest, ambitious students to complete internships and acquire their first professional experience. Bank Millennium offers three internship programs:

“Millennium Champions”

addressed to students of all years and curricula, who are fully available, especially those interested in sales and customer service.

“Gaining Bank Experience”

for students after their first year of studies, enabling them to gain their first professional experience.

“Millennium Bankers”

addressed to students between years three and five who are thinking of developing their professional career in banking.

In the 2007/2008 university year 331 interns were accepted to gain experience under the eye of assigned guardians. In addition, during the summer holiday a number of meetings for interns were organized to help them learn more about the Bank, its values and exchange experiences. The additional benefit coming from a paid internship is that it may be transformed into a full-time job following successful completion of internships. From this program 135 interns signed employment contracts last year.

In 2008 the internships offered by Bank Millennium were systematized and presented in the form of a table. The tabular form helps candidates compare individual internship programs and select the option that best suits their preferences.

TRAINING FOR STUDENTS

Under the “Come and Grow with Us” program Bank Millennium regularly organizes a series of training courses, workshops and presentations for students. These events take place in university centers throughout Poland. The training topics change every year to reflect evolving student needs. In 2008, Bank Millennium Employees prepared an incentive game, conducted numerous negotiation and creativity training courses, and taught the art of professional presentation and marketing communication to young people. Students could also participate in interpersonal communication and team work training. They could also chose workshops on how to search for a dream job, on structured products, and on technical and fundamental analysis. Diversified training topics allow nearly every student to find something for himself/herself, regardless of the year of studies or curriculum.

To reach the broadest possible group of students, in 2008 Bank Millennium delivered courses not only in university centers but also in smaller cities such as Olsztyn, Białystok, Kielce, Radom, Częstochowa and Nowy Sącz. In total our 82 training courses were attended by 1800 students.

“Come and Grow with Us”

	2008	2007
Number of interns	331	431
Number of persons employed after internship	135	150
Training for students		
Number of training courses	82	65
Number of trained students	1800	1400

COOPERATION WITH STUDENT ORGANIZATIONS

The Bank financially and substantively supports student organizations in their operations and pursuit of statutory objectives. Since 2003 we have been cooperating with the AIESEC international student association. We were involved in the “Ambassador” project, choosing our representatives – AIESEC members, referred to as ambassadors – in 11 of the largest university centers. These people perform the function of representatives of the “Come and Grow with us” program among their fellow students, inform them about development opportunities at the Bank and organize bank events at their universities.

In exchange for the commitment and promotion of the program, the Ambassadors get an opportunity to gain experience in cooperation with the Bank and the possibility to take part in special training and workshop sessions prepared by the Bank.

In 2008 Bank Millennium took part in 11 fair events – “Career Days” and two international student conferences. We were also involved in three financial market events where we could share our experience and knowledge on market trends with young people.

Once again the Bank funded the “Red Rose” Award in the contest for the best student and the best scientific circle in the Tri-City.

Our activities among students have been highly praised, as a result of which Bank Millennium ranked fourth among companies considered to be the best and most interesting workplaces in the “Employer of the Year” study, conducted among students of 46 economic and business universities.

GLOBAL MANAGEMENT CHALLENGE – EUROMANAGER POLAND

Bank Millennium is one of the main sponsors of the largest corporate management simulation exercise. We enable student teams to participate in the contest free of charge. Every year we support young, ambitious people who are willing to face challenges and seek opportunities to gain precious experience.

In 2008 the Bank made it possible for twenty four student teams and one Bank Employee team to participate in the exercise. From among 370 teams which participated in the contest, 8 teams reached the Polish finals of "Euromanagement". Among them 3 were sponsored by Bank Millennium. The best team won the vice-championship title.

PROMOTION OF CULTURE

For many years Bank Millennium has been supporting valuable high-culture artistic events. Many projects have been conducted for many years.

"Golden Scepter" is a prestigious award of the Polish Culture Foundation and Bank Millennium, granted since 1999 to recognized Polish artists for "the intellectual creation of an individual or group, a group of artists, social organization, art institution, cultural or scientific movement". The award is a sculpture symbolizing a scepter by prof. Krzysztof Nitsch and one hundred ten thousand zloty. The winner may also award the "Small Scepter" and eleven thousand zloty to a young generation artist whom he/she perceives as a continuator of his/her creative work.

In 2008 the "Golden Scepter" was granted to Wojciech Młynarski for "Singing performance full of unique qualities, shaping the aesthetic and ethical sensitivity of several generations of Poles". The "Small Scepter" was awarded to a satirist, Andrzej Poniedziałki.

Bank Millennium has funded the "Golden Scepter" award and sponsored the related artistic events since its inception. Winners of the award in previous years were: Jerzy Giedroyc, Wojciech Kilar, Stanisław Lem, Roman Polański, Ewa Podleś, Sławomir Mrożek, Janusz Gajos, Tadeusz Różewicz and Maria Fołtyń.

"Pearls of Millennium" is a unique cycle promoting outstanding artistic events. The cycle, started in 2003, is organized and promoted jointly by Bank Millennium and the Polish Television.

In the fall of 2008 the "Pearls of Millennium" cycle on channel TVP1, presented remarkable documentary films, often the winners of numerous prestigious awards at film festivals.

Last year's cycle was inaugurated by showing the controversial documentary on failed women suicide bombers, entitled "Brides of Allah" directed by Natalie Assouline. In subsequent editions the following films were shown: "How it is done" by Marcel Łoziński, "My flesh and blood" by Jonathan Karsh and "Marylin Monroe" directed by Patrick Jeudy.

The "Planet Doc Review" documentary film festival is a presentation of the most outstanding documentaries, winners of the most important festivals in the world. Since 2006 Bank Millennium has sponsored and funded the main award in the festival – the "Millennium Award".

In 2008 during the fifth edition of the festival, the most interesting documentaries were presented, accompanied by a broad cross-section of documentary art genres, such as radio documentary, photography or literary reportage. Seventeen feature-length films were competing for the Millennium Award – the festival Grand Prix and eight thousand euro. International jury chaired by the Polish producer and director, Krzysztof Kopczyński, granted the main prize to a Canadian film entitled "Up the Yangtze" directed by Yung Chang.

Activities benefiting society

Bank Millennium has been supporting the National Museum in Gdańsk for more than tens years now. In 2008 the Bank sponsored the exhibition of the works by Kiejstut Bereznicki – one of the most important Polish painters, perceived as a leader of the so-called Sopot School. The exhibition at the Abbot Palace in Gdańsk-Oliwa – Contemporary Art Department of the National Museum in Gdańsk celebrated the 50 years of this distinguished artist's creative work, and was one of the highlights of this year's "Festival of Stars" in Gdańsk. The exhibition was also accompanied by an album devoted to the professor's art in the Gdańsk Academy of Fine Arts.

Bank Millennium also supports the program organized by the Nadwiślańskie Museum in Kazimierz Dolny on the Wisła, aiming at promoting the creative output of the artist community in Kazimierz Dolny. In 2008 the Bank sponsored the following exhibitions: "Piotr Potworowski", "Ludomir Śledziński and the Vilnius School" and the exhibition "Polish Jewry Painting" organized within the framework of the first congress of Jewish Art in Poland.

Bank Millennium also organizes the New Year's Concert at the Royal Castle in Warsaw for its business partners. The concert promotes young and talented classical music artists, traditionally inaugurates the new season of the Bank's activity in support of culture, education and assistance to selected foundations and organizations.

Donations in 2008

	thousand PLN
Culture	160
Charitable causes	18
Education	310
Other	178
Total	666

MEETINGS FOR CUSTOMERS AND PARTNERS

For several years now, Bank Millennium has organized meetings for its customers and partners throughout Poland. In 2008 nine meetings were held with Corporate Banking clients of Bank Millennium and Millennium Leasing. The meetings are aimed at building and strengthening relationships with customers.

Traditionally, a valuable artistic event is part of the meetings. In 2008 during the annual meetings with customers the following artists performed, amongst others: the popular pianist Waldemar Malicki "Kwartet Rampa" and Jose Torres's Cuban band accompanied by dancers from the Grand Opera House in Warsaw.

In 2009, Bank Millennium delivered a promotional and sponsorship program aimed at supporting the development of the Bank Millennium network and strengthening the brand awareness in selected cities – Kraków, Poznań and Wrocław. The program was also aimed at supporting selected local social and cultural projects, including participation in important local community events.

In Kraków Bank Millennium sponsored the "Garlands", one of the biggest open-air events in Poland. Kraków's "Garlands" event at the foot of the Wawel Hill is attended by huge numbers of the city inhabitants every year. This time they could listen to, amongst others, Jamiroquai, Smolik and Novika.

Bank Millennium was also sponsored the contest and exhibition of Kraków Creches, organized by the Historical Museum of the City of Kraków. The Bank's involvement in this event made it possible to finance prizes for the best creche makers, encouraging them to continue their creative work in the years to come and to continue the tradition of making Kraków creches.

In Poznań the Bank sponsored two events held in the Old Market Square – the Świętojański Fair and the Good Taste Festival. The purpose of both events is to promote Polish handicraft and artistic, cultural and culinary traditions.

In addition, the Bank was one of the sponsors of the celebrations of the St. Martin street holiday in Poznań on 11 November, closely linked to the city's tradition and attended every year by crowds of Poznań dwellers.

In Wrocław Bank Millennium sponsored among other things the "Garlands" and "Thanks Jimi Festival", during which nearly 2000 participants broke the Guinness record in playing the guitar at the same time.

Bank Millennium was also sponsored the 43rd edition of the world-famous and appreciated "Vratislavia Cantans" music festival.

CHARITABLE ACTIVITIES

Last year the Bank continued its cooperation with selected public benefit organizations, making donations for their statutory programs. The beneficiaries included: AIESEC association, "Okularnicy" Agnieszka Osiecka Foundation, Polish Culture Foundation, "Mam Marzenie" Foundation, "Ex Animo" Foundation, Polish-Portuguese Chamber of Commerce, "Lech Walesa Institute" Foundation and WWF Polska Foundation.

To propagate computer and Internet education among local communities and support educational programs for children and youths, in 2008 Bank Millennium donated over 300 computers to selected foundations and associations; inter alia, Gdańsk's "Hospice Foundation", "Łódź Archdiocese Caritas", the "SANUS" Disability Foundation, Stowarzyszenie Osób Niepełnosprawnych ich Rodzin i Przyjaciół na Terenie Ziemi Darowskiej i Gmin Ościennych Disability Association, the Dina Radziwiłłowa "Serce Dziecka" Foundation, the "Szczęśliwe Dzieciństwo" Foundation, the Cieszyn Silesia Health Foundation and the Kiwanis International – Club "Centrum Gdańsk" Association.

In parallel to these activities the Bank tries to encourage its Employees to participate in social projects.

In 2008 the Bank's Employees took part in the ECCO Walkathon – an event in which you "walk to raise" funds for the activity of a selected social or charitable organization.

In addition, on the initiative of the Employees, a blood donation campaign was organized during which over 20 liters of blood was collected.

In 2009 we are planning to increase the possibility of Employee participation in charitable projects through development of employee volunteerism. To learn the Employees' needs in this respect, a suggestion campaign was conducted during which Employees were asked about the leading theme of social activities conducted by the Bank.

Share your opinion with us

Thank you for reading our Report.

If you want to share your opinion about it with us
please send your comments to:

anna.klocko@bankmillennium.pl





PAWEŁ GRZEGORZ PIERŚCIŃSKI

Born on 25 May 1938 in Kielce. One of the most distinguished Polish photographers. Author of critical texts, publisher. In 1988-1989 he was the president of the Polish Art Photographers Association; Honorary president of more than ten photographic associations and the Polish Art Photographers Association. Founder and animator of an artistic trend called the "Kielce School of Landscape". He arranged his photographic works in cycles, the most outstanding of which are:

"Portrait of the Kielce Region" cycle illustrating the mathematical and geometrical model of the Polish farming landscape, "Structures", "Kielce – Włoszczowa", "Small Landscape Forms", "Landscapes with Foreground", "Photographer's Wanderings", "Photocollage", "Photomontage", "Fir Tree Forest", sociological photography, "Worker family", "Colors of Polish landscape".

Organizer of a number national exhibitions and author of photographic albums. Paweł Grzegorz Pierściński's works are found, inter alia, in the collections of: French Museum of Photography in Bievres /France/, A. Puszkina Contemporary Art Museum in Moscow /Russia/, Museum of Photography in Freiburg /Germany/, Museum of Decorative Art in Lausanne /Switzerland/, Padua AND Parma Universities /Italy/, National Library in Paris /France/, Navigator Foundation in Boston /USA/, Museum of History of Photography in Kraków, National Library in Warsaw, National Museums in Wrocław and Kielce, Contemporary Art Museum in Łódź, Gallery of Contemporary Sacral Art in Kielce, Landscape Photography Center in Łódź, Forest Culture Museum in Gołuchów, Regional Museum in Zamość and in private collections in Poland and abroad.

Paweł Grzegorz Pierściński's photographs have been exhibited at over two hundred individual and five HUNDRED collective exhibitions in Poland and abroad.

PAWEŁ PIERŚCIŃSKI'S PHOTOGRAPHS:

- page 2-3 SINUSOID
- page 4-5 EARTH
- page 8-9 LANDSCAPE GEOMETRY
- page 13 KLONÓWKA SLOPE 03
- page 14,23,29 KLONÓWKA SLOPE 02
- page 36 LANDSCAPE
- page 41 POTATO FIELD
- page 48-49 GROOVE
- page 50 JUG



JAN SPAŁWAN

Born on 2 July 1921 in Latvia. Died on 29 December 2004 in Kielce. Photographer member of the Polish Art Photographers Association. Member of the "Grupa 10 x 10" artistic group. Founder of his own photography gallery "Spałwanówka" in Brzechów in the Świętokrzyskie Mountains. Representative of the "Kielce School of Landscape". Author of a cycle of sociological photographs. Jan Spalwan's landscapes are of particular interest. They are marked by the subtlety of photographic composition, so typical of this artist. The author took part in all the artistic manifestations of the "Kielce School of Landscape". He is the author of over five hundred landscape photographs shown at over 150 exhibitions; he has left behind a collection of dozen or so thousand negatives. Author of landscape diaporamas. He was awarded numerous medals, awards, distinctions and diplomas for his works.

Jan Spalwan's works are found, among others, in the collections of:

The French Museum of Photography – Bievres /France/, Museum of Photography – Munich /Germany/, National Museum in Kielce, National Library in Warsaw, BWA Art Exhibition Center in Kielce, Forestry Museum in Gołuchów, Beekeeper's House in Kamianna and Landscape Photography Center in Łódź.

JAN SPAŁWAN'S PHOTOGRAPHS:

- page 44 ROAD
- page 60-61 CORNFIELD
- page 62,70,74-75 from the ŚWIĘTOKRZYSKIE LANDSCAPE cycle
- page 80-81 WAVY LANDSCAPE

corporate responsibility

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LAYOUT MAREK WAJDA PHOTOGRAPHS PAWEŁ PIERŚCIŃSKI, JAN SPAŁWAN PHOTO OF THE CHAIRMAN OF THE MANAGEMENT BOARD JULITA KANIA



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