

*Attachment
to the Resolution no 22/2020
of the Management Board of Bank Millennium SA
from 12/02/2020*

*Attachment
to the Resolution no. 8/2020
of the Supervisory Board of Bank Millennium SA
from 14/02/2020*

**THE POLICY OF
BANK MILLENNIUM S.A.
ON DISCLOSURE OF INFORMATION
ON RISK, OWN FUNDS, CAPITAL REQUIREMENTS,
REMUNERATION POLICY AND OTHER INFORMATION**

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Chapter 1 General provisions

- 1.1 This Policy of disclosure of information on risk, own funds, capital requirements, remuneration policy and other information (further referred to as “Policy”) aims at identifying the main issues necessary to meet the requirements of the Part Eight “Disclosure by institutions” of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (further referred to as “CRR”).
- 1.2 The Policy addresses the following issues related to disclosure of information identified in Part Eight of the CRR:
 - 1) Non-material, proprietary or confidential information,
 - 2) Frequency and deadlines of disclosure,
 - 3) Means of disclosures,
 - 4) Scope of disclosed information
 - 5) The rules of verification and approval of disclosed information,
 - 6) Mode of verification of the Strategy.
- 1.3 The Policy is approved by the Bank Millennium SA Management Board and accepted by the Bank Millennium SA Supervisory Board (further referred to as “the Bank”).
- 1.4 The Bank shall make every effort to publish the information in a way that is proper, reliable, clear so that the risk, own funds, capital requirements, the remuneration policy and other areas required for the Bank’s Capital Group are reflected on the individual and consolidated level, in accordance with applicable regulations.
- 1.5 In general, the information disclosed according to the Part Eight of the CRR is presented in the disclosure document of the Bank Millennium SA Group, and in the annual financial reports of the Bank and of the Bank Millennium SA Capital Group, and in the annual reports of the Management Board on operations of the Bank Millennium and the Bank Millennium SA Capital Group.
- 1.6 The Bank as a major subsidiary of an EU parent institution discloses mandatorily at least under Art. 13.1 of CRR the information referred to in Art. 437, 438, 440, 442, 450, 451, 453 of CRR.
- 1.7 In order to fulfil the regulation from the Art. 13.2 of CRR, the Bank also publishes the disclosure document of the Banco Comercial Portugues Group (BCP Group) on its website www.bankmillennium.pl in the Investor Relations Section. The disclosure document of the BCP Group is published at least once a year, immediately after disclosure by the BCP Group.
- 1.8 Aiming at compliance with the recommendations of the Supervisory Authorities, the Bank Millennium SA Group disclosure document shall contain information on the sums of gross losses arising from operational risk recorded in a given year, along with other information referred to in recommendation no. 17.3 of the Recommendation M by the Polish Financial Supervisory Authority (KNF).

Chapter 2 Subjective and objective scope of disclosed information

- 2.1 The Bank discloses information in the disclosure document based on the highest national level of consolidation (Bank Millennium SA Group).
- 2.2 Information disclosed in the disclosure document and document specified in the point 5.1.2 include the data on:
- 1) Objectives and strategy in risk management,
 - 2) Scope of application,
 - 3) Own funds,
 - 4) Capital requirements,
 - 5) Exposure on counterparty credit risk,
 - 6) Capital buffers,
 - 7) Global systemic importance indicators,
 - 8) Adjustments for credit risk,
 - 9) Assets unencumbered,
 - 10) Usage of ECAI,
 - 11) Exposure on market risk,
 - 12) Exposure on operational risk,
 - 13) Exposure on equities not included in the trading book,
 - 14) Exposure on interest rate risk not included in trading book,
 - 15) Exposure on securitization positions,
 - 16) Remuneration policy,
 - 17) Financial leverage,
 - 18) Usage of the IRB method for credit risk,
 - 19) Usage of credit risk mitigation techniques,
 - 20) Usage of Advanced Measurement Approach for operational risk,
 - 21) Usage of internal models of market risk measurement.

Chapter 3 *Non-material, proprietary or confidential information*

- 3.1 In order to provide market participants with a comprehensive picture of the risk profile, the Bank extends the scope of obligatory disclosures presented in the disclosure document, by disclosing all the information specified in Part Eight of CRR from Art. 437 to Art. 455 of CRR.
- 3.2 The disclosure document contains an appropriate comment also in a situation where the Bank does not have the relevant information required under the scope of the disclosures specified in Part Eight of CRR (for example because of absence of the given business activity or absence of the given risk measurement method), or the information in question does not apply to the Bank.
- 3.3 The Bank may omit one or more of the disclosures according to the required scope of disclosure, presented in the Part Eight of the CRR, provided information being subject to such disclosures is not regarded as material. Qualifying information as not material requires the Bank's Management Board decision, included in the resolution approving the disclosure document.
- 3.4 Information in disclosures shall be regarded as immaterial if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

- 3.5 The Bank may omit one or more items of information included in the disclosures required as presented in the Part Eight of the CRR if those items include information which is regarded as proprietary or confidential.
- 3.6 Information shall be regarded as proprietary if disclosing it publicly would undermine the Bank's or Group's competitive position or it results from separate regulations.
- 3.7 Information shall be regarded as confidential if there are obligations of the Bank or Group to customers or other counterparty relationships binding an institution to confidentiality, or it results from separate regulations.
- 3.8 The Bank does not omit the disclosure of information due to insignificance, recognition as proprietary or confidential, regarding the information referred to in Art. 435.2.c. of CRR (annually updated information regarding strategies for differentiation with respect to the election of the members of the management body, its objectives and any relevant tasks set out in this policy and the extent to which these objectives and targets are achieved), in Art. 437 of CRR (Own funds) and 450 of CRR (Remuneration policy).
- 3.9 The Bank does not publish any information protected under the law.

Chapter 4 Frequency of disclosure

- 4.1 Information published according to the Policy is published at least on an annual basis.
- 4.2 Bank discloses information required by EU regulations in form of tables/templates included in the Attachment no 1 to the Policy, according to the disclosure frequency defined therein (quarterly, semi-annual, annual).
- 4.3 Disclosed information are published in conjunction with a date of publication of financial statements, what does not mean that the publication has to take place on the same day. Bank strives to ensure that these dates are as close as possible.
- 4.4 If during the fiscal year an event influencing substantially the information to be disclosed happens, the Bank shall announce the information on occurrence of such event in form of the current report, conforming separate regulations. In case information on occurrence of such an event does not fulfil the criteria of information being subject to announcement in form of the current report published according to the relevant regulations applying to the public companies, then the Bank shall announce such information on its website www.bankmillennium.pl in the Investor Relations Section.
- 4.5 Events influencing substantially the information to be disclosed, which disclosure should occur more than once a year, refer especially to substantial changes in Own funds (Art. 437 of CRR), capital requirements (Art. 438 letters c)-f) and risk exposures.

Chapter 5 Means of disclosures

- 5.1 Information disclosed according the Part Eight of CRR is announced by the Bank in the following documents:
- 1) disclosure document titled “Capital Adequacy, Risk, Remuneration Policy Report of Bank Millennium Capital Group”, published once a year at the date in conjunction with a date of publication of financial statements, according to the point no. 4.3 of the Policy;
 - 2) Mid-year data in the form of tables included in the Attachment no 1 to the Policy (further referred as to: mid-year data);
 - 2) annual financial reports of the Bank and the Bank Millennium SA Capital Group and the annual reports of the Management Board on operations of the Bank and the Bank Millennium SA Capital Group;
 - 3) other documents, including current or quarterly reports, primarily including information specified in the point 4.4 and 4.5 of the Strategy.
- 5.2 The disclosed information is published in Polish and in English, at the website www.bankmillennium.pl, in the Investor Relations Section.

Chapter 6 Rules of review of the Policy and of verification and confirmation of the published information

- 6.1 The following Policy is subject to review at least once a year.
- 6.2 The review of the Policy is made by the Risk Department.
- 6.3 The Policy is updated more than once a year, in particular in case there is a change of any applicable law or recommendations of the Supervisory Authorities.
- 6.4 Changes to the Policy are implemented in the mode that is adequate to its implementation and approval (specified in the point 1.3.).
- 6.5 The process of formulating and rules of verification of the disclosure document and mid-year data, including verification of information specified in the point 2.2., are presented in the attachment to the following Policy. The Attachment shall not be published due to its character (internal technical procedure).
- 6.6 The disclosure document is approved by the Bank’s Board of Directors, which declares that the information included in it are adequate and accurate and the applied risk management systems are relevant for Bank Millennium SA and the Group.
- 6.7 Mid-year data is approved by a member of Management Board.

ATTACHMENT 1 *Tables on disclosed information in EU documents*

No	Name	Title	Publication frequency		
			Quarterly	Semi-annual	Annual
EBA/GL/2016/11 - Guidelines on disclosure requirements under Part Eight of CRR					
1	EU LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories			X
2	EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements			X
3	EU OV1	Overview of RWA	X	X	X
4	EU CRB-B	Total and average net amount of exposures			X
5	EU CRB-C	Geographical breakdown of exposures			X
6	EU CRB-D	Concentration of exposures by industry or counterparty types			X
7	EU CRB-E	Maturity of exposures			X
8	EU CR1-A	Credit quality of exposures by exposure classes and instruments		X	X
9	EU CR1-B	Credit quality of exposures by industry or counterparty types		X	X
10	EU CR1-C	Credit quality of exposures by geography		X	X
11	EU CR2-A	Changes in stock of general and specific credit risk adjustments		X	X
12	EU-CR2-B	Changes in stock of of defaulted and impaired loans and devt securities		X	X
13	EU CR3	Credit risk mitigation techniques - overview		X	X
14	EU CR4	Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects		X	X
15	EU CR5	Standardised approach		X	X
16	EU CR6	IRB - Credit risk exposures by exposure class and PD range		X	X
17	EU CR8	RWA flow statements of credit risk exposures under IRB	X	X	X
18	EU CR9	IRB - backtesting of probability of default (PD) per exposure class			X
19	EU CCR1	Analysis of the counterparty credit risk (CCR) exposure by approach		X	X
20	EU CCR2	Credit valuation adjustment *CVA) capital charge		X	X
21	EU CCR8	Exposure to central counterparties		X	X
22	EU CCR3	Standardised approach - CCR exposures by regulatory portfolio and risk		X	X
23	EU CCR5-B	Composition of collateral for exposures to counterparty credit risk		X	X
24	EU MR1	Market risk under standardised approach		X	X
Commission Delegated regulation (EU) 2017/2295 - supplementing CRR with regard to disclosure of encumbered and unencumbered assets					
1	Template A	Encumbered and unencumbered assets			X
2	Template B	Collateral received			X
3	Template C	Sources of encumbrance			X
EBA/GL/2018/01 - Guidelines on uniform disclosures as regards the transitional period for					

mitigating the impact of the introduction of IFRS 9 on own funds					
1	IFRS 9-FL	Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs	X	X	X
EBA/GL/2017/01 - Guidelines on LCR disclosure					
1	EU LIQ1	LCR disclosure template			X
EBA/GL/2018/10 - Guidelines on disclosure of non-performing and forborne exposures					
1	Template 1	Credit quality of forborne exposures			X
2	Template 3	Credit quality of performing and non-performing exposures by past-due days			X
3	Template 4	Performing and non-performing exposures and related provisions			X
4	Template 9	Collateral obtained by taking possession and execution processes			X
Commission Delegated regulation (EU) 1423/2013 on disclosure on own funds					
1	1	Capital instruments' main features template			X
2	2	Own funds disclosure template			X
3	3	Transitional own funds disclosure template			X
Commission Implementing Regulation (EU) 2016/200 with regard to disclosure of the leverage ratio					
1	LRCOM	Leverage ratio common disclosure		X	X

ATTACHMENT 2 The rules concerning the preparation and verification of the disclosure document and mid-year data and assessment of adequacy of disclosed information

1. The unit of the Bank responsible for preparation of the disclosure document and mid-year data and for coordination of the process is the Risk Department, Capital Calculation and Risk Integration Unit (DMR-WKK).
2. The units of the Bank responsible for preparation of the substantive part of information are:
 - 1) HR Department - for information on human resources matters, recruitment policy, strategy of selection of members of the management body, remuneration policy and quantitative information on remuneration,
 - 2) Department of Finance and Reporting - for information on the scope of consolidation, own funds, unencumbered assets, and some mid-year data,
 - 3) Risk Department (reliable units and/teams) - regarding other information, unless among other information are those that remain the responsibility of another organizational unit of the Bank. In case of identification of such other information, Risk Department requests the organizational unit to prepare the relevant information.
3. Under preparation of the substantive content of information, the organizational units of the Bank strive to present the information which is adequate to the required scope of disclosures and to provide the most comprehensive picture of the Bank's risk profile.
4. The units mentioned in the point no. 2 of the Attachment provide required information in line with the timetable delivered by Risk Department.
5. The timetable includes:
 - 1) assignment of tasks and roles in the process to organizational units
 - 2) determination of persons responsible for verification and authorization of data before their delivery to Risk Department
 - 3) deadlines for completion of particular tasks, including the provision of adequate time for independent verification of a complete disclosure document draft.
6. The information provided, both quantitative and qualitative, is verified and formally approved before sending it to DMR-WKK by the Heads of the Bank's organizational entities, while for other units/teams of Risk Department, by the managers of these units/teams.
7. Information and data in a draft of an disclosure document are verified by DMR-WKK in terms of compliance with financial report and Management Board report and other reports.
8. Disclosure document is assessed by Investor Relations Department in scope of a potential informational expectations of investors (market participants).
9. After elaborating a draft of final disclosure document, it is subject of independent assessment and verification performed by Internal Audit Department (DAW), in

particular regarding adequacy of the disclosed information in relation to the scope of disclosure required by CRR and GL/2016/11.

10. The document project, which has been previously agreed with the Internal Audit Department, is presented for acceptance to the Bank's Management Board.
11. The disclosure document is accepted by the Bank's Management Board in form of the resolution.
12. After approval of the document by the Bank's Management Board it is published on the Bank's website, according to the provisions included in the Policy.
13. After elaboration, mid-year data are verified and accepted by the Heads of responsible organizational entities and then approved by a member of Management Board.