

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

The uniform text of the document was adopted by the Supervisory Board of Bank Millennium S.A. in the Resolution No. 44/2021 on the meeting dated 23 July 2021

**CHAPTER 1 GENERAL PROVISIONS ..... 4**

**CHAPTER 2 SUBJECTIVE AND OBJECTIVE SCOPE OF DISCLOSED INFORMATION ..... 5**

**CHAPTER 3 NON-MATERIAL, PROPRIETARY OR CONFIDENTIAL INFORMATION ..... 5**

**CHAPTER 4 FREQUENCY OF DISCLOSURE..... 6**

**CHAPTER 5 MEANS OF DISCLOSURES ..... 7**

**CHAPTER 6 RULES OF REVIEW OF THE POLICY AND OF VERIFICATION AND  
CONFIRMATION OF THE PUBLISHED INFORMATION ..... 7**

**ATTACHMENT 1 REPORTS ON EXPOSURE TO RISK - MID-YEAR DATA, ACCORDING TO  
COMMISSION IMPLEMENTING REGULATION (EU) 2021/637 OF 15 MARCH ..... 9**

## 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 876/2019 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (further referred to as “CRR II”).
- 1.2 The Policy addresses the following issues related to disclosure of information identified in Part Eight of the CRR II:
- 1) Non-material, proprietary or confidential information,
  - 2) Frequency and scope of disclosures,
  - 3) Means of disclosures,
  - 4) Uniform disclosure formats,
  - 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 The Bank shall make every effort, that its disclosures convey a risk profile of the Bank and the Group comprehensively to market participants.
- 1.6 All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.
- 1.7 In general, the information disclosed is presented in a yearly reports on risk, own funds and remuneration policy the Bank Millennium S.A. Group, and in the annual financial reports of the Bank and of the Bank Millennium S.A. Capital Group, and in the annual reports of the Management Board on operations of the Bank Millennium and the Bank Millennium SA Capital Group. Information disclosed on a quarterly and half-year basis is presented in reports on risk exposure.
- 1.8 The Bank and the Group are large subsidiaries within the meaning of the CRR II<sup>1</sup>, therefore they disclose information defined in art. 437, 438, 440, 442, 450, 451, 451a and 453 od CRR II.

---

<sup>1</sup> Art. 13.1 of CRR II

- 1.9 the Bank publishes also the disclosure document of the Banco Comercial Portugues Group (BCP Group) on its website [www.bankmillennium.pl](http://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.

## **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 policies in risk management,
  - 2) Scope of application,
  - 3) Own funds,
  - 4) Own funds and eligible liabilities,
  - 5) Own funds requirements and risk-weighted exposure amounts,
  - 6) Exposure on counterparty credit risk,
  - 7) Countercyclical capital buffers,
  - 8) Global systemic importance indicators,
  - 9) Exposures to credit risk and dilution risk,
  - 10) Encumbered and unencumbered assets,
  - 11) Use of the Standardised Approach,
  - 12) Exposure on market risk,
  - 13) Operational risk management,
  - 14) Key metrics,
  - 15) Exposure to interest rate risk on positions not held in the trading book,
  - 16) Exposure to securitization positions,
  - 17) Environmental, social and governance risks (ESG risks),
  - 18) Remuneration policy,
  - 19) Leverage ratio,
  - 20) Liquidity requirements,
  - 21) Usage of the IRB method for credit risk,
  - 22) Usage of credit risk mitigation techniques,
  - 23) Usage of Advanced Measurement Approach for operational risk,
  - 24) 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 II from Art. 435 to Art. 455 of CRR II.
- 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 II (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 II, 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 II 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 II (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 II (Own funds) and 450 of CRR II (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<sup>2</sup> 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 on the same date as the date of publication of financial statements or as soon as possible thereafter. Bank strives to ensure that these dates are as close as possible, considering the need to comply with supervisory reports<sup>3</sup>.

---

<sup>2</sup> Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

<sup>3</sup> Dates of publication of supervisory reports are set in Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No

- 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](http://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. 437a of CRR II), capital requirements (Art. 438) and risk exposures.

## **Chapter 5 Means of disclosures**

- 5.1 Information disclosed according the Part Eight of CRR II 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) reports on risk exposure 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 S.A. Capital Group and the annual reports of the Management Board on operations of the Bank and the Bank Millennium S.A. 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](http://www.bankmillennium.pl), in the Investor Relations Section, capital adequacy.

## **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 two years.
- 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 Reports on exposure to risk - mid-year data, according to Commission Implementing Regulation (EU) 2021/637 of 15 march**

No	Name	Title	Publication frequency		
			Quarterly	Semi-annual	Annual
1	EU KM1	Key metrics template	X	X	X
2	EU OV1	Overview of risk weighted exposure amounts	X	X	X
3	EU OVC	ICAAP information			X
4	EU INS2	Insurance participations			X
5	EU INS2	Financial conglomerates information on own funds and capital adequacy ratio			X
6	EU OVA	Institution risk management approach			X
7	EU OVB	Disclosure on governance arrangements			X
8	EU LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories			X
9	EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements			X
10	EU LI3	Outline of the differences in the scopes of consolidation (entity by entity)			X
11	EU LIA	Explanations of differences between accounting and regulatory exposure amounts			X
12	EU-PV1	Prudent valuation adjustments (PVA)			X
13	EU LIB	Other qualitative information on the scope of application			X
14	EU CC1	Composition of regulatory own funds		X (point (a) of Article 437)	X
15	EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements		X	X
16	EU CCA	Main features of regulatory own funds instruments and eligible liabilities instruments			X
17	EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer		X	X
18	EU CCyB2	Amount of institution-specific countercyclical capital buffer		X	X
19	EU LR1 - LRSum	Summary reconciliation of accounting assets and leverage ratio exposures		X	X
20	EU LR2 - LRCom	Leverage ratio common disclosure		X (for rows up to row 28)	X (for rows 28 to 31a)
21	EU LR3Spl	Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		X	X
22	EU LRA	Disclosure of qualitative information on leverage ratio			X
23	EU LIQA	Liquidity risk management			X
24	EU LIQ1	Quantitative information of LCR	X	X	X
25	EU LIQB	Qualitative information on LCR, which complements template EU LIQ1	X	X	X
26	EU LIQ2	Net Stable Funding Ratio		X	X
27	EU CRA	General qualitative information about credit risk			X
28	EU CRB	Additional disclosure related to the credit quality of assets			X
29	EU CR1	Performing and non-performing exposures and related provisions		X	X
30	EU CR1-A	Maturity of exposures		X	X
31	EU CR2	Changes in the stock of non-performing loans and advances		X	X

33	EU CR2a	Changes in the stock of non-performing loans and advances and related net accumulated recoveries		X	X
34	EU CQ1	Credit quality of forbore exposures		X	X
35	EU CQ2	Quality of forbearance		X	X
36	EU CQ3	Credit quality of performing and non-performing exposures by past due days			X
36	EU CQ4	Quality of non-performing exposures by geography		X	X
37	EU CQ5	Credit quality of loans and advances by industry		X	X
38	EU CQ 6	Collateral valuation - loans and advances		X	X
39	EU CQ7	Collateral obtained by taking possession and execution processes		X	X
40	EU CQ8	Collateral obtained by taking possession and execution processes - vintage breakdown		X	X
41	EU CRC	Qualitative disclosure requirements related to CRM techniques			X
42	EU CR3	CRM techniques overview: Disclosure of the use of credit risk mitigation techniques		X	X
43	EU CRD	Qualitative disclosure requirements related to standardized model			X
44	EU CR4	Standardized approach - Credit risk exposure and CRM effects		X	X
45	EU CR5	Standardized approach		X	X
46	EU CRE	Qualitative disclosure requirements related to IRB approach			X
47	EU CR6	IRB approach - Credit risk exposures by exposure class and PD range		X	X
48	EU CR6-A	Scope of the use of IRB and SA approaches			X
49	EU CR7	IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques		X	X
50	EU CR7-A	IRB approach - Disclosure of the extent of the use of CRM techniques		X	X
51	EU CR8	RWEA flow statements of credit risk exposures under the IRB approach	X	X	X
52	EU CR9	IRB approach - Back-testing of PD per exposure class (fixed PD scale)			X
53	EU CR9.1	IRB approach - Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)			X
54	EU CR10	Specialised lending and equity exposures under the simple risk weighted approach		X	X
55	EU CCRA	Qualitative disclosure related to CCR			X
56	EU CCR1	Analysis of CCR exposure by approach		X	X for point m
57	EU CCR2	Transactions subject to own funds requirements for CVA risk		X	X
58	EU CCR3	Standardised approach - CCR exposures by regulatory exposure class and risk weights		X	X
59	EU CCR4	IRB approach - CCR exposures by exposure class and PD scale		X	X
60	EU CCR5	Composition of collateral for CCR exposures		X	X
61	EU CCR6	Credit derivatives exposures		X	X
62	EU CCR7	RWEA flow statements of CCR exposures under the IMM	X	X	X
63	EU CCR8	Exposures to CCPs		X	X
64	EU SECA	Qualitative disclosure requirements related to securitisation exposures			X
65	EU SEC1	Securitisation exposures in the non-trading book		X	X
66	EU SEC2	Securitisation exposures in the trading book		X	X
67	EU SEC3	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor		X	X
68	EU SEC4	Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor		X	X
69	EU SEC5	Exposures securitised by the institution - Exposures		X	X

		in default and specific credit risk adjustments			
70	EU MR1	Market risk under the standardised approach		X	X
71	EU MRA	Qualitative disclosure requirements related to market risk			X
72	EU MRB	Qualitative disclosure requirements for institutions using the internal Market Risk Models			X
73	EU MR2-A	Market risk under the internal Model Approach (IMA)		X	X
74	EU MR2-B	RWA flow statements of market risk exposures under the IMA	X	X	X
75	EU MR3	IMA values for trading portfolios		X	X
76	EU MR4	Comparison of VaR estimates with gains/losses		X	X
77	EU ORA	Qualitative information on operational risk			X
78	EU OR1	Operational risk own funds requirements and risk-weighted exposure amounts			X
79	EU REMA	Remuneration policy			X
80	EU REM1	Remuneration awarded for the financial year			X
81	EU REM2	Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)			X
82	EU REM3	Deferred remuneration			X
83	EU REM4	Remuneration of 1 million EUR or more per year			X
84	EU REM5	Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)			X
85	EU AE1	Encumbered and unencumbered assets			X
86	EU AE2	Collateral received and own debt securities issued			X
87	EU AE3	Sources of encumbrance			X
88	EU AE4	Accompanying narrative information			X

