



# BANK MILLENNIUM GROUP

## INSTITUTIONAL PRESENTATION

June 2022

# AGENDA

1.

Macroeconomic  
environment  
in Poland

2.

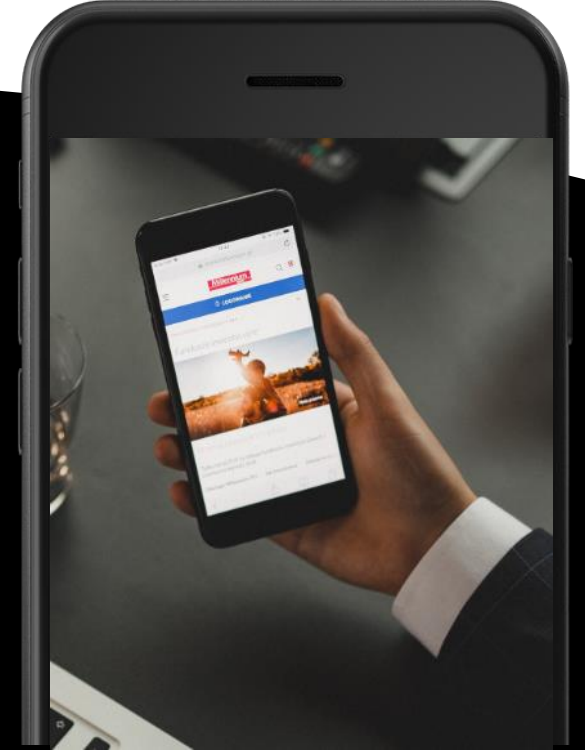
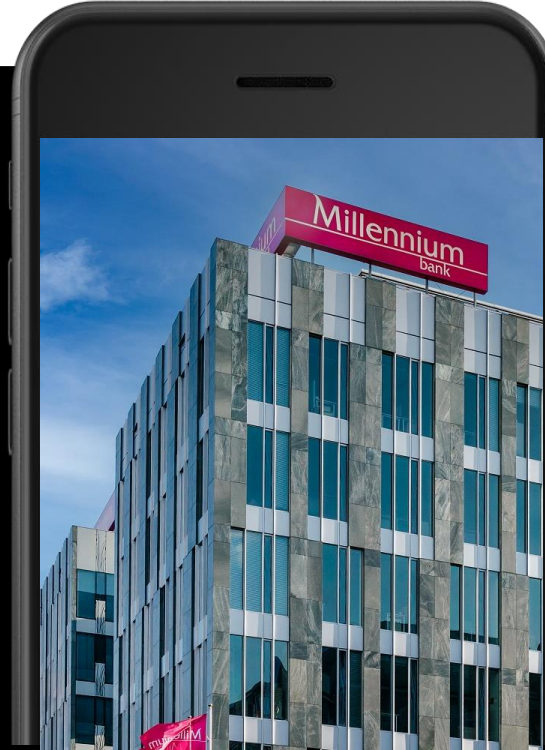
Banking sector  
in Poland

3.

Bank Millennium  
general overview  
and strategy

4.

Financial  
performance



A hand holding a black marker is drawing a line graph on a grid background. The graph features several jagged lines and two large, dark, teardrop-shaped markers. The overall image has a light blue and white color scheme with a curved bottom edge.

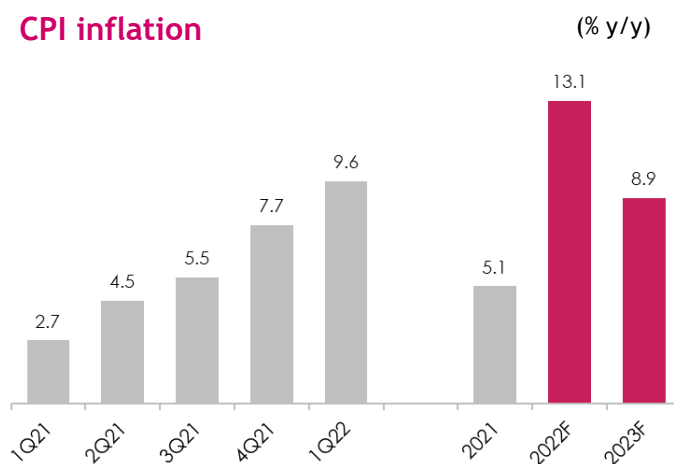
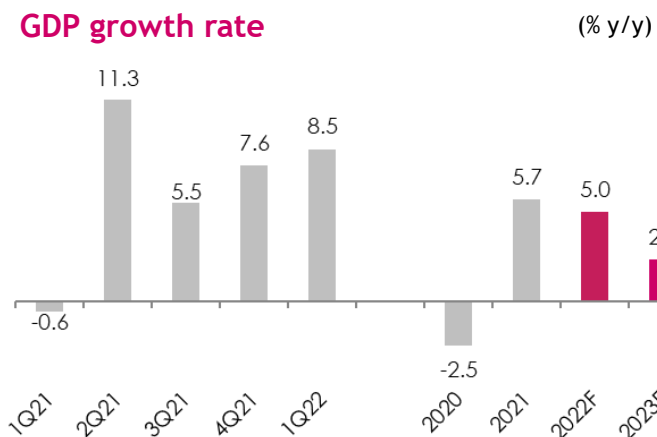
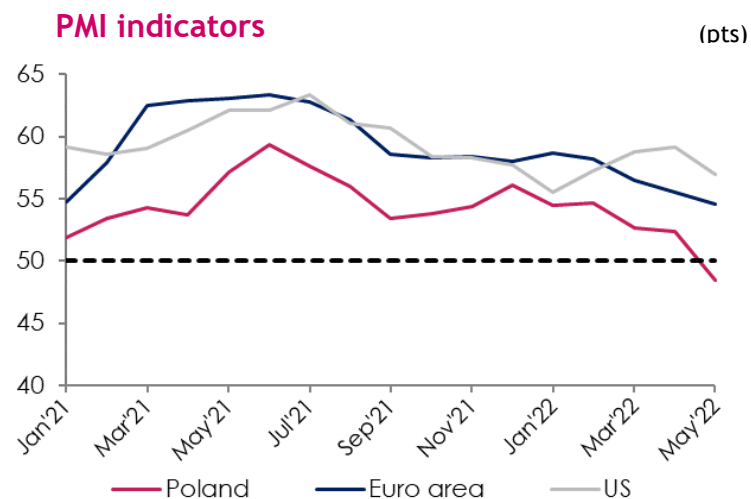
# 01

## **BANK'S PRESENTATION**

**Macroeconomic environment  
in Poland**

# MACROECONOMIC OVERVIEW

## Economy

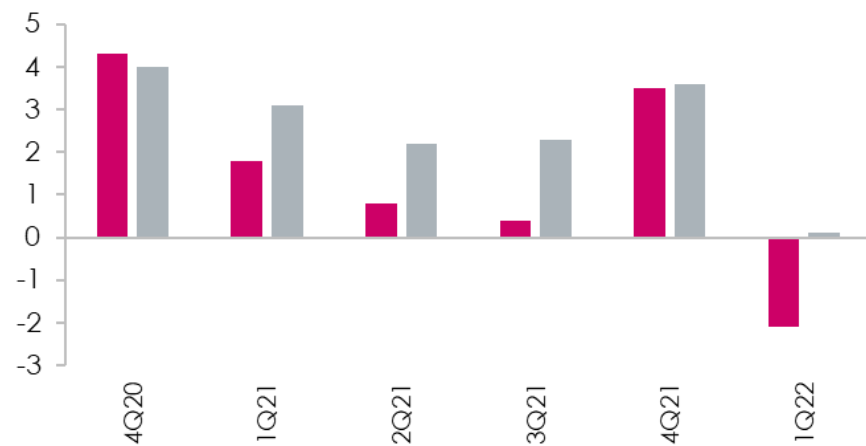


Due to rebuilding inventories and consumption bolstered by demand related to the inflow of refugees GDP in Poland increased in 1Q 22 by a very strong 8.5% y/y, despite high inflation. The outlook for the growth and inflation deteriorates after the outbreak of the war in Ukraine. Expectations for 2023 are pessimistic as substantially higher inflation and higher interest rates will likely curb private consumption. Inflation will stay much above NBP target in coming two years driven by higher energy and food prices as well as tight labour market.

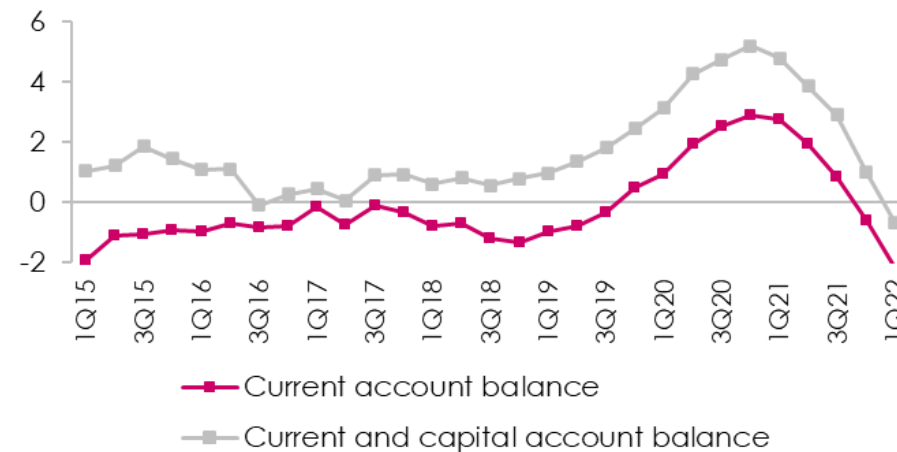
# MACROECONOMIC OVERVIEW

## Economy

Exports and import according to national accounts (sa, % q/q)



Current and capital account balance (% GDP)



General government result\* (% GDP)



Public debt\* (% GDP)

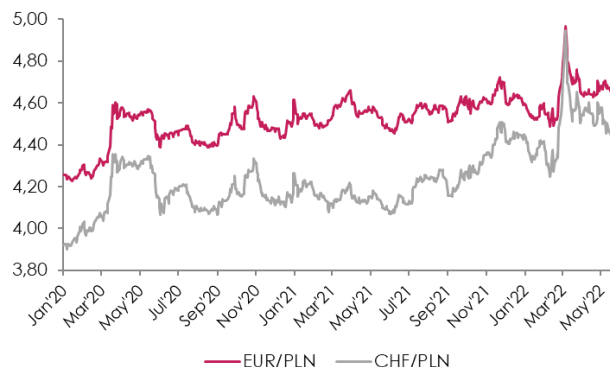




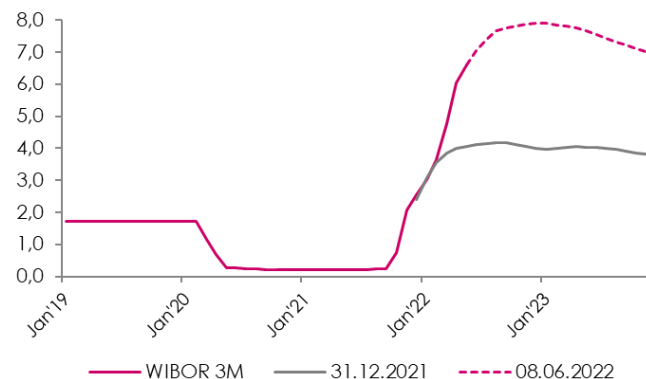
# MACROECONOMIC OVERVIEW

## Financial markets

### EUR/PLN and CHF/PLN exchange rates

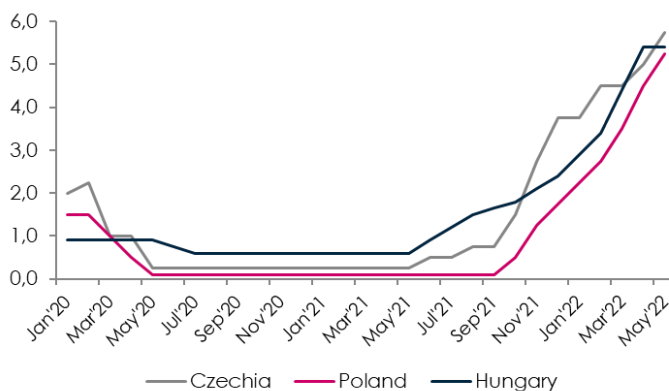


### WIBOR 3M and market expectations (%)



Due to mounting inflation the Monetary Policy Council continued monetary policy tightening in an aggressive pace. The MPC hiked the reference rate to 6.00% in June 2022, the highest level since mid-2008. Expected continuation of the tightening in coming months exerts negative pressure on bonds' valuation. Yields of Polish T-bonds quickly jumped to decade highs chasing also the similar trends in core-bonds market. Polish Zloty depreciated substantially just after the outbreak of the war and reversed from its multi-year high in 2Q. Because of geopolitical risks, market volatility remains high.

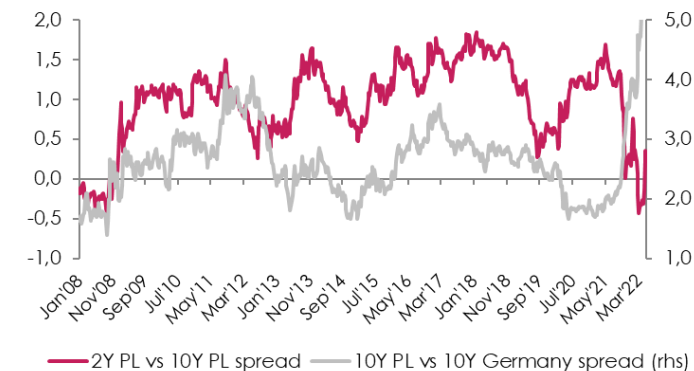
### Official interest rates in CEE countries (%)



### Polish T-bonds yields (%)



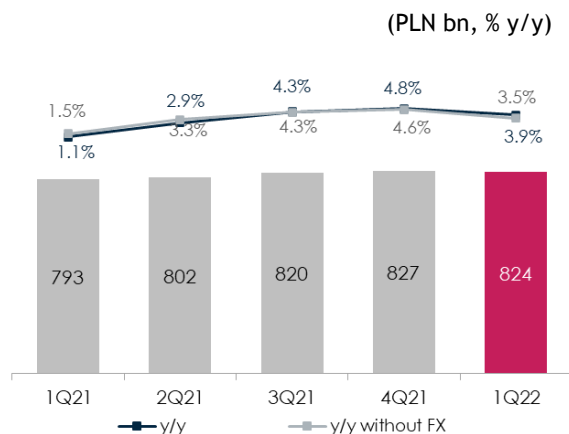
### Polish T-bond curve slope and spread to Bund (%)



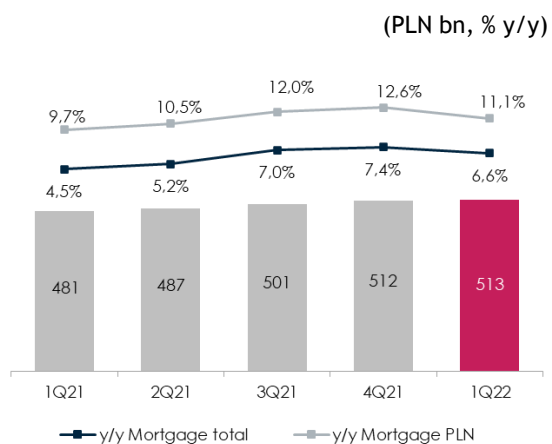
# MACROECONOMIC OVERVIEW

## Monetary aggregates

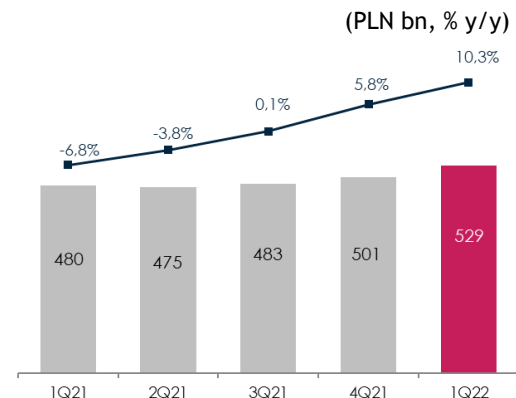
### Loans to households



### Mortgage loans

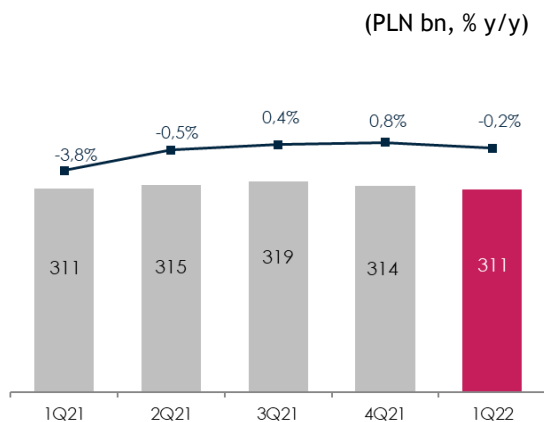


### Loans to corporates

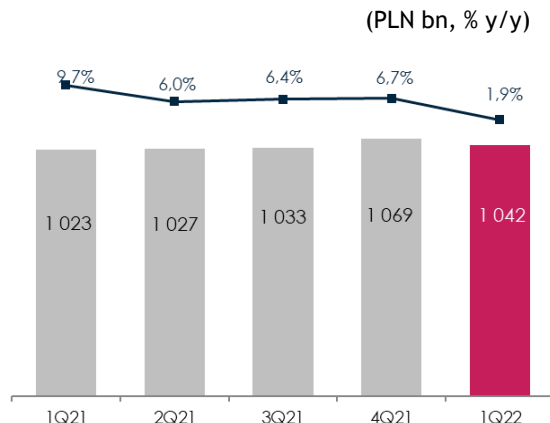


At the end of Mar'22 the value of loans to households was only slightly lower than in Dec'21 as a decrease in consumer loans was mitigated by a further increase in mortgage loans. Production of new loans to households is slowing due to of higher interest rates. Corporate loans rebuilt in 1Q22, largely due to higher overdrafts.

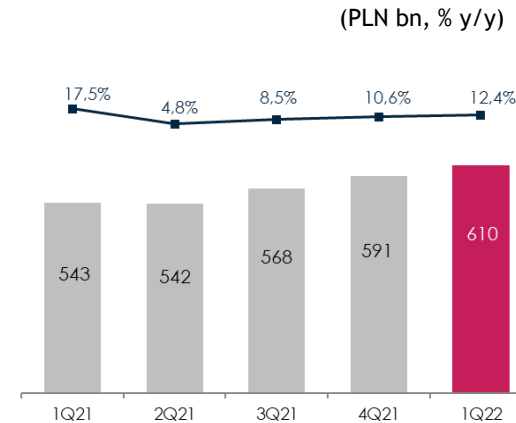
### Households: non-mortgage loans



### Deposits from households



### Deposits from corporates



Value of deposits in the banking sector was in Mar'22 lower than in Dec'21, due to cash withdrawals as a consequence of outbreak of war in Ukraine and increased demand for treasury bonds.



# INSTITUTIONAL PRESENTATION

Banking sector in Poland



# POLISH BANKING SECTOR OVERVIEW (\*)

**30 fully registered banks**, 502 co-operative banks (active mainly in rural areas of the country) and additional **36 international** banks acting in Poland in a form of branch

Around **11k banking outlets (5.2k branches)** and c142 thousand persons employed in the sector

**Top 5 banks** in Poland comprise **50% of total assets** of the sector and top 10 make 72%, but consolidation of the sector continues, 46% share of assets of State controlled banks

Highest standards in **modern technology** implementation (e.g. mobile users, pay-pass payments) and **quality** of service



**Strong resilience during the pandemic crisis** - only one bank was subject to resolution procedure (due to pre-pandemic issue), fall-outs of small co-operative banks

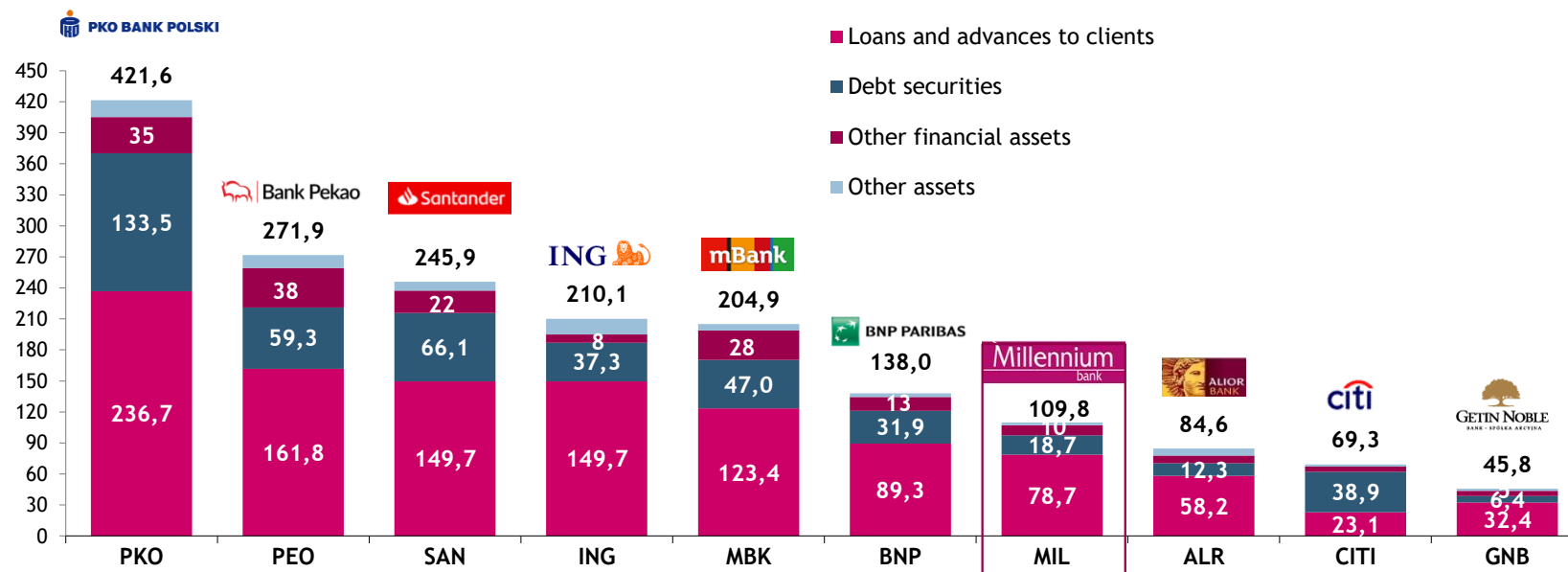
Strong banking supervision and **high level of solvency** of Polish banks (average TCR = 19.5%, CET1 = 17.5%\*\* ) confirmed by stress tests

**Comfortable liquidity** (L/D = 76%) supported margins

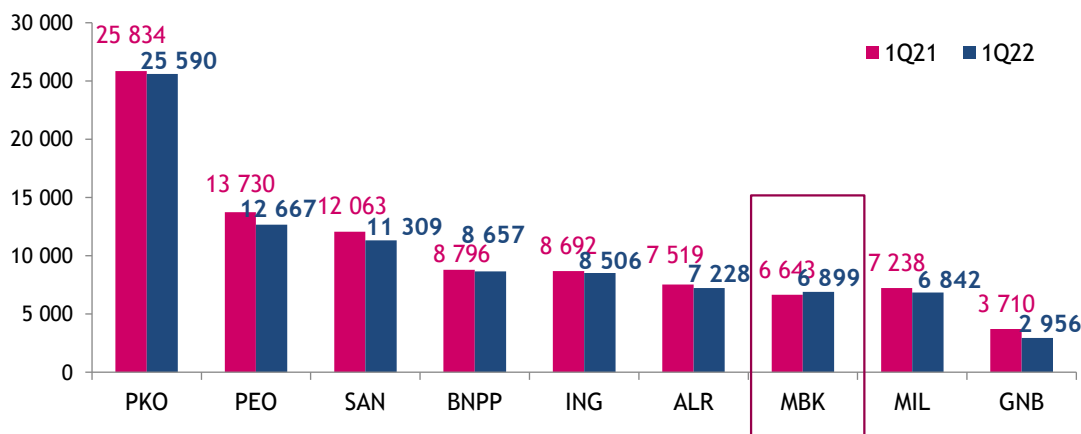
**Profitability under pressure** due to high obligatory burdens: new banking tax (highest in Europe), guarantee fund payments and regulatory limits on many fees (insurance, interchange, mutual funds)

# BM IS POLAND'S #7 BANK BY ASSETS

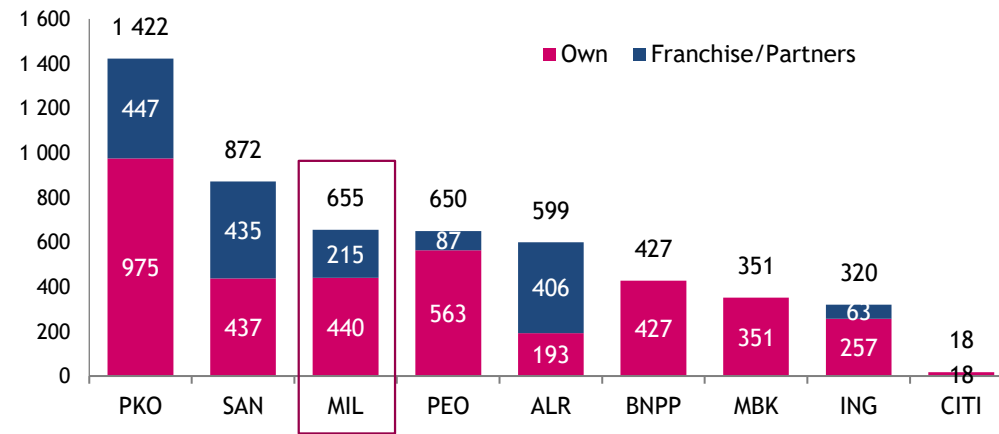
As at 31 March 2022 (PLN bn)



## Total headcount\*



## Total distribution network

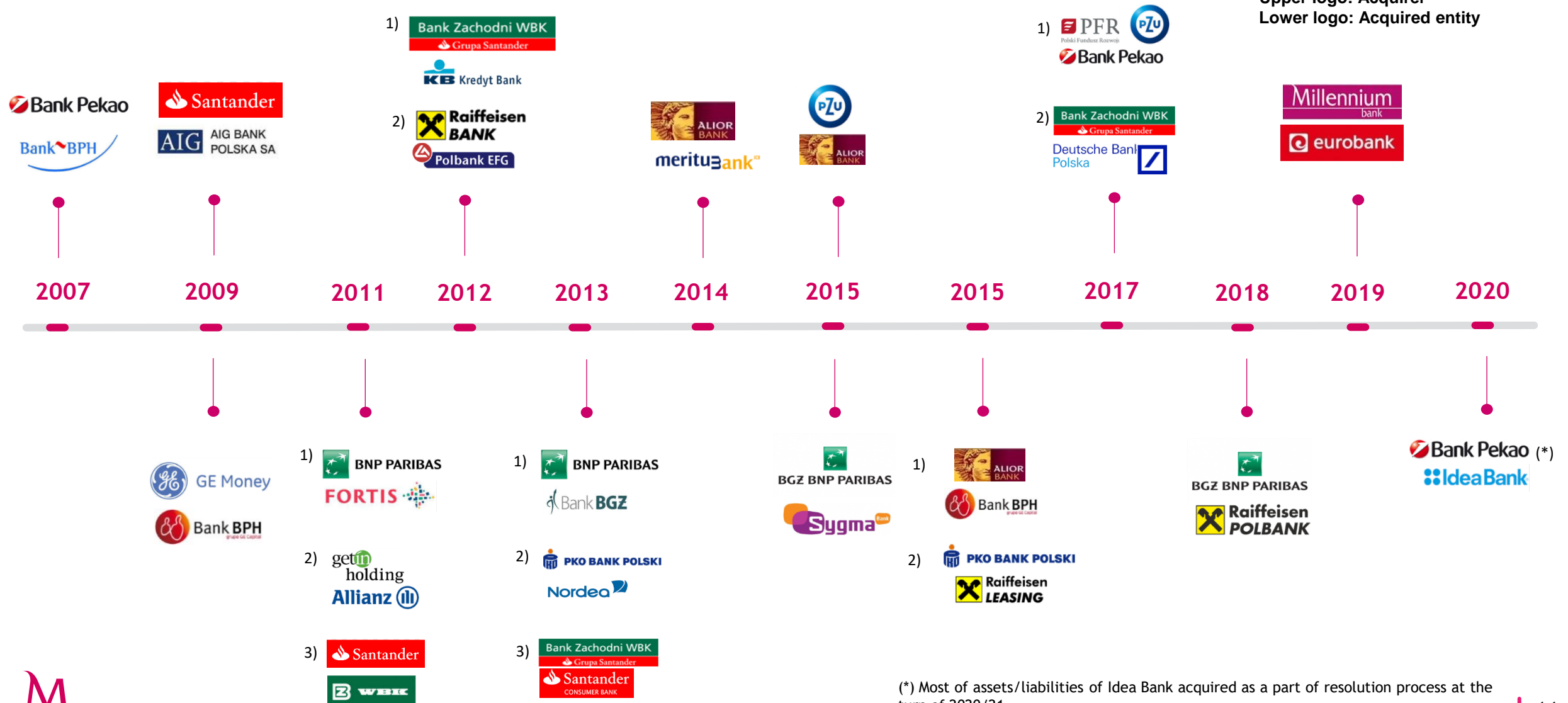


(\*) Total FTEs

Source: publicly available financial reports of peer banks. GNB employment and distribution network only for 3Q21.

# RECENT M&A TRANSACTIONS IN THE POLISH BANKING SECTOR

Upper logo: Acquirer  
Lower logo: Acquired entity



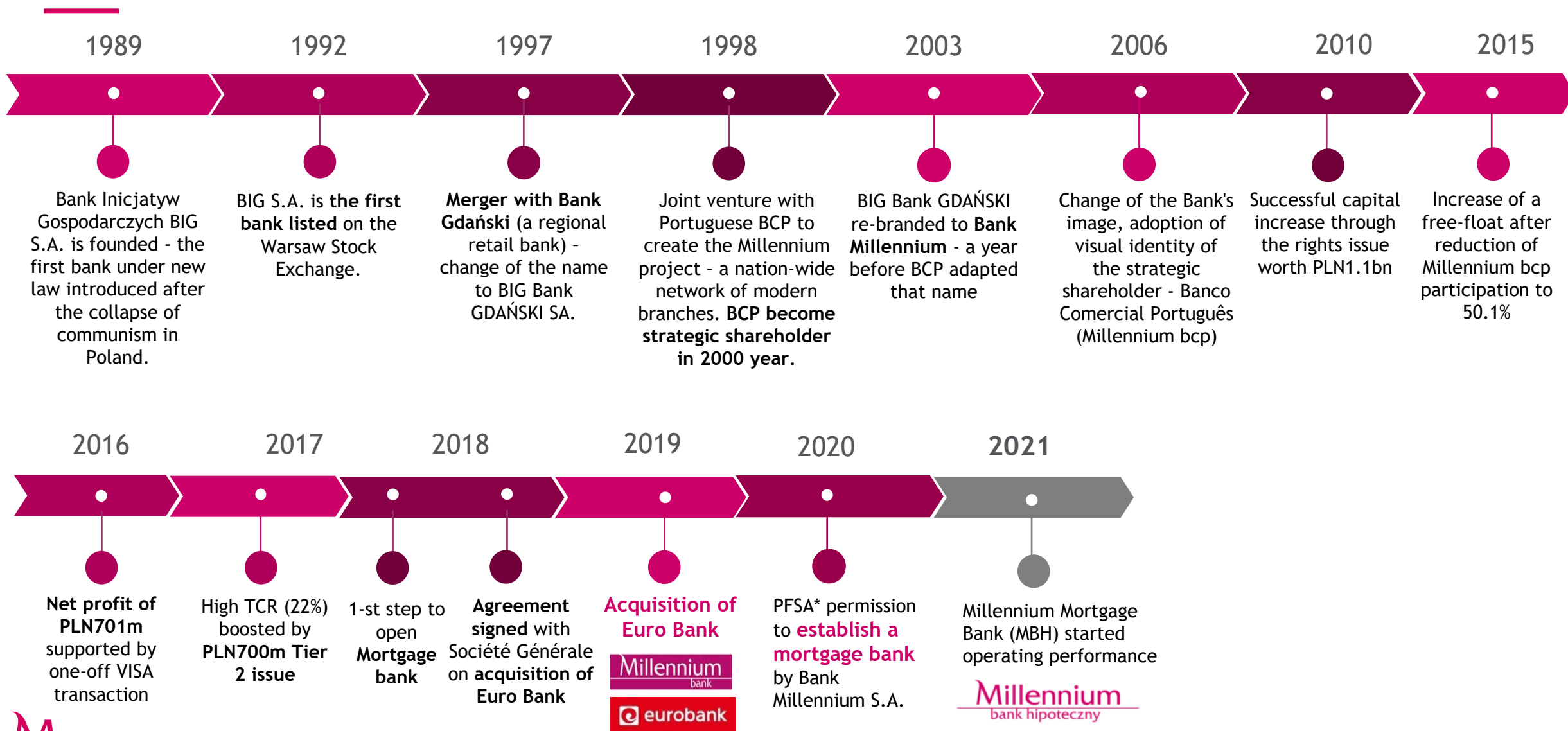
(\*) Most of assets/liabilities of Idea Bank acquired as a part of resolution process at the turn of 2020/21



# INSTITUTIONAL PRESENTATION

Bank Millennium general overview and strategy

# HISTORY OF BANK MILLENNIUM AT A GLANCE





# OVERVIEW OF STRATEGIES FROM 'BEFORE COVID'



## 2009-2011: “Managing through the crisis”

- Conservative liquidity management, strengthening capital ratios
- Improved risk management
- Improving core profitability drivers
- Restructuring of distribution platform, improving efficiency through strict cost management



## 2012-2014: “Rebalancing the business model for profitability”

- Rebalanced product mix (e.g., mortgage vs. cash loan, term vs. other deposits), deposits price optimization
- Setting Corporate lending on a growth track with new targeting tools and RM management models
- Focus on strengthening competitive advantage (online, mobile, quality, customer intelligence)
- Further reduced operating expenses by strict admin. cost management and lean initiatives



## 2015-2017: “Focus on profitability preservation, while keeping organic growth target”

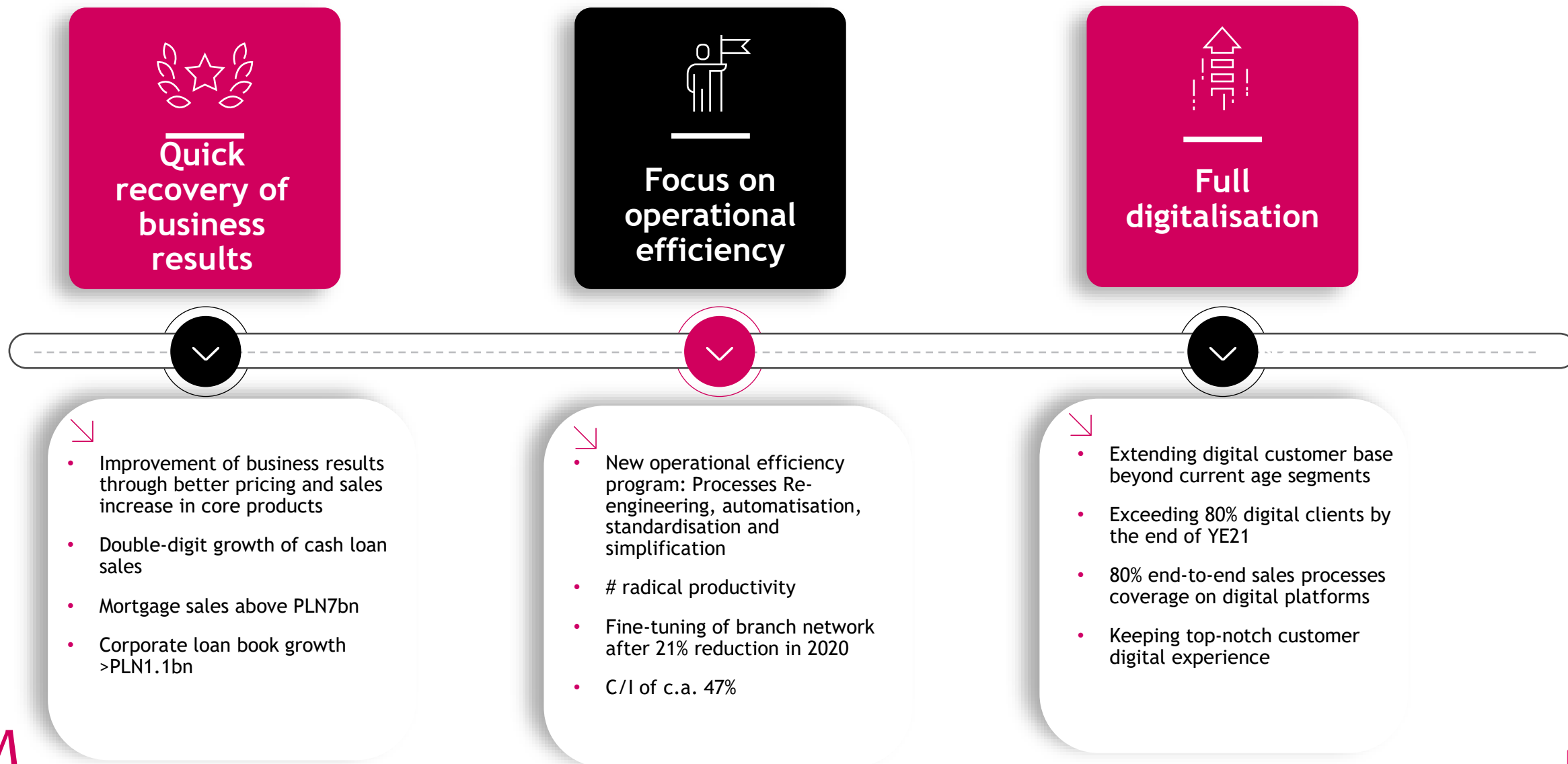
- Accelerating acquisition of retail customers via traditional, new and digital channels, while maintaining segment profitability
- Keeping differentiating through customer experience, further leveraging digital and customer intelligence
- Keeping the growth momentum in corporate segment while improving profitability
- Maintaining operational excellence and strict cost control



## 2018-2020: “Accelerated growth”

- Complementing current growth engine in **Retail** (C/A acquisition) with **new engines** (cash Loan, investments and micro business)
- Accelerate the growth in **Corporate** through **lending** and enhanced **sales force efficiency**
- Focus growth around client satisfaction, in retail **mass personalization** and in business with **sectorial knowledge approach**
- Strong leverage of **digital** in **banking** and beyond as competitive edge
- **Opportunistic** approach to **inorganic growth** options
- Win the war for **talent** thanks to engaging and inspiring work environment

# 2021 - A TRANSITION YEAR BEFORE NEW STRATEGY ROLL-OUT



# 2022-24 STRATEGY: INSPIRED BY PEOPLE

For years **clients** have been at the **center of our thinking**. We talk, listen, understand and co-create our solutions together. Now, we are to leverage this approach in even more intensive way ...



... by complementing with the internal view and insights to be truly **inspired by (our) people!**

## Pillars of 'Millennium 24' strategy:

01

Top quality and extended offering for **individual clients**

02

Bank of the 1<sup>st</sup> choice for **new microbusinesses**

03

Strategic partner supporting **corporate development**

&

Supported by **innovative solutions** & top notch **CX** in digital channels (**mobile-first** approach)

04

Sustainable organization **on the climate neutrality path**

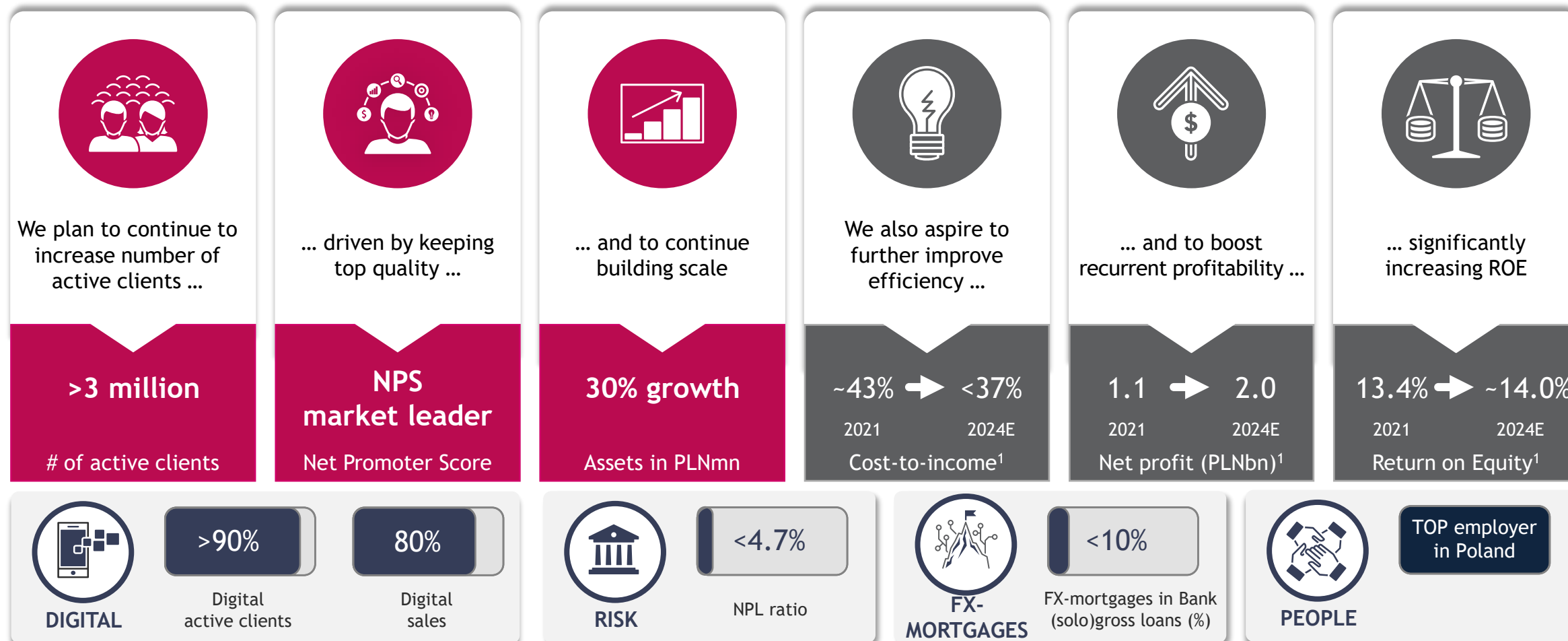
05

Great place to work for **our people** and for **top talents**

# STRATEGY 2024 AMBITIONS IN BRIEF

Profitable growth, doubling Bank Millennium's recurrent profit while driving scale, strong customer recognition

## Ambitions by 2024:



# MORTGAGES - OUR LONG-TERM CUSTOMER ACQUISITION PRODUCT

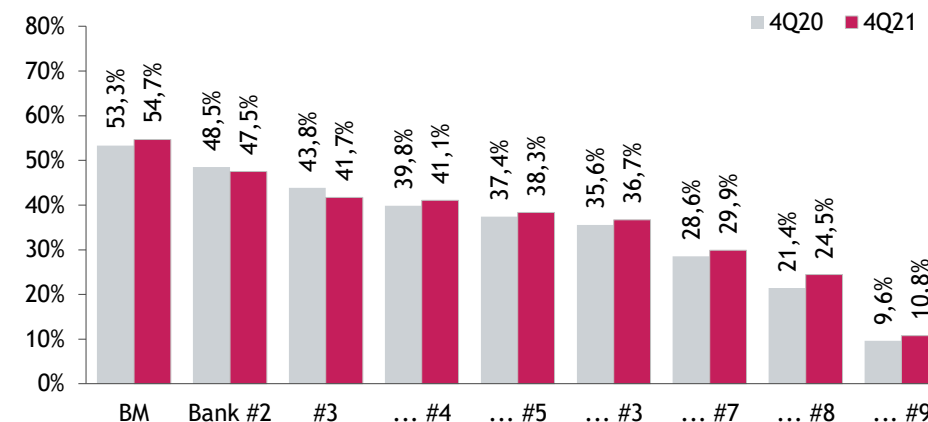
Millennium Mortgage Bank (MBH) started operating performance on June 14, 2021. MBH intends to issue its first covered bonds in early 2022.

## Rationale for establishing MBH

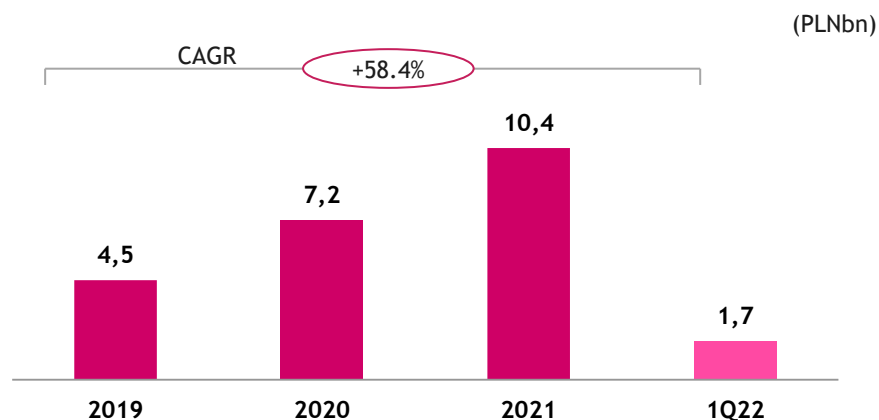
↘ MBH will provide opportunities for medium term sustainable development of mortgage lending business and will allow to:

- ✓ reduce asset-liability maturity mismatch
- ✓ diversify funding mix
- ✓ provide access to large and cheaper than senior unsecured debt funding market of covered bonds
- ✓ reduce MREL requirement

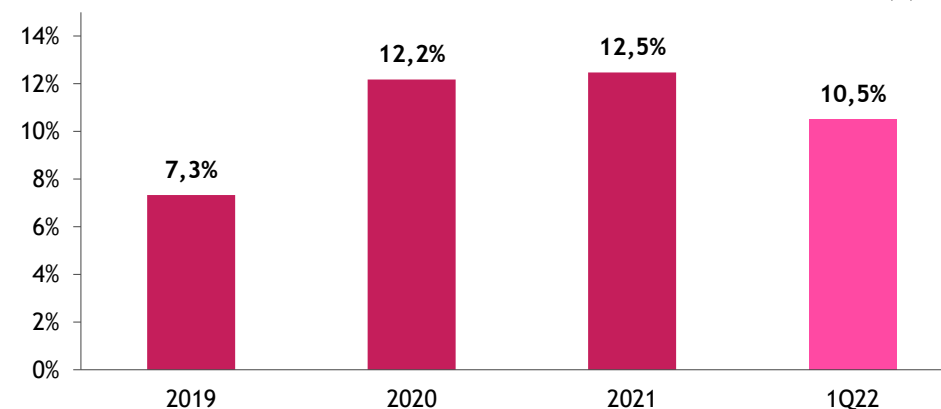
## Share of mortgage loans in total portfolio (top 9 banks) (%)



## BM's origination of PLN mortgage loans

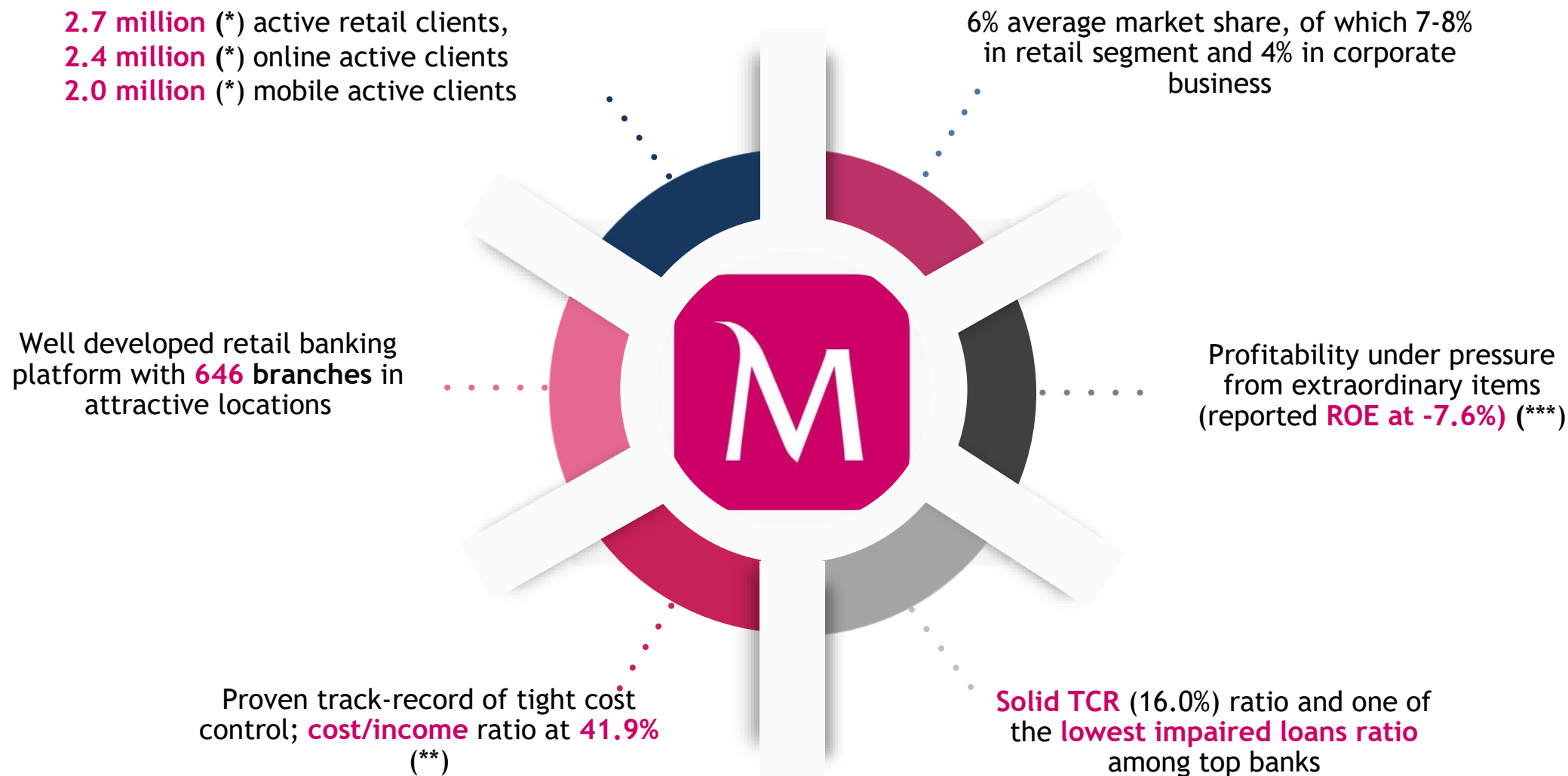


## BM's market share in origination of PLN mortgage loans (%)





# BANK MILLENNIUM TODAY



(\*) 1Q22 data, (\*\*) 1Q22 reported data (adjusted for extraordinary items: FX-mortgage legal risk provisions, costs of litigations and settlements with clients and with linear distribution of BFG resolution fund fee), (\*\*\*) 1Q22 data, adjusted ROE: 19.9%

# MARKET SHARES IN MAIN PRODUCTS

	2018	2020	2021	April 2022
<b>Total loans</b>	4.6%	6.1%	6.1%	6.0%
Loans to individuals	5.6%	8.0%	8.2%	8.2%
<i>mortgage</i>	7.0%	8.6%	8.7%	8.7%
• <i>new loan agreements</i>	6.6%	12.2%	12.5%	11.3%
<i>in credit cards</i>	5.6%	6.8%	7.6%	7.8%
<i>other consumer</i>	3.9%	8.6%	8.6%	8.5%
Loans to companies	3.9%	4.2%	4.2%	4.1%
<i>leasing sales</i>	4.9%	4.2%	5.7% (**)	5.2% (**)
<i>factoring sales (*)</i>	8.1%	8.5%	7.3% (**)	6.4% (**)

	2018	2020	2021	April 2022
<b>Total deposits</b>	5.3%	5.3%	5.5%	5.8%
Deposits of individuals	6.2%	6.7%	6.8%	6.7%
<i>demand deposits (**)</i>	6.9%	7.2%	7.0%	6.8%
Deposits of companies	3.9%	3.2%	3.8%	4.5%
<i>demand deposits</i>	2.9%	3.1%	3.2%	3.2%
<b>Mutual funds</b> (incl. third party)	4.6%	4.5%	4.6%	4.6%

# WE ARE LEADERS IN DIGITAL INNOVATION AND OFFER BEST CLASS QUALITY OF SERVICE TO OUR CUSTOMERS

Human focused approach in digital and innovations based on:



Research and needs' understanding



Following newest trends to shape better emotions and behaviours, solutions testing neuroresearch, eyetracking, CX monitoring

Technology and cyber security



Which support digital transformation and customer protection ex. AI, chatbots, IoT, robotisation, analytics

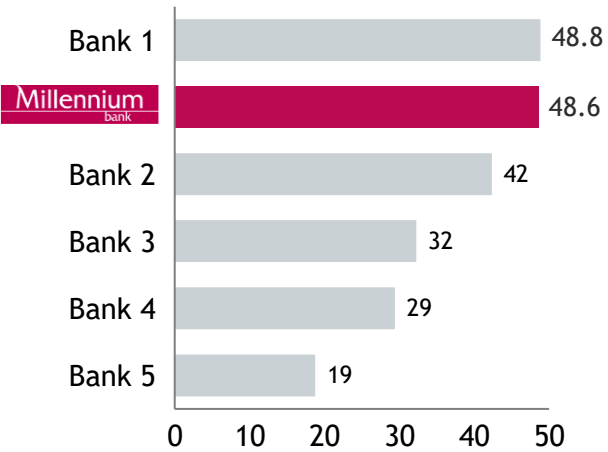
Products and processes



Fully adjusted to digital and omnichannel. Ensuring need of deeply personalised experience. Supported by newest technology ex. biometric, e-identity, PSD2

... and adding value to customer experience drive high loyalty and recommendation (NPS<sup>1</sup>). These led to our recognition as the innovation and quality leader

NPS of Polish banks (2021)



**Newsweek**

1st place 2021  
"Traditional banking"  
2nd place 2021  
"Remote banking"



Winner 2020  
European Customer Centricity Awards



Fin-Tech Innovator 2020 Golden Banker

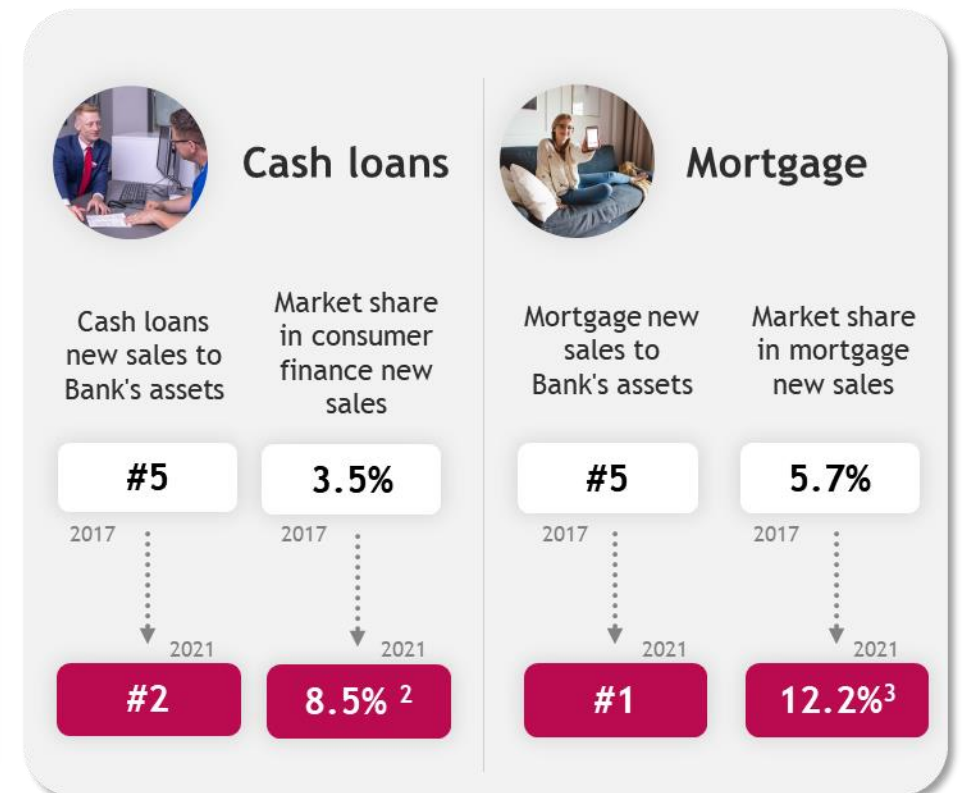
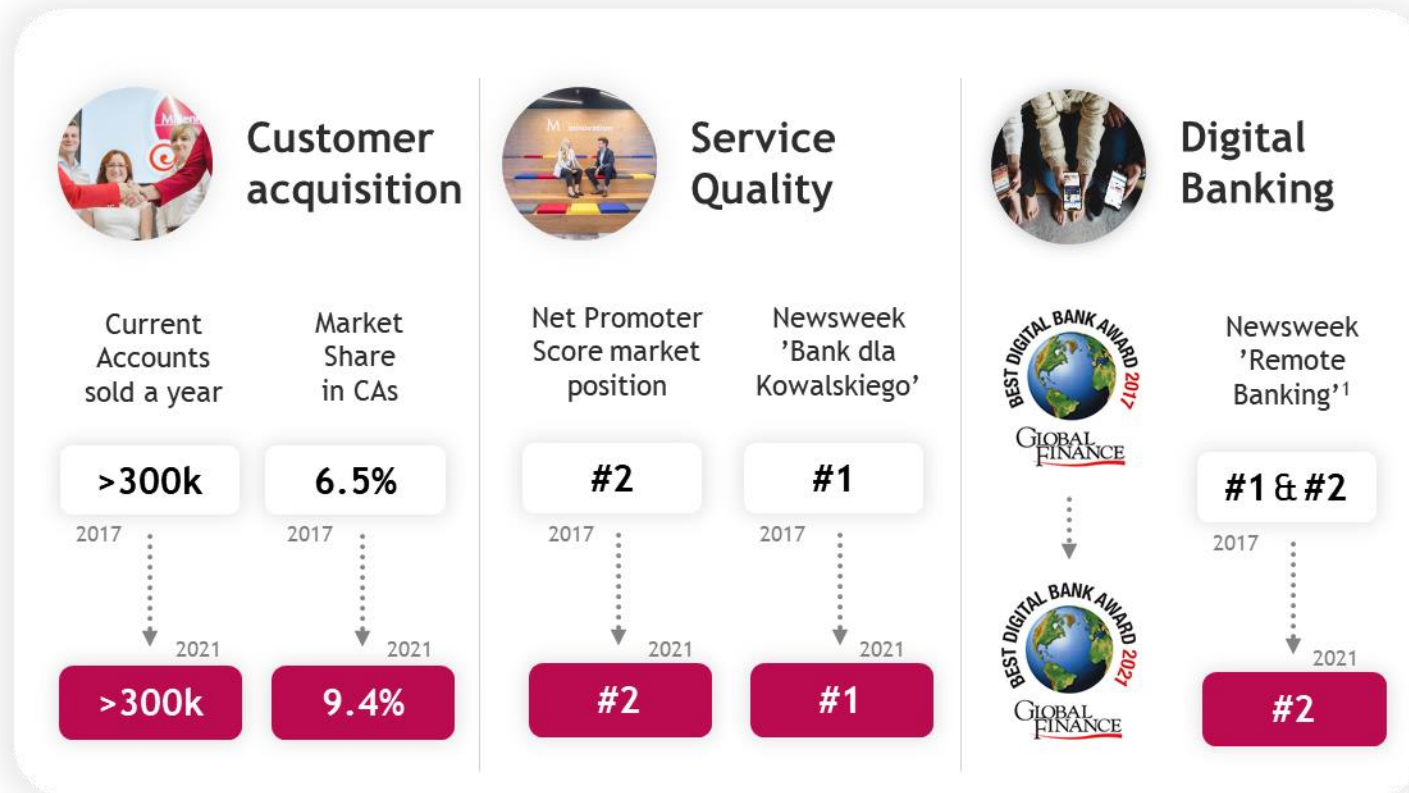
**GLOBAL FINANCE**

Outstanding Innovator 2021 for Open Banking Services  
Global Finance

# SOLID TRACK RECORD OF DELIVERING

Our top customers growth engine was fuelled by leading position in quality and digital services ...

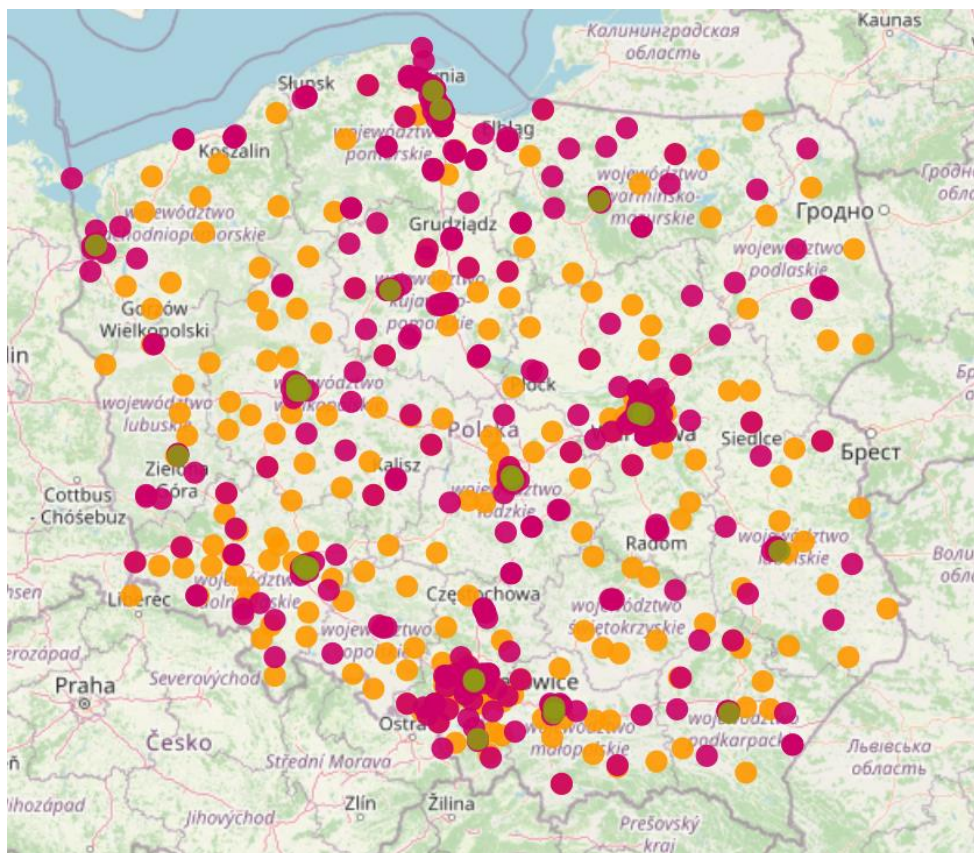
... now complemented by competences in development of loan offer



# BANK MILLENNIUM BRANCHES

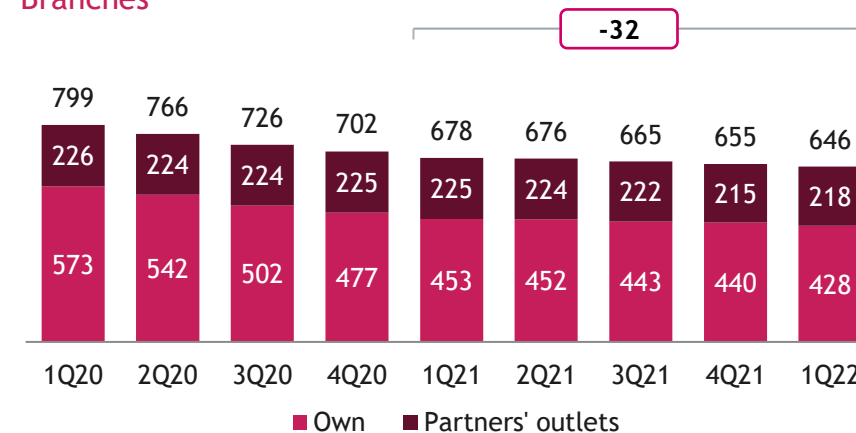
(as at 31 December 2021)

Network of 646 branches

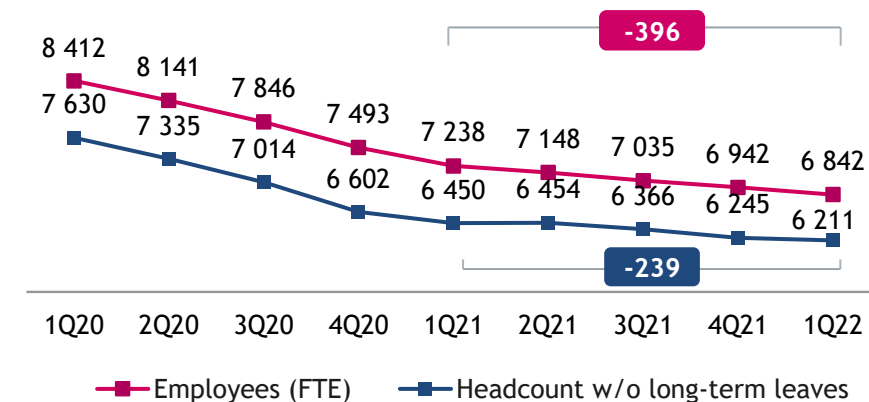


- own branches
- franchise branches
- mini branches

Branches



Employees





# RELATIONS WITH BCP AND BM's MANAGEMENT COMPOSITION



- BCP demonstrated in the past strong support to Bank Millennium in Poland; commitment in equity was shown during the capital increase concluded in February 2010. BCP also supported liquidity, especially in 2009-2010 years (EUR 200 million bilateral loan matured in April 2011, and money market line - until July 2010)
- Currently, no dependence on BCP funding and no exposure to BCP or Portuguese public debt
- 8 managers from Portugal employed on permanent basis, including 3 Management Board members

## BCP's stake - evolution since 1998



Sale of 15.4% through ABB in March '15



**Joao Bras Jorge**  
CEO  
Since 2006



**Fernando Bicho**  
Deputy CEO, CFO  
Since 2002



**Wojciech Haase**  
CRO  
Since 1997



**Andrzej Gliński**  
Corporate Business  
Since 2010



**Wojciech Rybak**  
Retail Business  
Since 2016



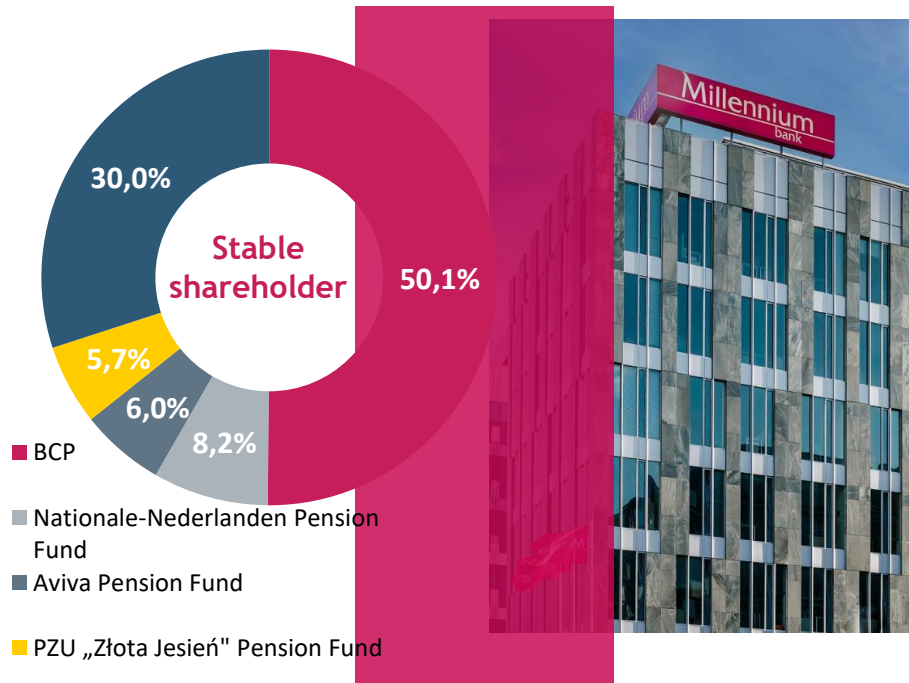
**Antonio Pinto**  
Digital & Marketing  
Since 2018



**Jarosław Hermann**  
IT & Operations  
Since 2018

# SOLID FOUNDATIONS APPRECIATED BY INVESTORS

Bank Millennium's shareholder structure (31.12.2021)



Bank Millennium share performance vs. WIG Bank index



Participation in domestic stock market indices



Bank's current ratings

Moody's Baa1 / P2/ baa3 / stable outlook

Fitch BBB- / F3/ bbb- / negative outlook

# ESG: ENVIRONMENT

Sustainability has long been included in our business strategy. Now we plan to become climate neutral

Our advanced capabilities in the ESG & Sustainability development ...



Strong own emissions' monitoring, reductions and reporting for over 10 years



Environmental policy of no financing for new coal mining, coal-based energy



**0.96%**

% of coal-related exposure in corporate portfolio (09/21)

**0.27%**

% of coal-related exposure in all portfolio (09/21)

**Zero exposure to extraction of hydrocarbons and coal mining**

... will support our leading position on the climate neutrality path

**Reduction of emission...**

**50%**

% cut in own<sup>1</sup> CO<sub>2</sub>e emission in 2022 vs. 2020

... and striving to achieve **climate neutrality** by:

**2027**

Scope 1&2

**2050**

Scope 3

**Reduction of financing of not sustainable activities and ...**

**PLN2bn**

financing for corp. & leasing in sustainable and transformational projects (next 3 years)

**Implementation of sustainable products in retail ...**

... and contribution to the increase of **awareness and knowledge about climate change**



# ESG: SOCIAL

## Banking in Millennium - responsible and without barriers

Our strong position has been recognised on the market ...

... and our aspiration is continue to achieve ambitious goals in the coming years

### Best Bank for CSR

In CEE 2017



### Golden Leaf

Polityki 2021



### Customers



- ✓ Customer centric service focused on superb quality, further simplification of client-facing processes and communication, best-in-class digital and omnichannel experience
- ✓ Banking without barriers and accessible for persons with disabilities



### Employees

- ✓ Enhanced EVP<sup>1</sup> incl. development of hybrid working model, talent management based on career paths creating new opportunities and top quality of working conditions
- ✓ Self-education and training adjusted to the individual needs
- ✓ Regular employee opinion polls



### Community

- ✓ Financial education for children and their parents
- ✓ Cultural initiatives as over 30-year old tradition
- ✓ Support for employees' social initiatives benefitting their local environment



1. Employee Value Proposition  
Source: Bank Millennium, Euromoney, Polityka



# ESG: GOVERNANCE

Highest quality and standards

Our strong position has been recognised on the market ...

**+10 years**  
of membership



**Signatory**



**ESG Rating**

Rating: **Medium**



Rating: **A**



... and our aspiration is continue to achieve ambitious goals in the coming years



## Ethical approach to business

- ✓ Regularly revised Code of Ethics and compliance assessment



## Anti-financial crime measures

- ✓ Measures in place to increase transparency and credibility of business relations with clients
- ✓ Further development of robust AML IT system



## Consideration of climate and environmental risks

- ✓ Sustainability metrics in Risk Appetite Statements
- ✓ Climate risk assessment in risk policy
- ✓ Stress testing







04

---

## INSTITUTIONAL PRESENTATION

Financial performance

# SYNTHETIC P&L ACCOUNT

PLNmn	1Q22	1Q21	Change Y/Y	4Q21	Change Q/Q
Net interest income	961.0	622.3	54.4%	767.1	25.3%
Net commission income	220.8	204.8	7.8%	215.0	2.7%
<b>Total operating income</b>	<b>1,159.9</b>	<b>867.0</b>	<b>33.8%</b>	<b>923.1</b>	<b>25.7%</b>
<b>Total costs</b>	<b>-486.2</b>	<b>-427.3</b>	<b>13.8%</b>	<b>-434.1</b>	<b>12.0%</b>
<i>Costs without BFG</i>	-400.4	-374.2	7.0%	-416.6	-3.9%
Loan loss provisions (incl. Covid-19)	-83.1	-76.2	9.0%	-82.0	1.3%
FX mortg. legal risk provisions	-499.2	-533.4	-6.4%	-732.0	-31.8%
Banking tax on assets	-82.0	-75.0	9.3%	-82.0	0.0%
<b>Net profit</b>	<b>-122.3</b>	<b>-311.3</b>	<b>-</b>	<b>-508.9</b>	<b>-</b>
<i>Net profit without extraordinary items*</i>	485.3	225.5	115.3%	318.8	52.2%
NIM	3.77%	2.56%	1.21 pp	2.98%	0.79 pp
Cost/income reported	41.9%	49.3%	-7.4 pp	47.0%	-5.1 pp
Cost/income adjusted (*)	35.5%	46.0%	-10.5 pp	39.9%	-4.4 pp
Cost of risk	40	39	1 bp	39	1 bp
ROE	-7.6%	-14.0%	-	-27.7%	-
ROE adjusted (*)	19.9%	10.1%	9.8 pp	17.4%	2.5 pp

# BALANCE SHEET

	31.03.2021	31.12.2021	31.03.2022	Change y/y
<b>ASSETS</b>				
Cash and balances with the Central Bank	2 361	3 180	8 286	251%
Loans and advances to banks	605	771	986	63%
Loans and advances to customers	74 636	78 603	78 703	5%
Amounts due from reverse repo trans.	24	269	26	8%
Debt securities	22 980	18 220	18 703	-19%
Derivatives (for hedging and trading)	259	100	241	-7%
Shares and other financial instruments	234	167	152	-35%
Tangible and intangible fixed assets	929	942	936	1%
Other assets	1 339	1 662	1 724	29%
<b>TOTAL ASSETS</b>	<b>103 366</b>	<b>103 914</b>	<b>109 756</b>	<b>6%</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits and loans from banks	826	539	647	-22%
Deposits from customers	88 255	91 448	97 305	10%
Liabilities from repo transactions	10	18	0	-100%
Financial liabilities at fair value through P&L and hedging derivatives	569	758	880	55%
Liabilities from securities issued	424	40	40	-91%
Provisions	473	596	721	52%
Subordinated liabilities	1 539	1 541	1 548	1%
Other liabilities	2 583	2 278	2 417	-6%
<b>TOTAL LIABILITIES</b>	<b>94 679</b>	<b>97 217</b>	<b>103 558</b>	<b>9%</b>
<b>TOTAL EQUITY</b>	<b>8 687</b>	<b>6 697</b>	<b>6 198</b>	<b>-29%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>103 366</b>	<b>103 914</b>	<b>109 756</b>	<b>6%</b>

# FINANCIAL HIGHLIGHTS OF 1Q22

Growing core profitability and efficiency, stable cost of risk

Adjusted net profit\*

**+115% y/y**

NII and NIM strongly up

**+54%; +79<sub>bp</sub> y/y**

Fees up

**+8% y/y**

Adjusted ROE

**19.9%**

Cost/Income

**35.5%**

Cost of risk

**40 bp**

# BUSINESS HIGHLIGHTS OF 1Q22

Good dynamics of retail business, corporate one showing gradual improvement

Loans

**+5% y/y**

PLN mortgage loans

**+24% y/y**

Leasing portfolio

**+8% y/y**

Debit cards

**+163ths y/y**

Active digital customers

**2.4mn**

Customer deposits

**+10% y/y**

# ONLINE, MEANS ALWAYS CONVENIENT

The share of digital channels in sales and new accounts opening is growing

## New current accounts

**32%**

Digital channels share in opening current accounts in 1Q22

**+53%**

In number of accounts opened online in 1Q22 compared to 1Q221

**6,300**

New junior accounts (0-17 years old) opened online in 1Q22

- ➔ We embraced innovation - over a half of new clients choose unique on Polish market process of opening a current account, based on open banking (AIS).
- ➔ We are introducing fully remote processes - abandoning the courier process in favor of full digitization
- ➔ We strengthen promotional campaigns and SEM/SEO activities.

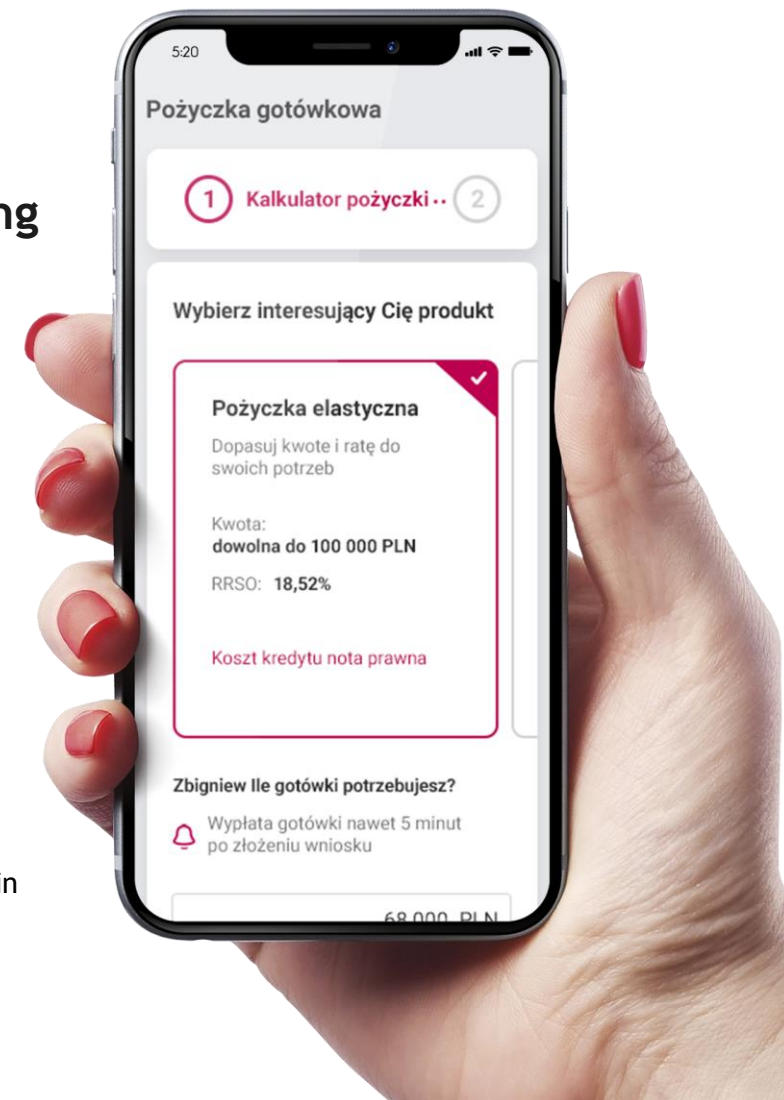
## Seamless lending

**78%**

Digital channels share in cash loan sales in 1Q 2022. The results are getting better each quarter.

**+38%**

In number of cash loans taken via digital channels in 1Q2022 compared to 1Q2021





# THE MOST IMPORTANT AWARDS AND ACHIEVEMENTS OF BANK MILLENNIUM in 1Q 2022

Professionalism and versatility of employees as well as excellent relations with clients confirmed by independent rankings and competitions



## A team of Bank Millennium economists

- first in Refinitiv ranking (previously Reuters)
- on the top of the ranking of the best forecasters of the "Parkiet" daily

In the Refinitiv ranking, the team consisting of Grzegorz Maliszewski, Andrzej Kamiński and Mateusz Sutowicz took first place in the summary of macroeconomic forecasts for 2021. In the "Parkiet" ranking, it was distinguished, among others, by for the most stable prognostic form and the greatest versatility of the team.



## Bank Millennium on the podium in the satisfaction ranking of individual clients ARC Rynek i Opinia

In the report "Bank retail customer satisfaction monitor" prepared by the research institute ARC Rynek i Opinia, the Bank was again on the podium in the ranking of individual customer satisfaction. It became a leader in the Contact Points category (helpline, visit to a branch, electronic banking and mobile application, website), and was second in the recommendation, customer satisfaction and loyalty ranking.



## Bank employees distinguished in the prestigious competition of the sales and customer service sector - Polish National Sales Awards

Albert Patyga, the coordinator of DBB's Sales and Maintenance Teams, became a double laureate of the competition - he won the award in the Customer Experience Manager category and a special award of the Judges' Committee "Super Seller", and Maciej Matysiewicz, head of the team at the Contact Center Department, became a finalist in the Sales Team Manager category at the Bank.

# INVESTOR RELATIONS CONTACT:

Head of Investor Relations

Dariusz Górski

Tel: +48 514 509 925, +48 22 598 1115

e-mail: [dariusz.gorski@bankmillennium.pl](mailto:dariusz.gorski@bankmillennium.pl)

Katarzyna Stawinoga

Tel: +48 22 598 1110

e-mail: [katarzyna.stawinoga@bankmillennium.pl](mailto:katarzyna.stawinoga@bankmillennium.pl)

Marek Miśków

Tel: +48 22 598 1116

e-mail: [marek.miskow@bankmillennium.pl](mailto:marek.miskow@bankmillennium.pl)



[www.bankmillennium.pl](http://www.bankmillennium.pl)



[Kanał na YouTube](#)



[@BankMillennium](#)

