



# BANK MILLENNIUM GROUP

## INSTITUTIONAL PRESENTATION

June 2023

# AGENDA

1.

Macroeconomic  
environment  
in Poland

2.

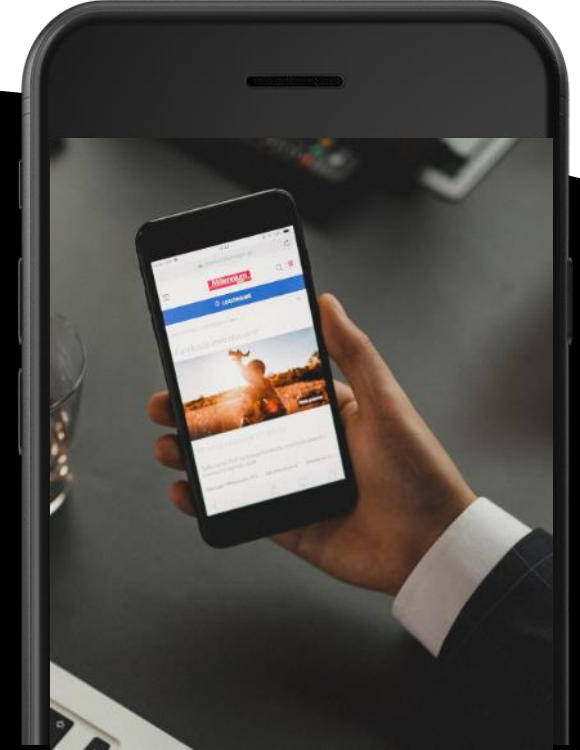
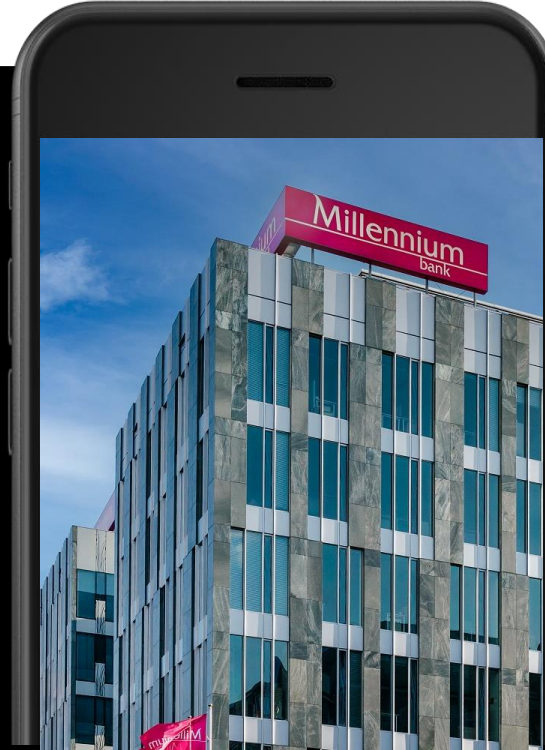
Banking sector  
in Poland

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

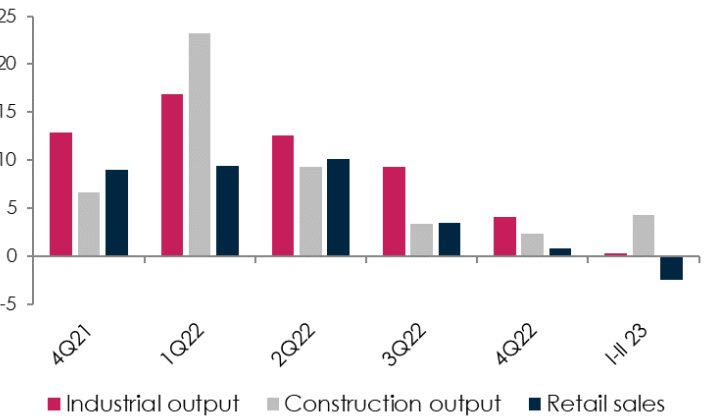
## **BANK'S PRESENTATION**

**Macroeconomic environment  
in Poland**

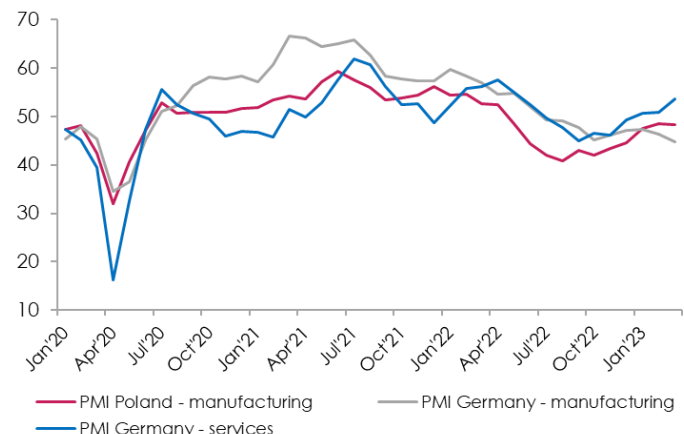
# MACROECONOMIC OVERVIEW

## Economy

Data from real economy (% y/y)

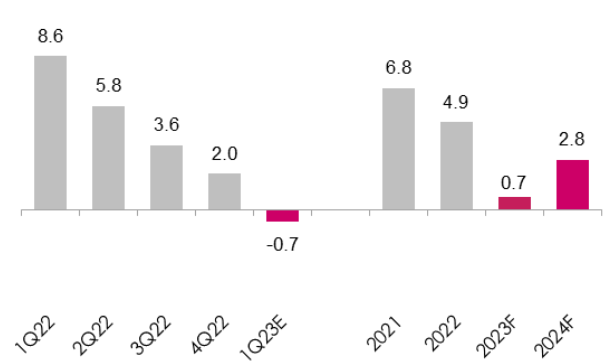


PMI indexes for Poland and Germany (pts)

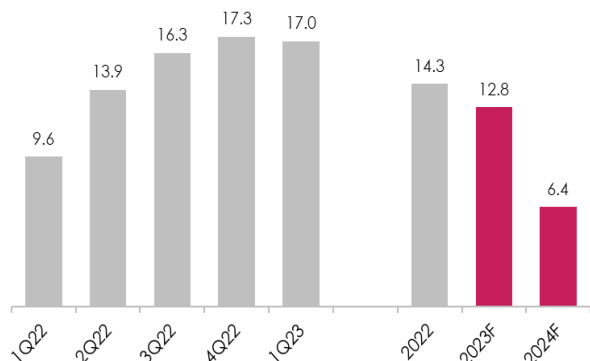


↙ Economic growth in Poland continued to slow in first months of 2023 as high inflation and high interest rates reduced households' consumption. In the same time investments continued to grow with support from utilization of EU funds. GDP dynamics is expected to be negative in 1Q23, however in the whole year the economy will, we expect, expand by 0.7%. Labour market remains resilient to the ongoing economic slowdown and unemployment rate remains at historically low levels. Inflation reached its peak at 18.4% y/y in Feb'23 and coming months should show gradual decline of headline CPI, however return to the NBP target is a distant perspective.

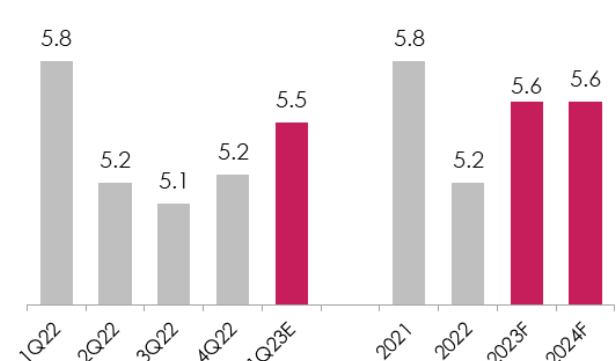
GDP growth rate (% y/y)



CPI inflation (% y/y)



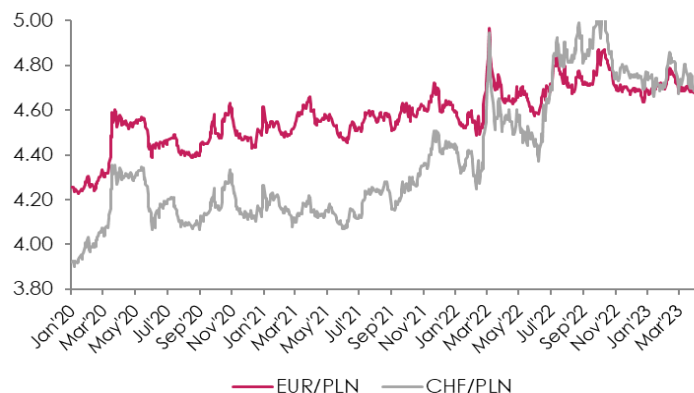
Registered unemployment rate (%)



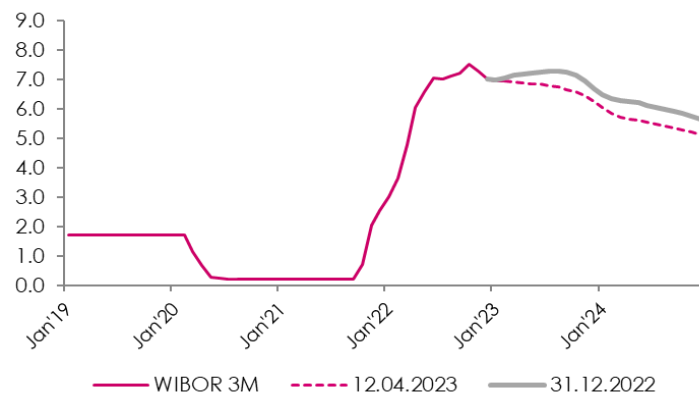
# MACROECONOMIC OVERVIEW

## Financial markets

### Evolution of FX rates

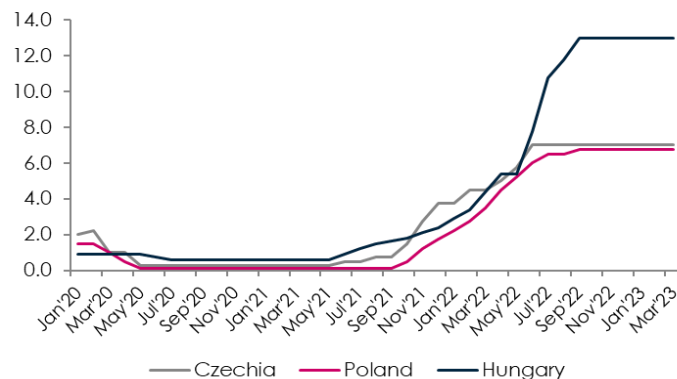


### WIBOR 3M and market expectations (%)

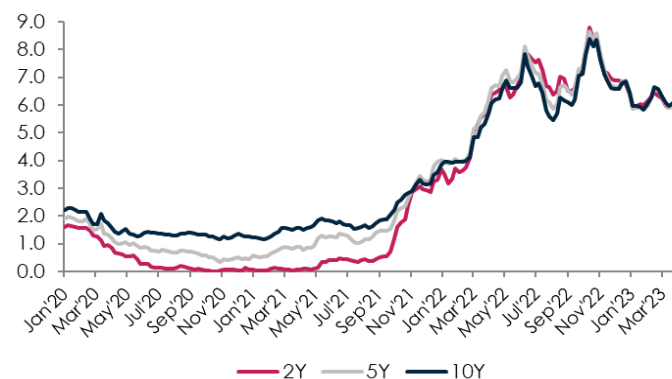


in 1Q23 the Monetary Policy Council continued a wait-and-see approach that had been adopted due to the mounting risks for economic activity, but also stubbornly high inflation. In the Bank's opinion, interest rates will remain stable throughout the whole 2023 and the easing cycle will start in 2024. Zloty remained stable against the Euro hovering in a tight range around 4.68 even as the first signs of global disinflation supported the risk-on sentiment.

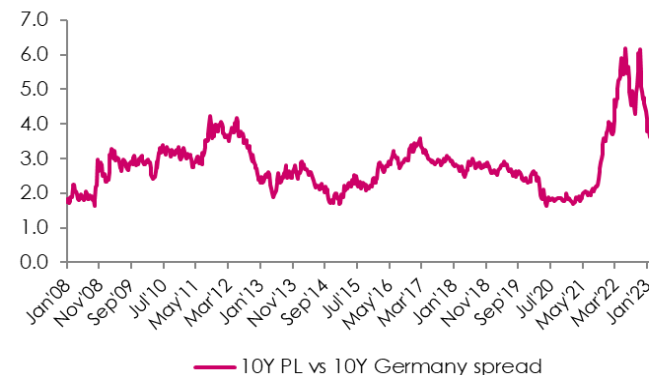
### Official interest rates in CEE-3 countries (%)



### Polish T-bonds yields (%)



### Spread of Polish 10Y bond to 10Y German benchmark (%)

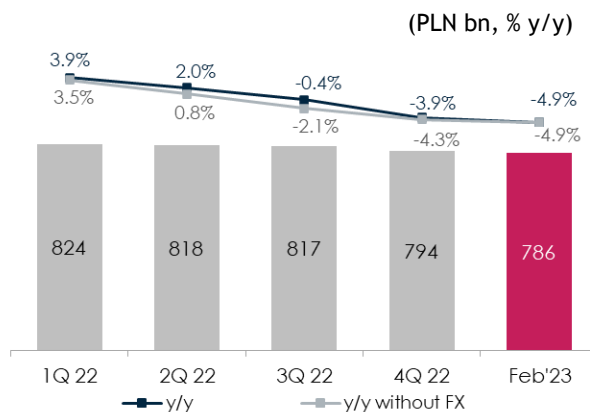




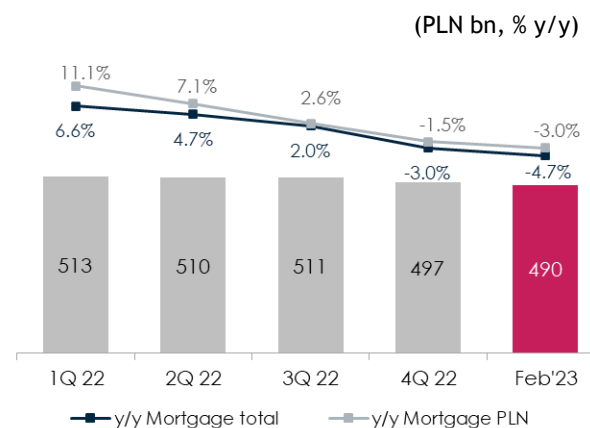
# MACROECONOMIC OVERVIEW

## Monetary aggregates

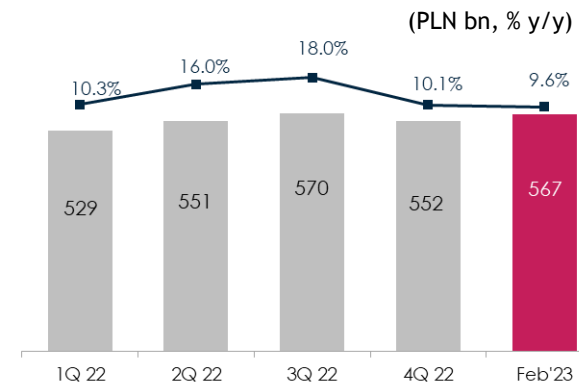
### Loans to households



### Mortgage loans

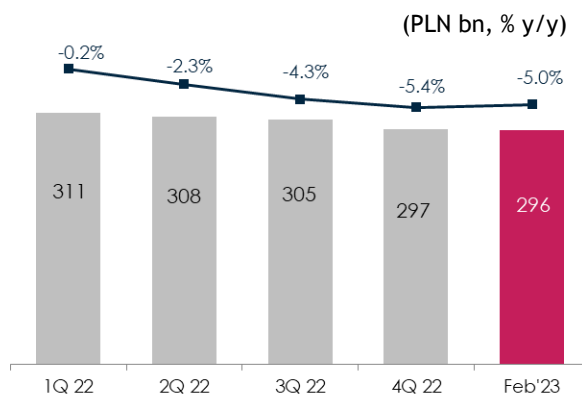


### Loans to companies

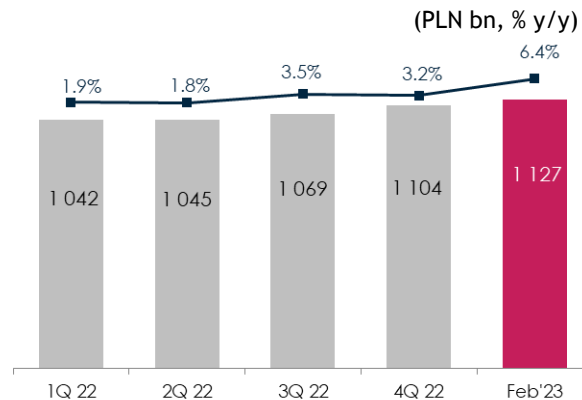


↘ Demand for loans is stabilizing at low levels. Elevated inflation and high interest rates reduced production of new loans. Consumer and mortgage loans are suffering the most with a contraction in February 2023 by 4.9% y/y and 3.0% y/y respectively. Growth of loans to corporate sector is slowing as well.

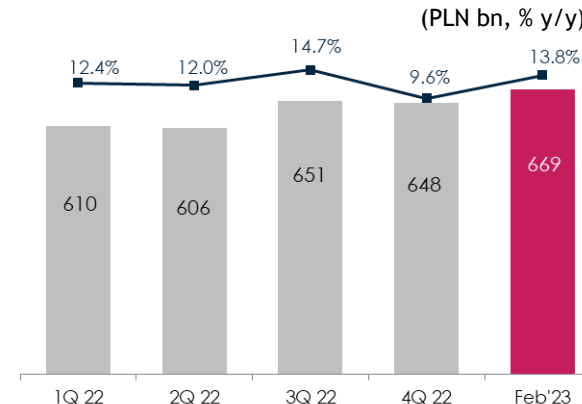
### Households: non-mortgage loans



### Deposits from households



### Deposits from companies



↘ Growth of deposits in the banking sector accelerated in first months of 2023, both in household and corporate sector. Growth of households' deposits accelerated to 6.4% y/y in February from 3.2% y/y in December 2022 reflecting reduced consumption and the still solid growth of nominal wagebill.



# INSTITUTIONAL PRESENTATION

Banking sector in Poland

# POLISH BANKING SECTOR OVERVIEW (\*)

**30 fully registered banks**, 493 co-operative banks (active mainly in rural areas of the country) and additional **34 international** banks acting in Poland in a form of branch

**10.3k banking outlets (5k branches)** and c143 thousand persons employed in the sector

**Top 5 banks** in Poland comprise **57% of total assets** of the sector and top 10 make c72%, but consolidation of the sector continues; 47.5% 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 **comfortable level of solvency** of Polish banks (average TCR = 19.5%, CET1 = 17.6%\*\* ) confirmed by stress tests

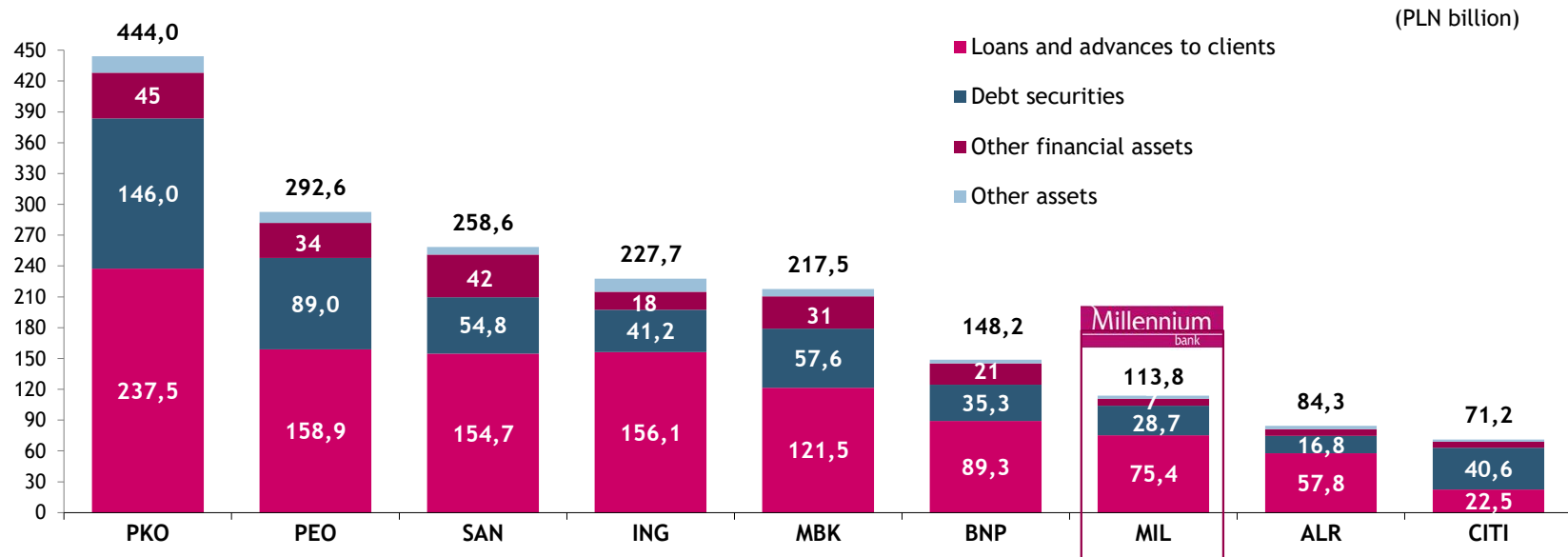
**Comfortable liquidity** (L/D = 67.5%) supported margins

**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)

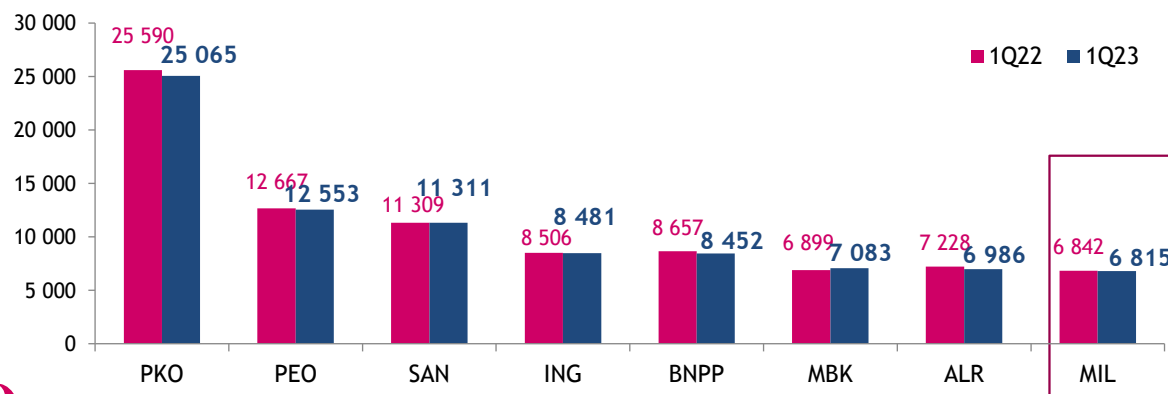


# BANK MILLENNIUM IS POLAND'S #7 BANK BY ASSETS

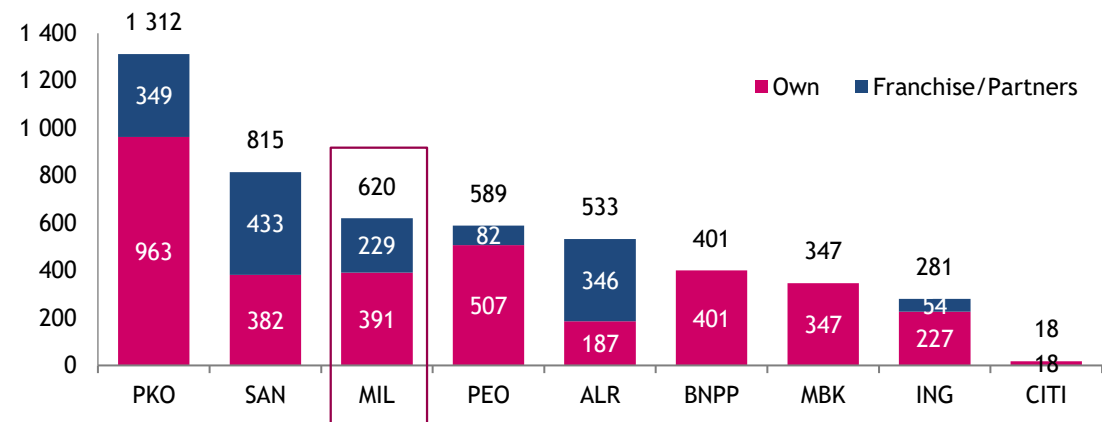
As on March 31, 2023



## Total headcount\*



## Total distribution network

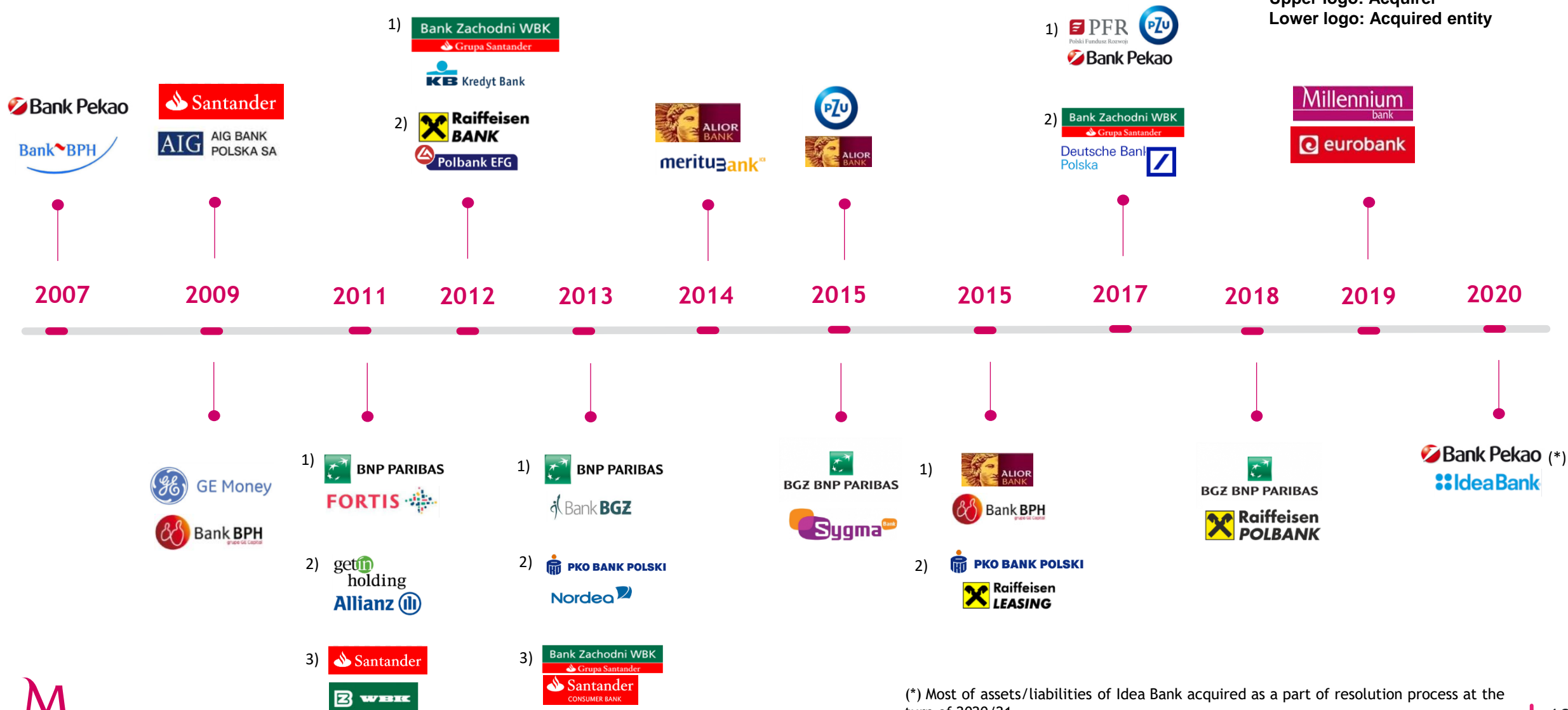


(\*) Total FTEs

Source: publicly available financial reports of peer banks.

# RECENT M&A TRANSACTIONS IN THE POLISH BANKING SECTOR

Upper logo: Acquirer  
Lower logo: Acquired entity



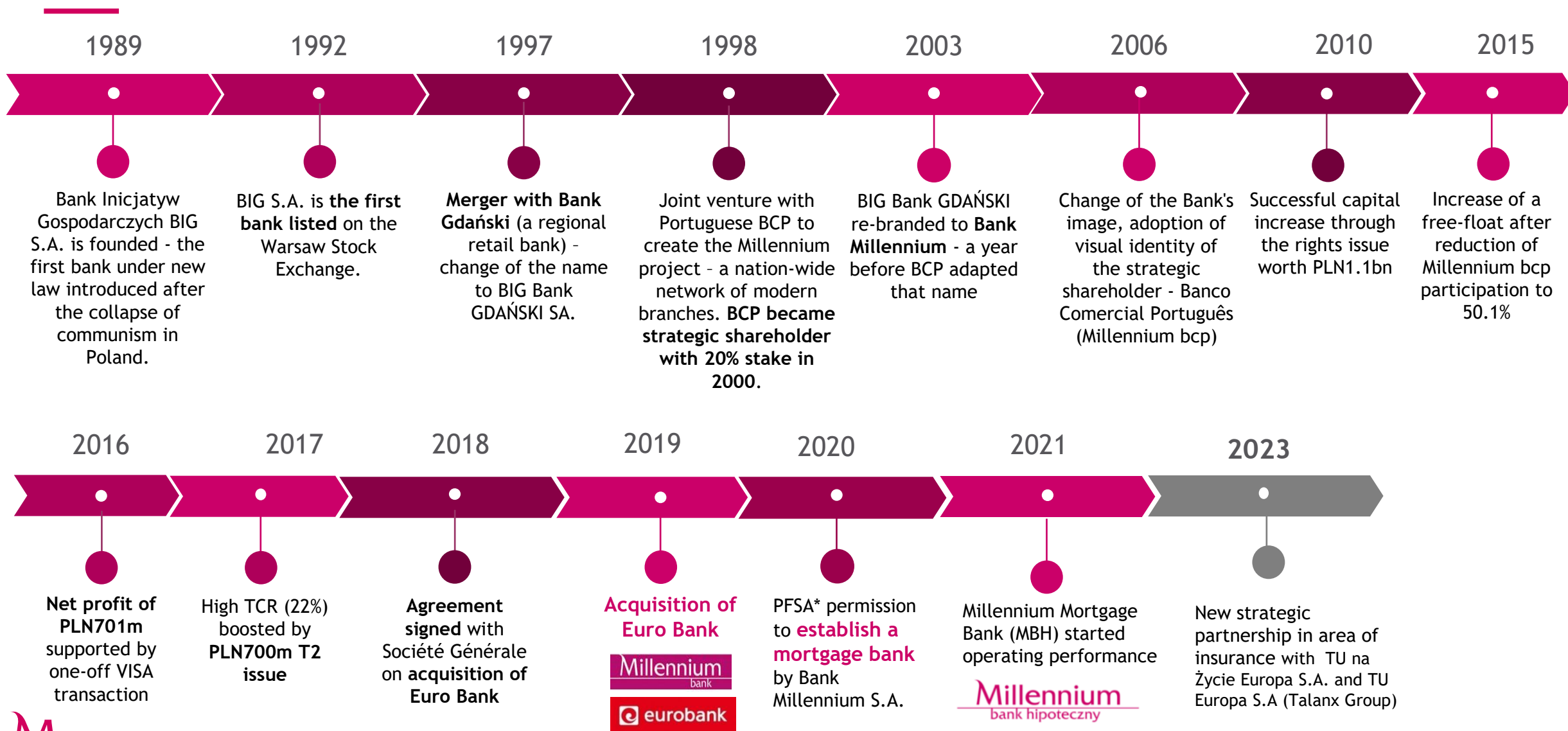
(\*) Most of assets/liabilities of Idea Bank acquired as a part of resolution process at the turn of 2020/21



# INSTITUTIONAL PRESENTATION

Bank Millennium general overview and strategy

# HISTORY OF BANK MILLENNIUM AT A GLANCE



# 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 2022 - 2024 EXECUTION

- Bank is progressing with the execution of its **3-year business strategy adopted for the period 2022 to 2024**.
- Operationalisation of the strategy is based on an intense program of interlinked activities and projects in **17 key areas**, together contributing to reach the assumed strategic goals.
- Both, external factors (i.e. market and business environment) and execution activities and projects are covered by **constant monitoring** program that is a part of internal control and management system.
- After 1st year of the strategy execution, a **positive and in-line with the expectations trend is observed in most strategic KPIs**.



## STRATEGIC GOALS:

	2021	2022	2024 cel
 Number of active retail clients (thsnd.)	2 694	<b>2 887</b>	<b>&gt;3 000</b>
 Share of digital active clients	84.0%	<b>87.3%</b>	<b>&gt;90%</b>
 Net profit* (PLNbn)	1.10	<b>2.24</b>	<b>&gt;2.00</b>
 Cost-to-income*	42.8%	<b>36.2%</b>	<b>&lt;37%</b>
 Return on Equity*	11.0%	<b>21.5%</b>	<b>~14%</b>
 NPL ratio Non-performing loans	4.4%	<b>4.5%</b>	<b>&lt;4.7%</b>
 Share of FX-mortgage loans in gross portfolio	14.6%**	<b>13.1%**</b>	<b>&lt;10%</b>

# MORTGAGES - OUR LONG-TERM CUSTOMER ACQUISITION PRODUCT

Millennium Mortgage Bank (MBH) started operating performance on June 14, 2021

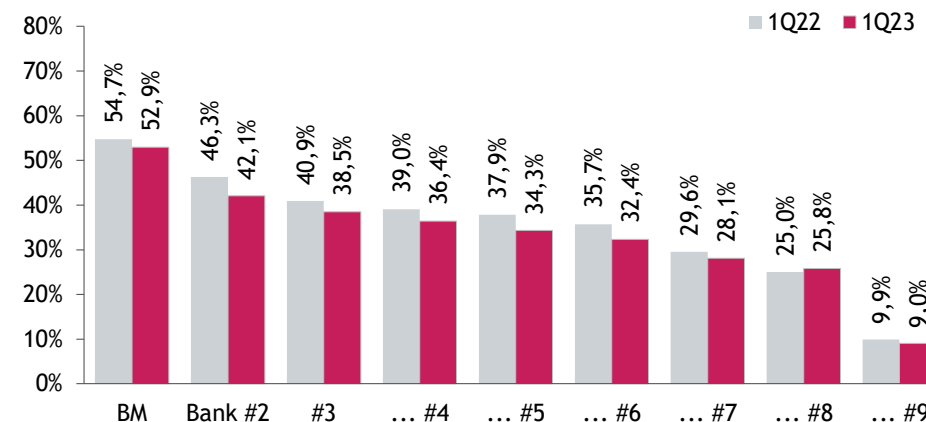
## Rationale for establishing MBH

↘ 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

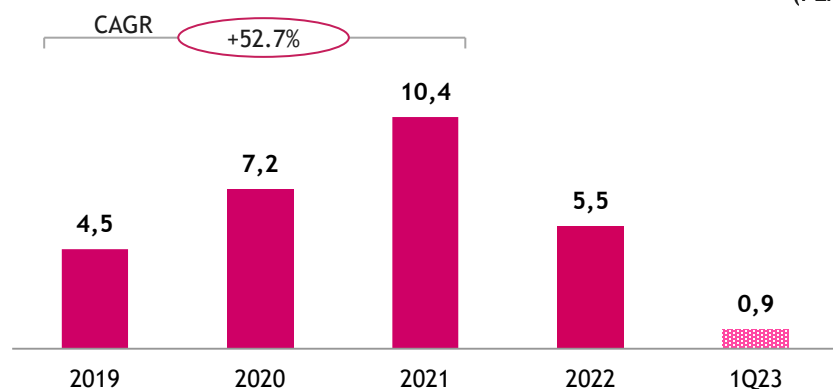
## Share of mortgage loans in total portfolio (top 9 banks)

(%)



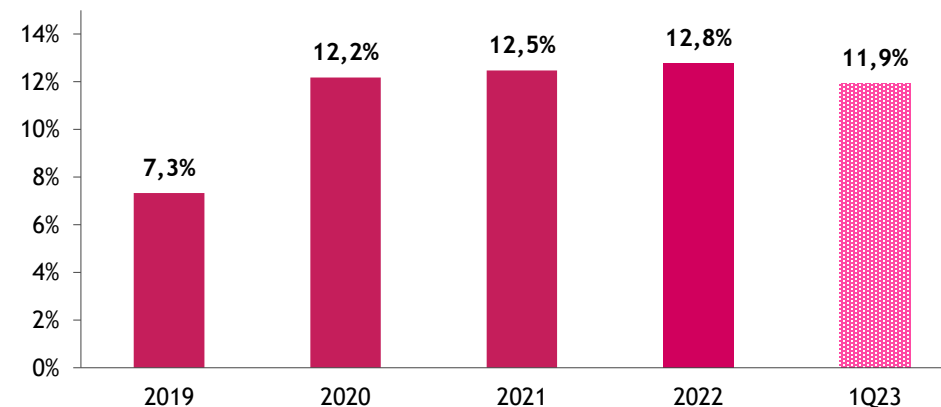
## BM's origination of PLN mortgage loans

(PLNbn)

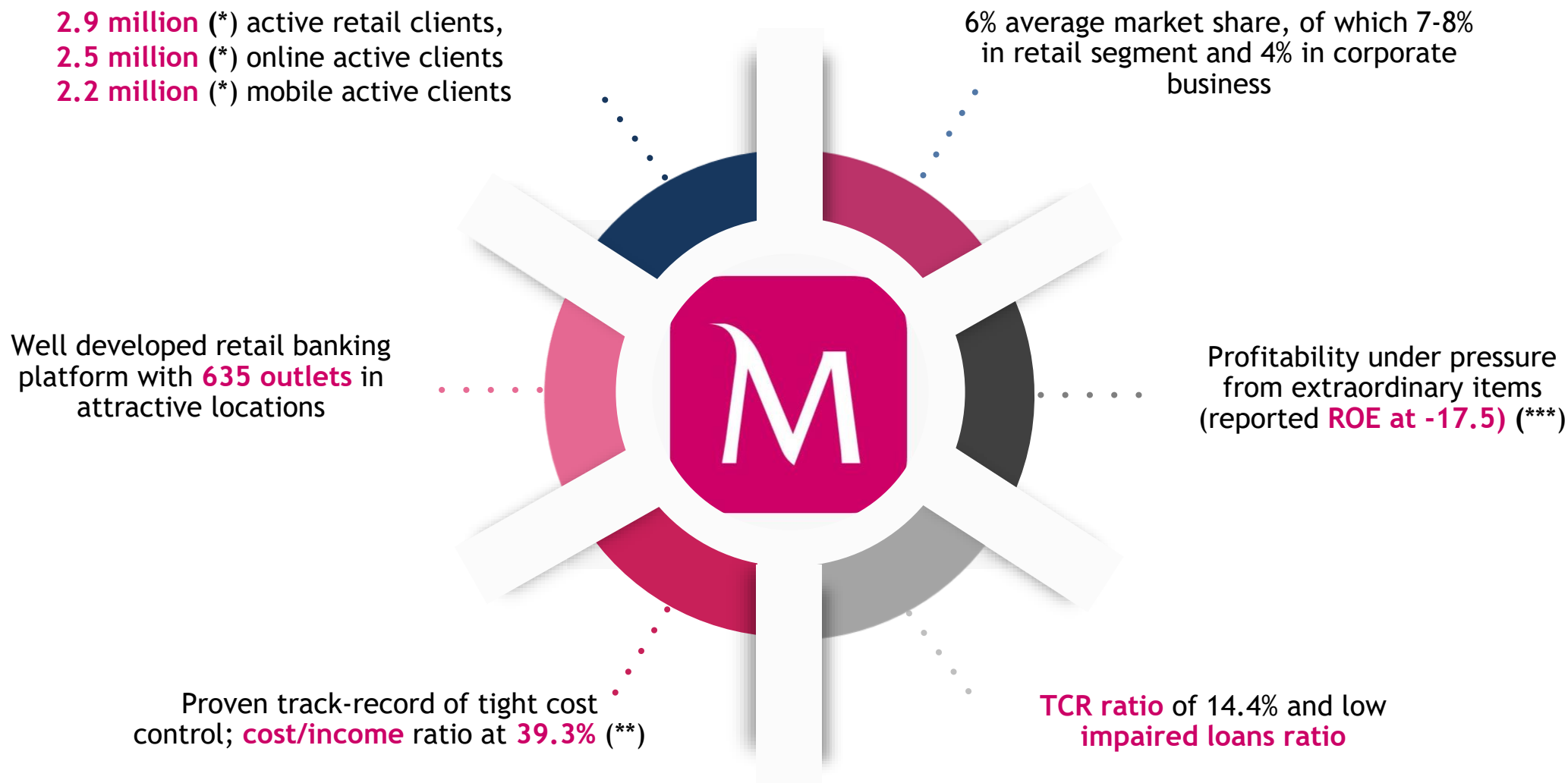


## BM's market share in origination of PLN mortgage loans

(%)



# BANK MILLENNIUM TODAY



(\*) 4Q22 data, (\*\*) 4Q22 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), (\*\*\*) 4Q22 data, adjusted ROE: 21.5%

# MARKET SHARES IN MAIN PRODUCTS

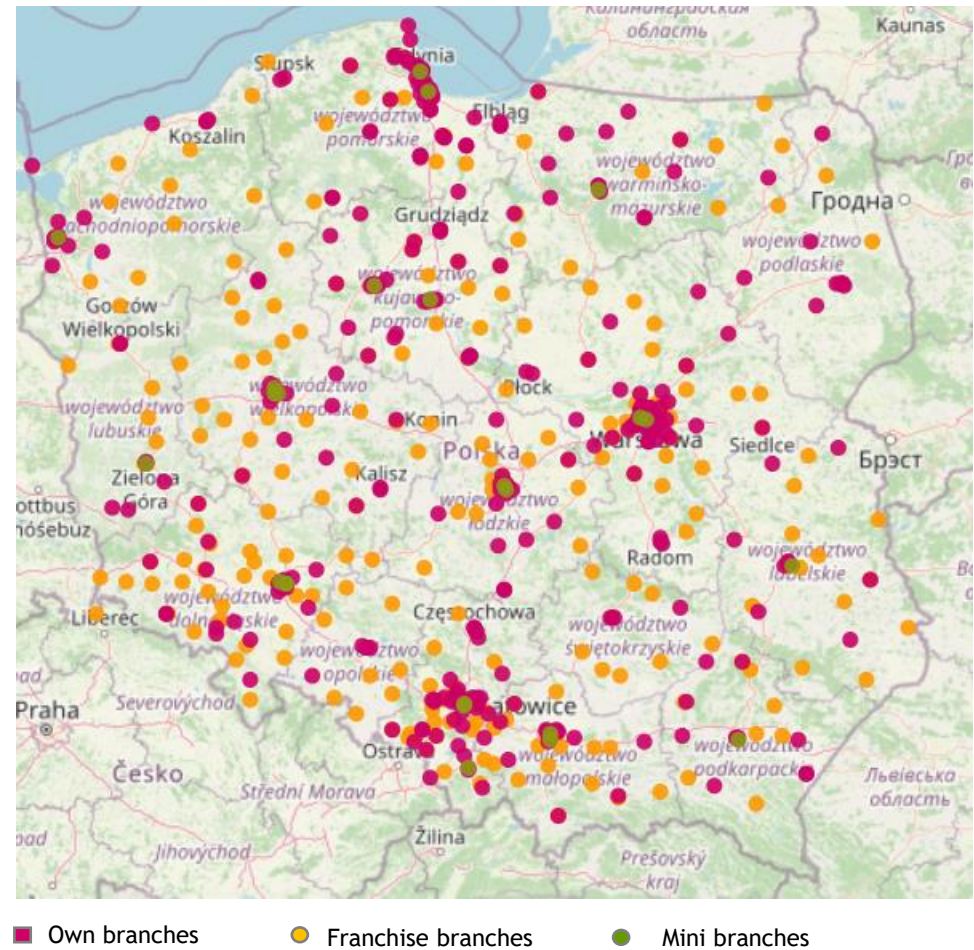
	YE20	YE21	YE22	March 2023
<b>Total loans</b>	6.1%	6.1%	5.9%	5.7%
<b>Loans to individuals</b>	8.0%	8.2%	8.2%	8.2%
<i>mortgages</i>	8.6%	8.7%	8.6%	8.5%
• <i>new loan agreements</i>	12.2%	12.5%	12.8%	11.9%
<i>credit card loans</i>	6.8%	7.6%	8.4%	8.6%
<i>other consumer</i>	8.6%	8.6%	8.7%	8.7%
<b>Loans to companies</b>	4.2%	4.2%	3.9%	3.8%
<i>leasing sales</i>	4.2%	5.3%	5.0%	3.9%***
<i>factoring sales (*)</i>	8.5%	6.7%	5.9%	5.9%***

	YE20	YE21	YE22	March 2023
<b>Total deposits</b>	5.3%	5.5%	5.6%	5.6%
<b>Deposits of individuals</b>	6.7%	6.8%	6.8%	6.6%
<i>demand deposits (**)</i>	7.2%	7.0%	7.1%	7.0%
<b>Deposits of companies</b>	3.2%	3.7%	4.0%	4.2%
<i>demand deposits</i>	3.1%	3.2%	3.1%	3.1%
<b>Mutual funds</b> (incl. third party)	4.5%	4.6%	4.1%	4.2%

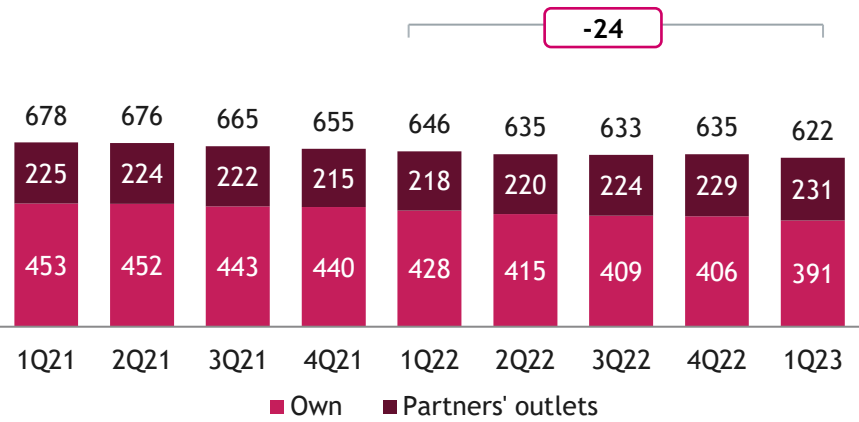
# BANK MILLENNIUM'S PHYSICAL FOOTPRINT

(as at 31 March 2023)

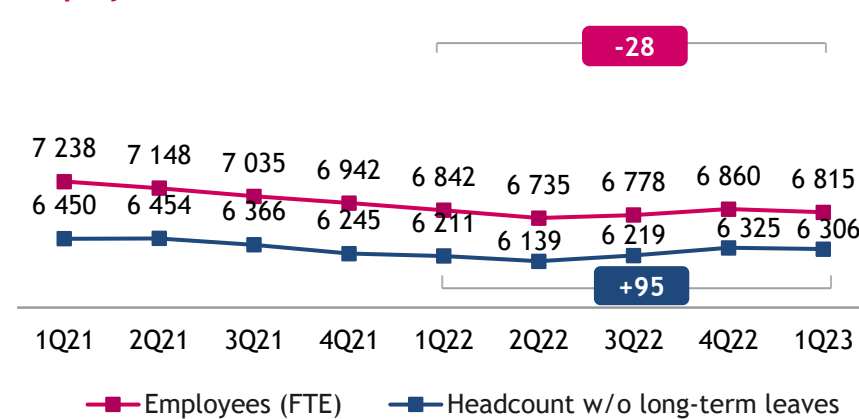
Network of 622 branches: own and mini branches



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



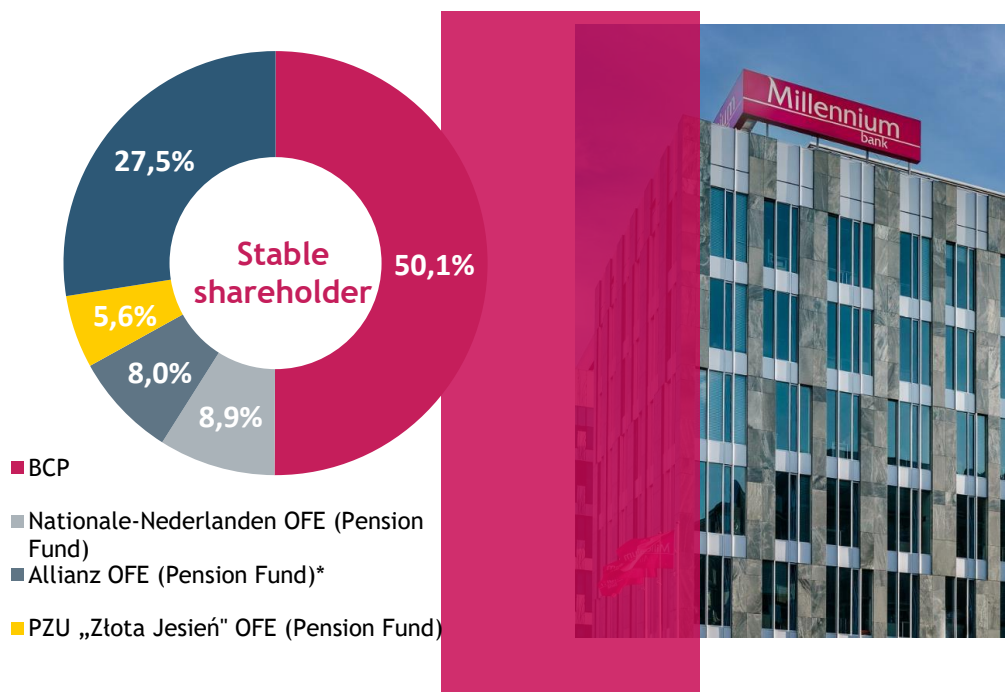
**Antonio Pinto**  
Digital & Marketing  
Since 2018



**Jarosław Hermann**  
IT & Operations  
Since 2018

# SOLID FOUNDATIONS APPRECIATED BY INVESTORS

Bank Millennium's shareholder structure (31.12.2022)

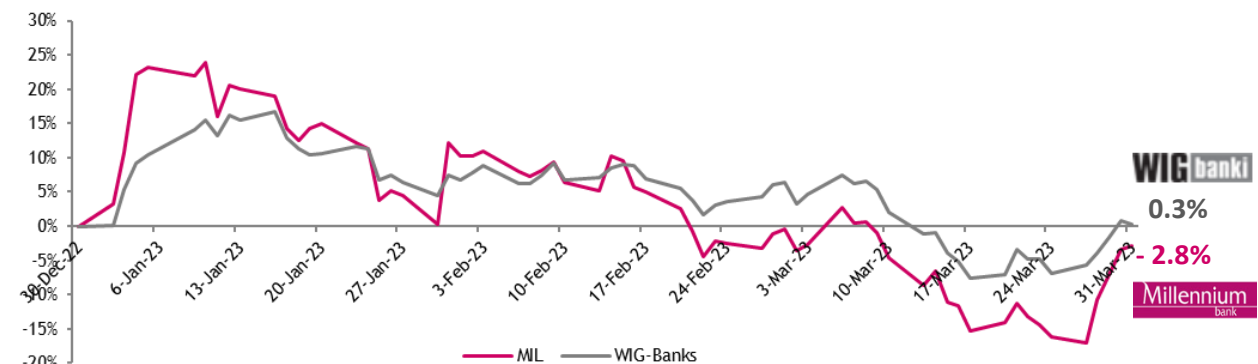


## Bank's current ratings

Moody's Baa3 / P3/ ba3 / negative outlook

Fitch BB / B/ bb/ stable outlook

Annual change of Bank Millennium share performance vs. WIG Banks index



## Participation in domestic stock market indices



# 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 2022



### 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





# 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

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## INSTITUTIONAL PRESENTATION

Financial performance

# SYNTHETIC P&L ACCOUNT

## Reported results

	1Q22	1Q23	Change Y/Y	4Q22	Change Q/Q
Net interest income	961	1 262	31%	1 349	-6%
<i>Including cost of credit holidays</i>	0	0	-	99	-
<i>Net interest income without credit holidays</i>	961	1 262	31%	1 250	1%
Net commission income	221	201	-9%	202	-1%
Other non-interest income	-22	594	-	-21	-
<b>Operating Income</b>	<b>1 160</b>	<b>2 057</b>	<b>77%</b>	<b>1 530</b>	<b>34%</b>
General and administrative costs	-435	-469	8%	-416	13%
Depreciation	-52	-53	2%	-52	0%
<b>Total operating costs</b>	<b>-486</b>	<b>-522</b>	<b>7%</b>	<b>-469</b>	<b>11%</b>
Net cost of risk *	-83	-119	44%	-91	32%
Other modification	0	-19	-	-52	-64%
FX legal risk provision	-499	-864	73%	-505	71%
<b>Operating profit</b>	<b>91</b>	<b>534</b>	<b>-</b>	<b>413</b>	<b>29%</b>
Banking tax	-82	0	-100%	0	-
<b>Pre-tax profit</b>	<b>9</b>	<b>534</b>	<b>-</b>	<b>413</b>	<b>29%</b>
Income tax	-132	-281	114%	-165	71%
<b>Net profit</b>	<b>-122</b>	<b>252</b>	<b>-</b>	<b>249</b>	<b>1%</b>

(\*) cost of risk includes impairment provisions (on all stages), FV adjustment on loans and result on modification (except for a part related to amicable settlements with FX mortgage borrowers).

# BALANCE SHEET

	31.03.2022	31.12.2022	31.03.2023	Change y/y
<b>ASSETS</b>				
Cash and balances with the Central Bank	8 286	9 536	5 452	-34%
Loans and advances to banks	986	733	586	-41%
Loans and advances to customers	78 703	76 565	75 380	-4%
Amounts due from reverse repo trans.	26	5	0	-100%
Debt securities	18 703	20 471	28 723	54%
Derivatives (for hedging and trading)	241	475	432	80%
Shares and other financial instruments	152	153	135	-11%
Tangible and intangible fixed assets	936	1 009	1 002	7%
Other assets	1 724	1 994	2 118	23%
<b>TOTAL ASSETS</b>	<b>109 756</b>	<b>110 942</b>	<b>113 828</b>	<b>4%</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits and loans from banks	647	728	462	-28%
Deposits from customers	97 305	98 039	100 876	4%
Liabilities from repo transactions	0	0	0	-
Financial liabilities at fair value through P&L and hedging derivatives	880	940	828	-6%
Liabilities from securities issued	40	244	256	546%
Provisions	721	1 016	974	35%
Subordinated liabilities	1 548	1 568	1 564	1%
Other liabilities	2 417	2 914	2 795	16%
<b>TOTAL LIABILITIES</b>	<b>103 558</b>	<b>105 448</b>	<b>107 755</b>	<b>4%</b>
<b>TOTAL EQUITY</b>	<b>6 198</b>	<b>5 494</b>	<b>6 073</b>	<b>-2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>109 756</b>	<b>110 942</b>	<b>113 828</b>	<b>4%</b>

# FINANCIAL HIGHLIGHTS OF 1Q23

Strong core profitability, efficiency and asset quality. Two consecutive quarters of material positive net results despite elevated costs related to FX-mortgage portfolio.

Positive net profit in 1Q23

**PLN252mn**

Adjusted net profit\*

**+37% y/y**

NII\*\* and NIM strongly up

**+31%; +81bp y/y**

Adj. ROE\*

**22.1%**

Adj. cost/income\*

**28.7%**

NPL ratio

**4.7%**

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NPL ratio

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# THE MOST IMPORTANT AWARDS AND ACHIEVEMENTS OF BANK MILLENNIUM IN 1Q23

Fantastic people, winning teams and the highest standards of service confirmed by independent rankings and competitions



## Service Quality Star

For another year in a row, Bank Millennium was among the companies honored with the title of Star of Service Quality awarded to the friendliest companies in Poland based on a consumer satisfaction survey.

The distinction awarded by the Polish Service Quality Standard means that the bank represents the highest standards of service, stands out from the competition, and the Millennium brand has been recommended by consumers for 2023.

1 miejsce  
zespołu ekonomistów  
Banku Millennium  
w rankingu  
REFINITIV

STARMINE AWARDS  
FOR MULTIS POLLS  
FROM REFINITIV

The gold standard  
in forecasting



1st place for the team of economists in the **REFINITIV** ranking and 2nd place for the Investor Relations team in the „Parkiet” daily survey

In the Refinitiv (formerly Reuters) ranking, a team of economists led by **Grzegorz Maliszewski**, which also includes **Andrzej Kamiński** and **Mateusz Sutowicz**, again took 1st place in macroeconomic forecasts for 2022. On the other hand, in Poland's largest study of communication between listed companies and the market, the Investor Relations team (**Dariusz Górski**, **Katarzyna Stawinoga** and **Marek Miśków**) scored #2.



1st place for the Best Distributor of structured products in Poland and 1st place for the Best Distributor in Eastern Europe!

In this year's edition of the SRP European Awards 2023 - a prestigious international competition for the structured products industry, we took 1st place in the Best Distributor in Poland category and 1st place in the Best Distributor Eastern Europe category.

# ESG Activities

Millennium  
bank



ESG Report  
of Bank Millennium and  
the Bank Millennium  
Group for 2022

## ESG report of Bank Millennium and Bank Millennium Group for 2022

- The ESG report is an annual summary of the activities of the Bank Millennium Group in the area of sustainable development.
- The report complies with the standards issued by the **Global Reporting Initiative**.
- The report was **verified** as part of independent assurance services **by Deloitte Audyt Sp. z o. o. sp.k.** in terms of selected GRI indicators.



- **New loan for companies** - in January 2023, the Bank provided companies with a loan to finance photovoltaic projects.
- Continuation of cooperation with Bank Gospodarstwa Krajowego:
  - **BiznesMax** - In 2023, the Bank will continue its cooperation with BGK in the field of programs for companies from the SME sector, e.g. in terms of free Biznesmax guarantees. Under the program, companies can apply for a partial refund of the interest paid.
  - **Technological loan with a non-refundable bonus** - the Bank offers a loan that allows customers to co-finance investments from the European Funds for Modern Economy Programme.

## Millennium Group for the fourth time distinguished in the Bloomberg Gender-Equality index

- **Banco Comercial Portugues** entered the international Bloomberg Gender-Equality index for the fourth time in a row. **In 2023, it achieved its best result so far.**
- **The Bloomberg Gender-Equality Index (GEI) 2023 is a global ranking.** It covers 54 sectors of the economy from 45 countries. It analyses the performance of companies that are committed to ESG transparency.
- The high position of the Banco Comercial Portugues Group is a joint success of its three companies, incl. Bank Millennium.



EDU**OFFSHOREWIND**  
14-15.03.2023

- **Bank Millennium became a strategic partner** of the 1st Educational Career Fair EDU OFFSHORE WIND 2023. The fair is the first such event in Poland. They are devoted to education in the field of offshore wind energy development in Poland.
- **Grzegorz Maliszewski, chief economist at Bank Millennium, presented the Millennium Eco-index and the results of the ranking,** which can serve as inspiration for the directions of development of green innovations.

# RELACJE Z INWESTORAMI - KONTAKT

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