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BANK MILLENNIUM GROUP

INSTITUTIONAL PRESENTATION

August 2021

AGENDA

1.

Macroeconomic environment in Poland

2.

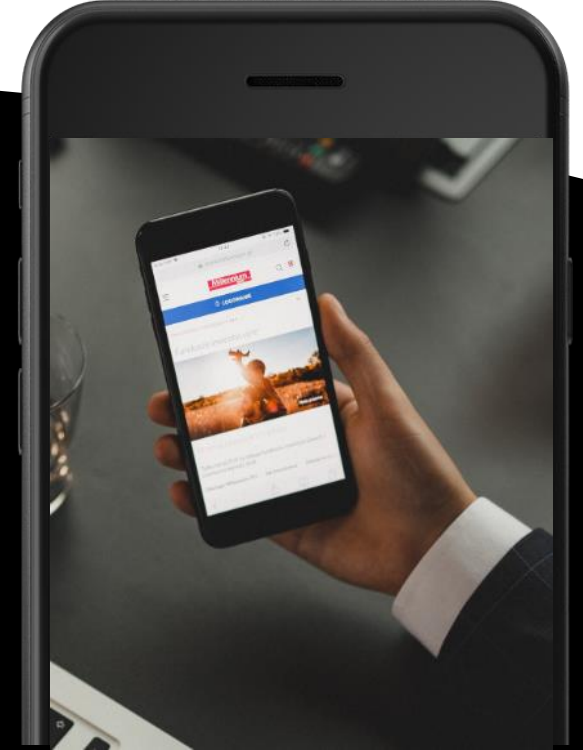
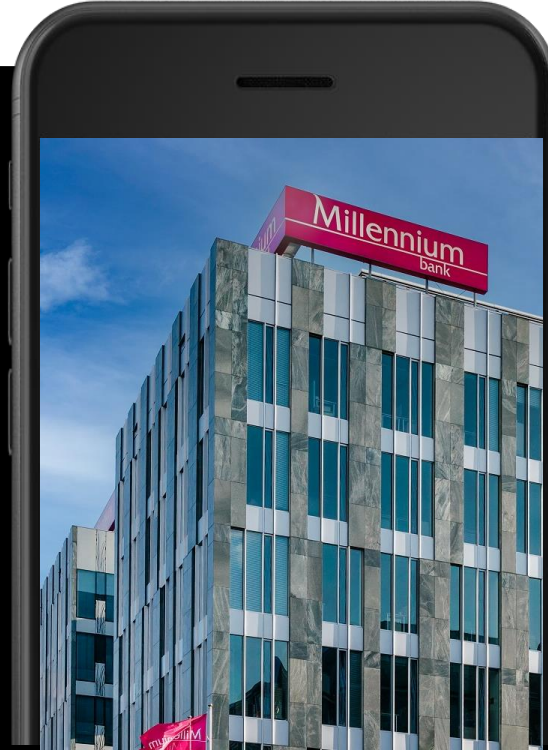
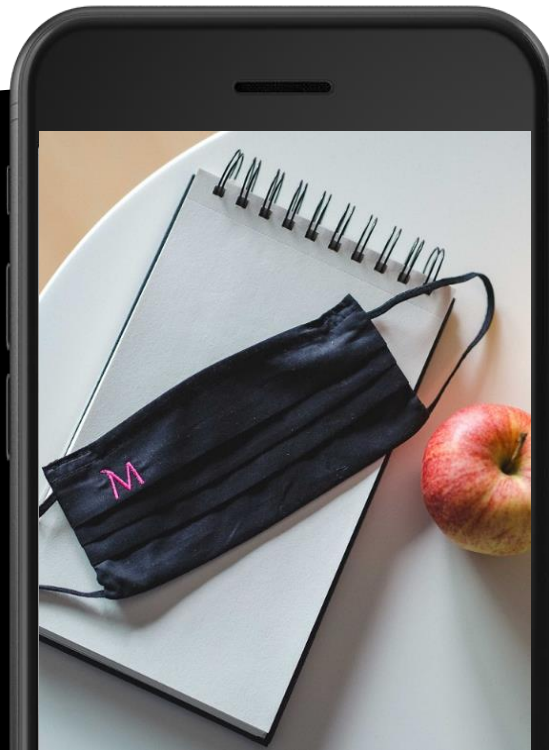
Banking sector in Poland

3.

Bank Millennium general overview and strategy

4.

Financial performance



A hand holding a black pen is shown drawing a line graph on a grid background. The graph consists of several interconnected lines and points, with some points highlighted by teardrop-shaped callouts. The overall scene is in a light, desaturated color palette.

01

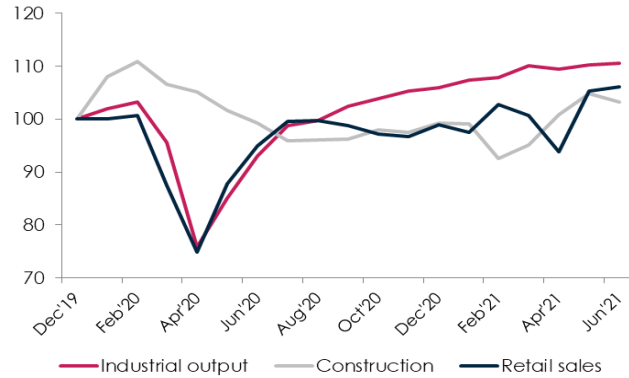
INSTITUTIONAL PRESENTATION

**Macroeconomic environment
in Poland**

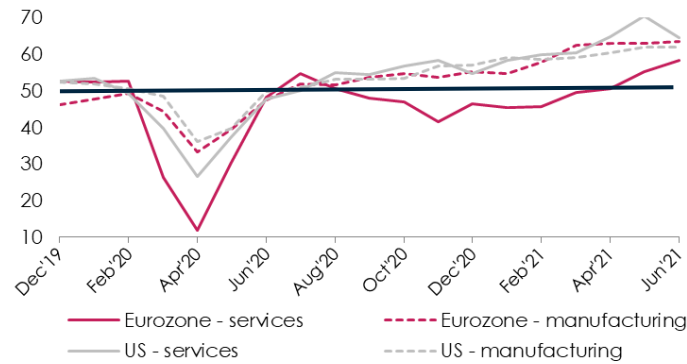
MACROECONOMIC OVERVIEW

Economy

Data from Polish economy (Dec'19=100, sa)

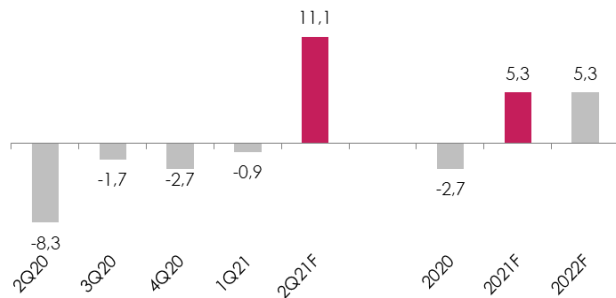


PMI indicators (pts)

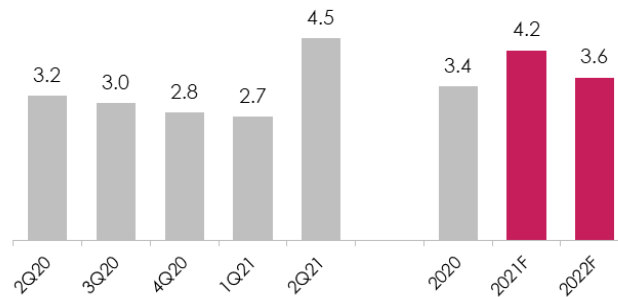


↘ In 1Q21 Polish economy expanded by 1.1% q/q (seasonally adjusted) despite the dire pandemic situation, confirming strong resilience to pandemic. Consumption continued its recovery followed unlocking of the economy, while investments surged driven by increased capacity utilisation, solid financial situation of companies and reduced uncertainty. Outlook for the Polish economy in next 2 years improved. Main s-t term risk for growth are related to bottlenecks in supply chains and elevated inflation.

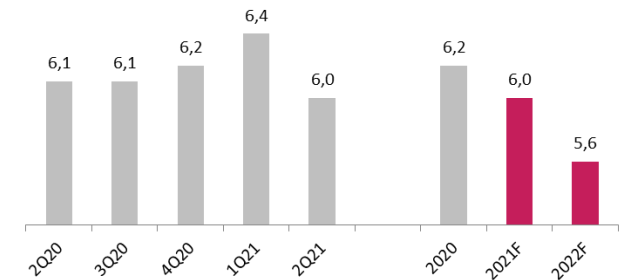
GDP growth rate (% y/y)



CPI inflation (% y/y)



Registered unemployment rate (%)



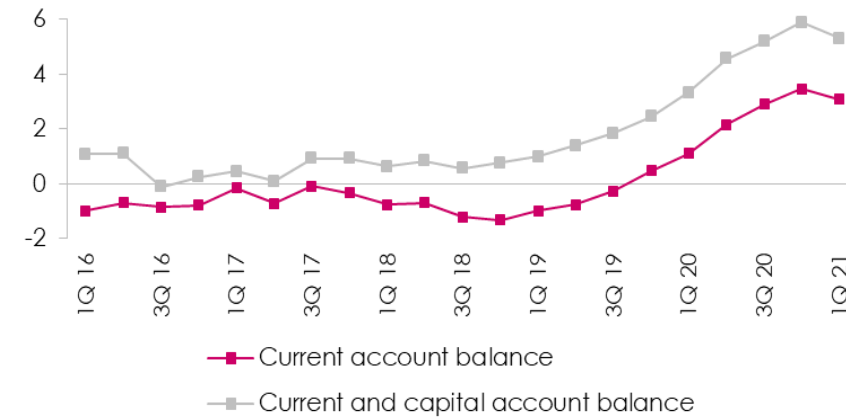
MACROECONOMIC OVERVIEW

Economy

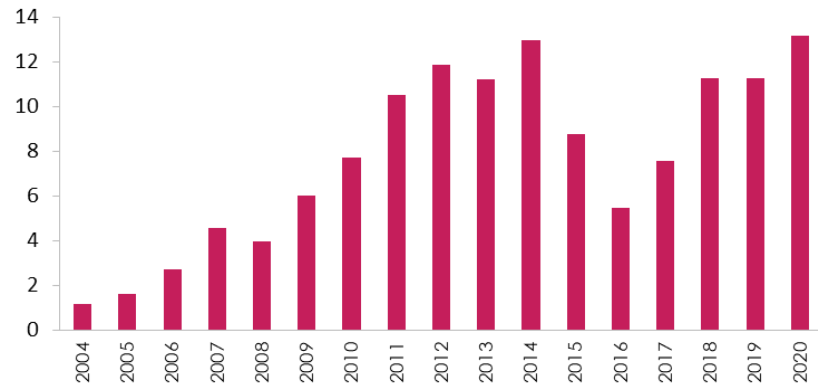
Exports and import according to national accounts (% y/y)



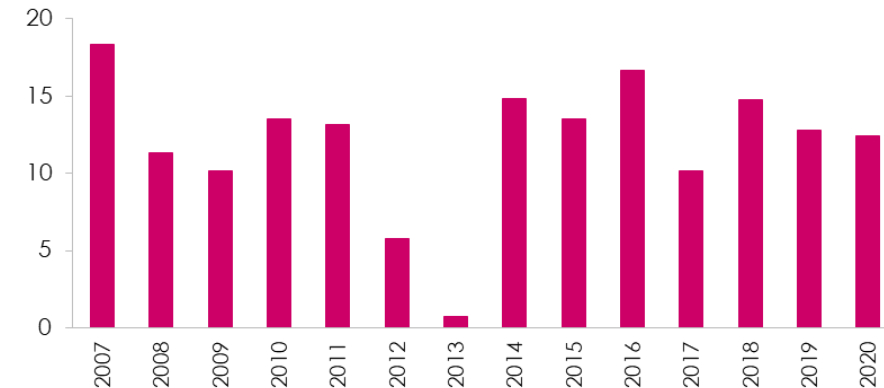
Current and capital account balance (% GDP)



Net inflow of European Union funds to Poland (EUR bn)



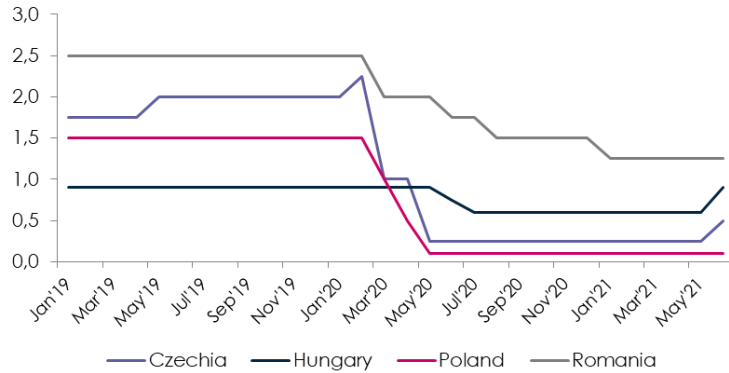
Inflow of foreign direct investments to Poland (EUR bn)



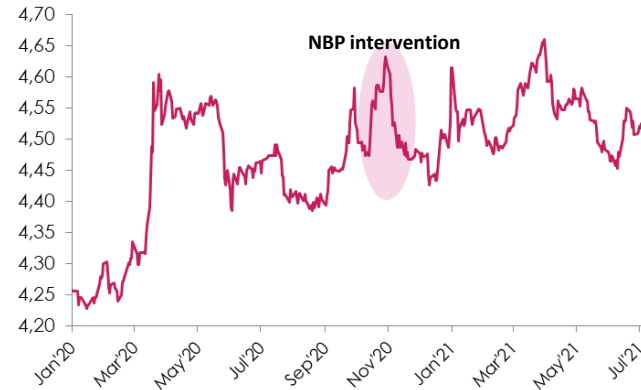
MACROECONOMIC OVERVIEW

Financial markets

Interest rates in CEE countries (%)



EUR/PLN exchange rate

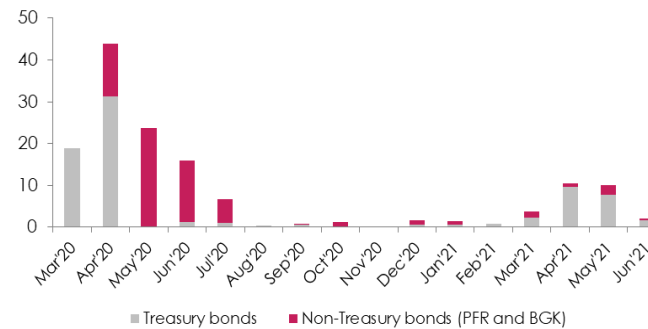


Monetary Policy Council kept rates at record low levels in 2Q21 and continued asset purchase program, while some other central banks in the region started normalization of monetary policy. PLN was under negative pressure from global sentiment and dovish tone from the NBP.

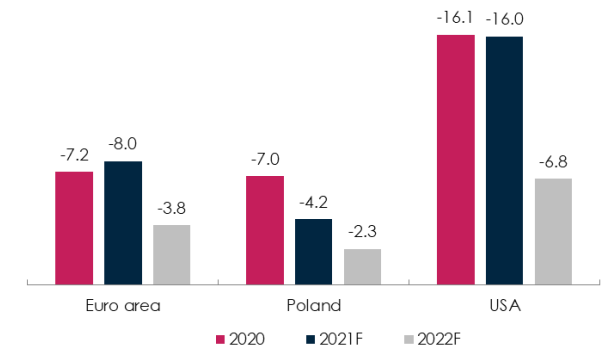
Yields of T-bonds (%)



NBP buybacks of bonds (PLN bln)



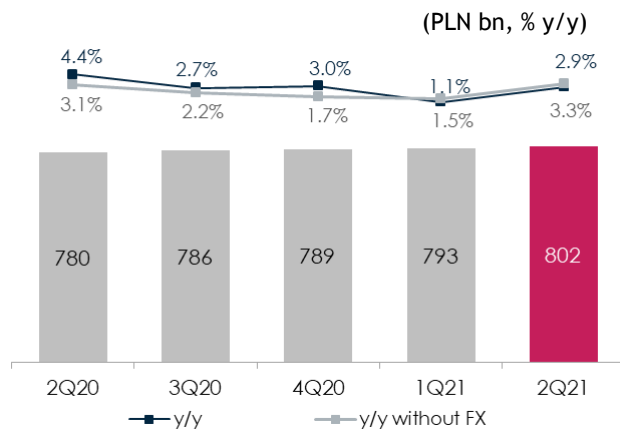
General government deficit (% GDP)



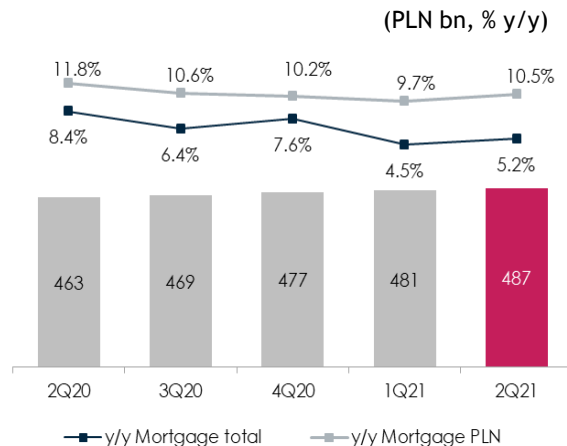
MACROECONOMIC OVERVIEW

Monetary aggregates

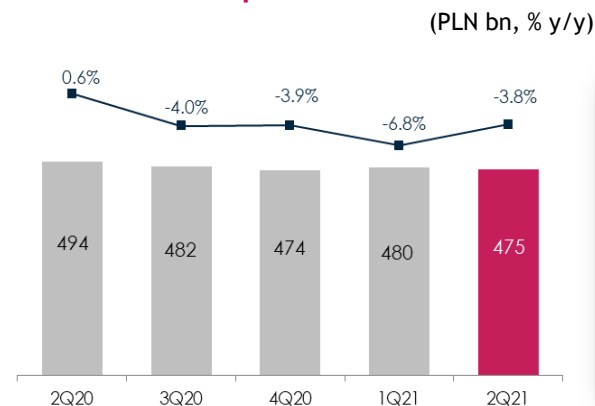
Loans to households



Mortgage loans

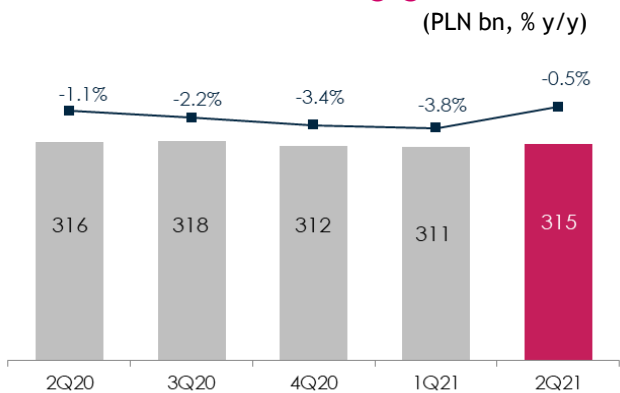


Loans to companies

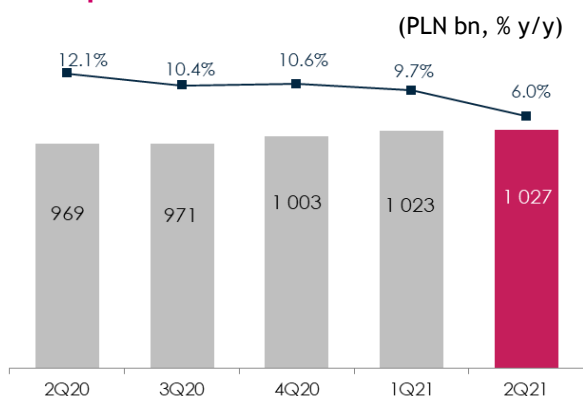


↘ In 2Q21 the value of loans to households increased, including housing loans and, to a lesser extent, consumer loans. On the other hand, the value of corporate loans continued to decline.

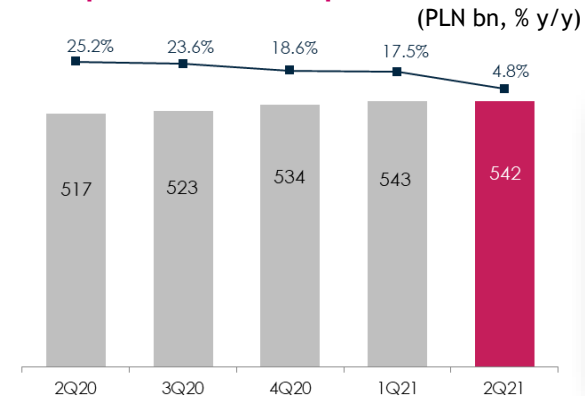
Households: non-mortgage loans



Deposits from households



Deposits from companies



↘ In 2Q21 household deposits increased, albeit on a smaller scale than in recent quarters. On the other hand, corporate deposits decreased slightly, for the first time since 1Q19.



02

INSTITUTIONAL PRESENTATION

Banking sector in Poland

POLISH BANKING SECTOR OVERVIEW (*)

30 fully registered banks, 522 co-operative banks (active mainly in rural areas of the country) and additional **37 international** banks acting in Poland in a form of branch

Around **11.3k banking outlets (5.4k branches)** and c146 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

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

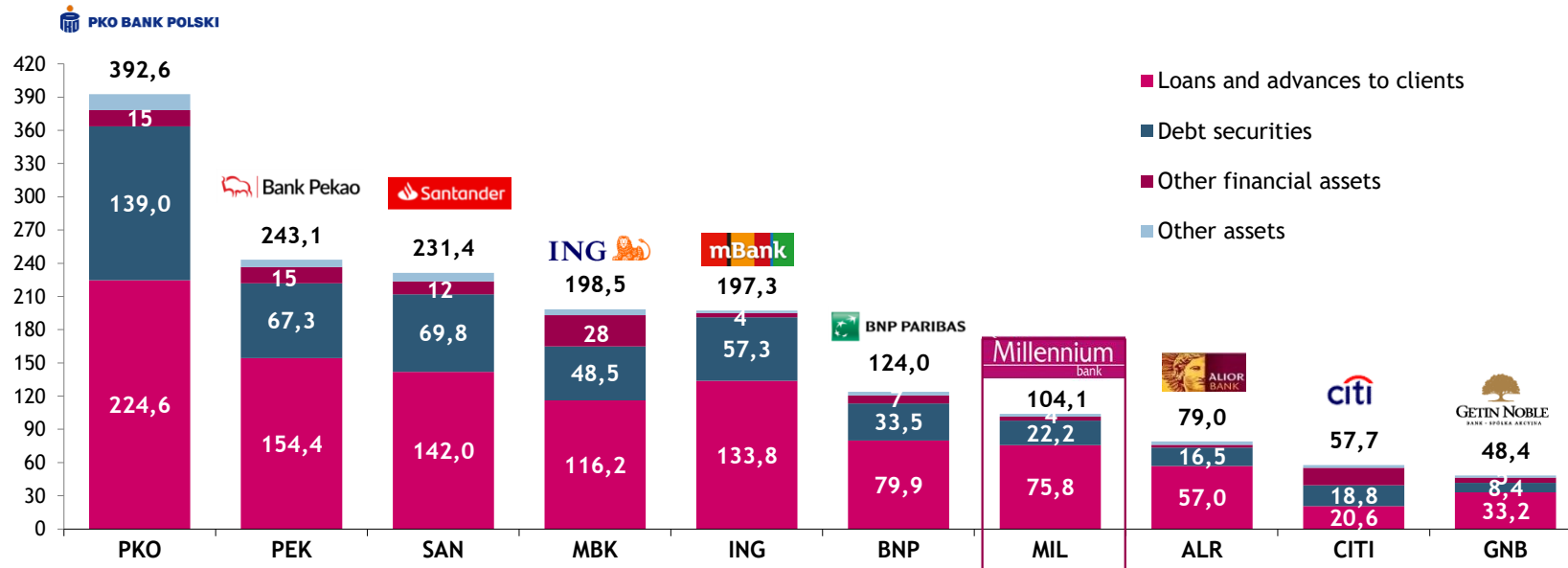
Strong banking supervision and **high level of solvency** of Polish banks (average TCR = 19%, CET1 = 17%) confirmed by stress tests

Comfortable liquidity (L/D = 88%) supported margins, while interest rates at historical low levels

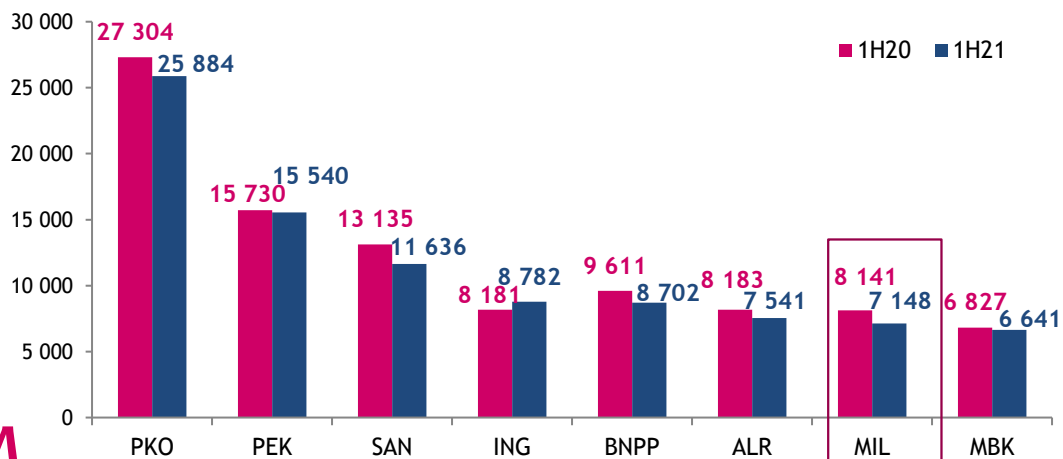
Profitability under pressure due to high obligatory burdens: new banking tax (highest in Europe), guarantee fund payments and regulatory limits on many fees (insurance, interchange, mutual funds)

THE BIGGEST BANKS IN POLAND

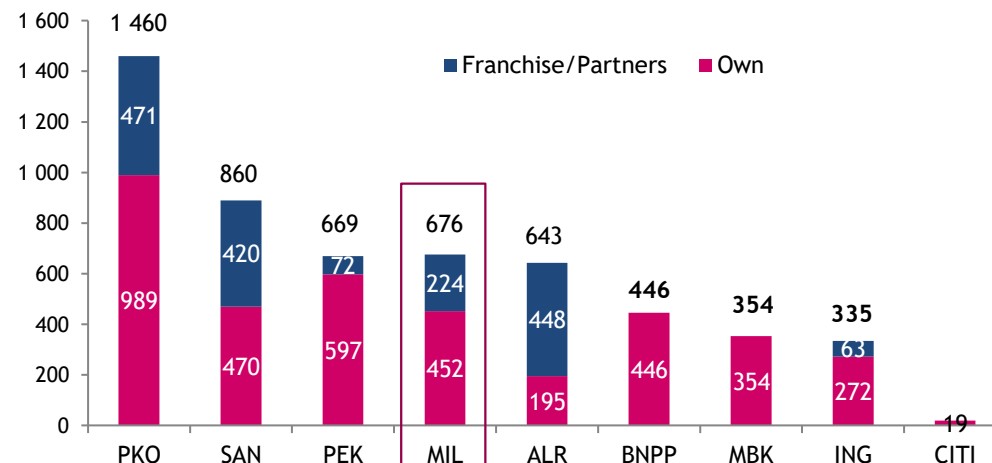
As at 30 June 2021 (PLNbn)



Total headcount*



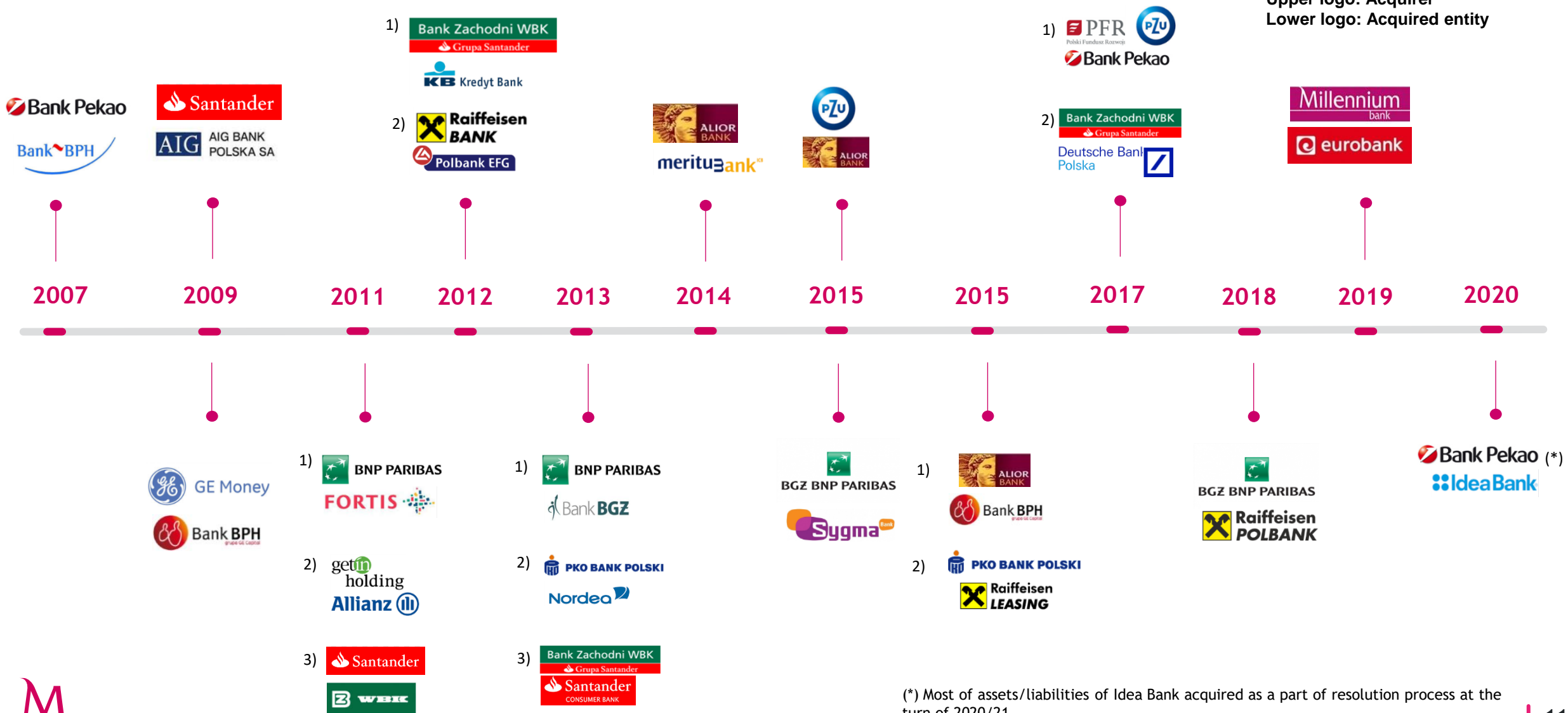
Total distribution network



(*) Total FTEs

RECENT M&A TRANSACTIONS IN THE POLISH BANKING SECTOR

Upper logo: Acquirer
Lower logo: Acquired entity



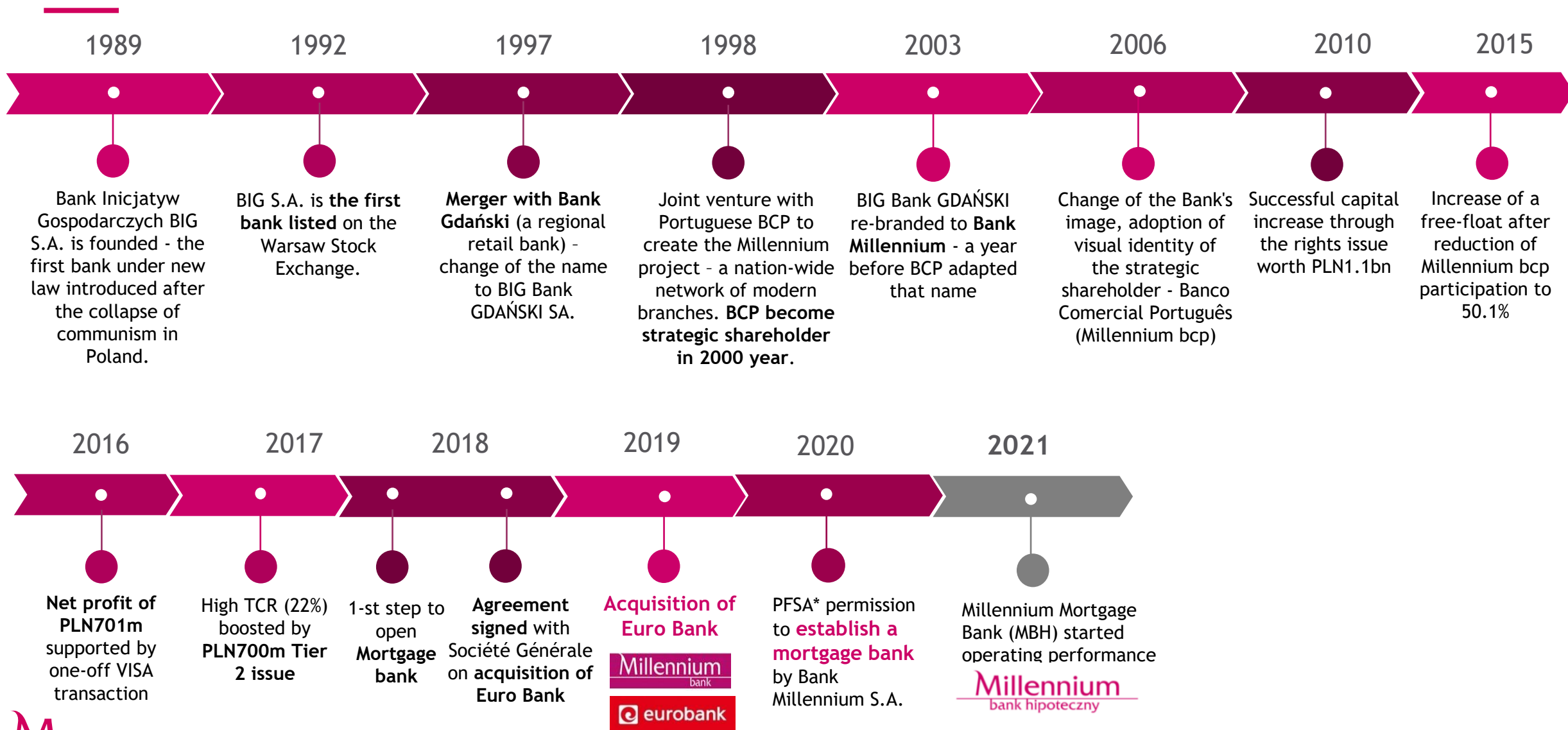
(*) Most of assets/liabilities of Idea Bank acquired as a part of resolution process at the turn of 2020/21



INSTITUTIONAL PRESENTATION

Bank Millennium general overview and strategy

HISTORY OF BANK MILLENNIUM AT A GLANCE



(*) Polish Financial Supervision Authority

MORTGAGES - OUR LONG-TERM CUSTOMER ACQUISITION PRODUCT

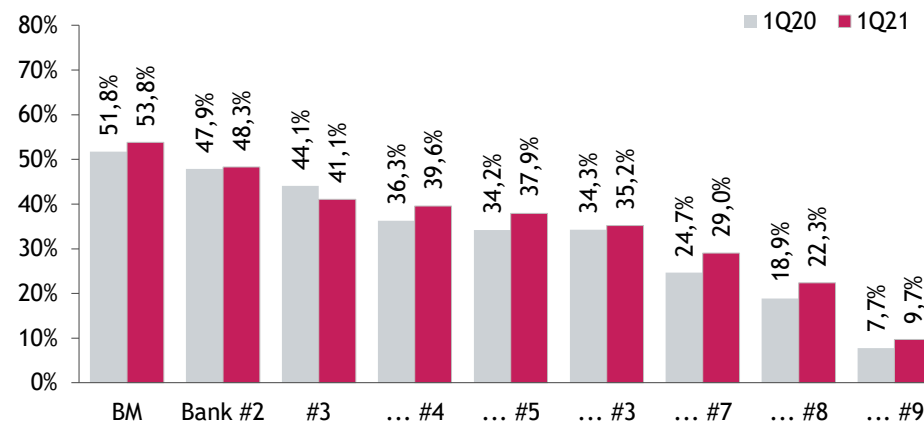
Millennium Mortgage Bank (MBH) started operating performance on June 14, 2021. MBH intends to issue its first covered bonds in early 2022.

Rationale for establishing MBH

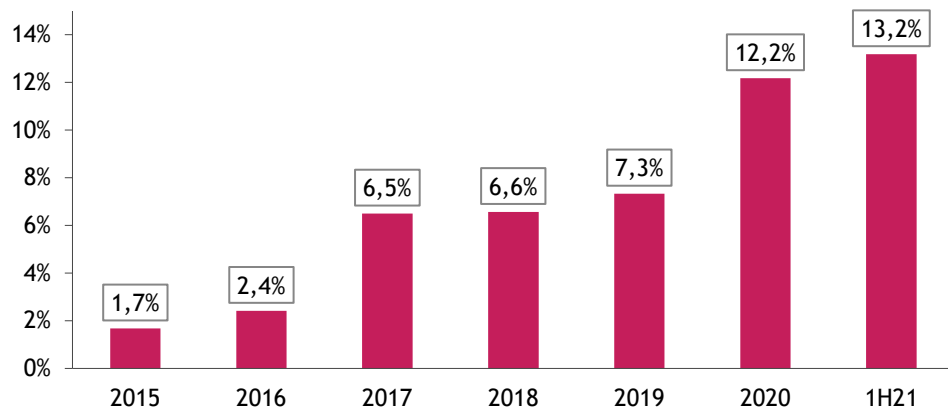
↙ MBH will provide opportunities for medium term sustainable development of mortgage lending business and will allow to:

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

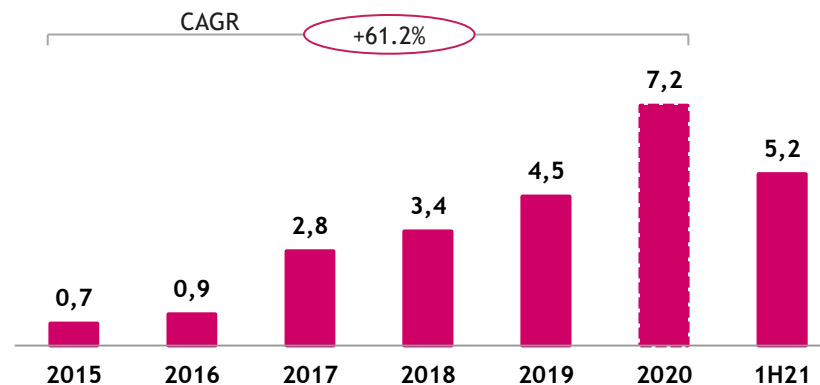
Share of mortgage loans in total portfolio (top 9 banks) (%)



BM's market share in origination (%)



BM's origination of mortgage loans (PLNbn)



OVERVIEW OF STRATEGIES SINCE 2009



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

BANK MILLENNIUM TODAY

2.6 million (*) active retail clients,
2.1 million (*) online active clients
1.8 million (*) mobile active clients

6% average market share, of which 7-8% in retail segment and 4% in corporate business

Well developed retail banking platform with **676** branches in attractive locations

Profitability under pressure from extraordinary items (reported **ROE at -11.6%**) (***)

Proven track-record of tight cost control; **cost/income** ratio at **45%** (**)

Strong TCR (18.7%) ratio and one of the **lowest impaired loans ratio** among top banks

MARKET SHARES IN MAIN PRODUCTS

%	2015	2016	2017	2018	2019	2020	1H21
Total loans	4.7	4.5	4.4	4.6	5.7	6.1	6.1
Loans to individuals	5.9	5.7	5.5	5.6	7.7	8.0	8.1
- mortgage	7.5	7.0	7.0	7.0	8.3	8.6	8.7
• new loan agreements	1.7	2.4	6.5	6.6	7.3	12.2	13.2
- in credit cards	5.7	5.4	5.7	5.6	6.4	6.8	7.1
- other consumer	3.9	3.9	3.7	3.9	8.2	8.6	8.6
Loans to companies	3.7	3.6	3.6	3.9	4.0	4.2	4.2
- leasing sales	6.5	6.0	5.4	4.9	5.1	4.2	
- factoring sales *	10.0	9.2	8.6	8.1	7.5	7.9	
Total deposits	5.2	5.1	5.0	5.3	6.0	5.3	5.7
Deposits of individuals	5.7	5.8	5.7	6.2	7.2	6.7	6.9
- demand deposits **	5.5	6.3	6.1	6.9	8.0	7.2	7.1
Deposits of companies	4.4	3.8	3.8	3.9	4.0	3.2	4.0
- demand deposits	2.4	2.5	2.6	2.9	3.0	3.1	3.5
Mutual funds (incl. third party)	4.4	4.6	5.0	4.6	4.5	4.5	4.6

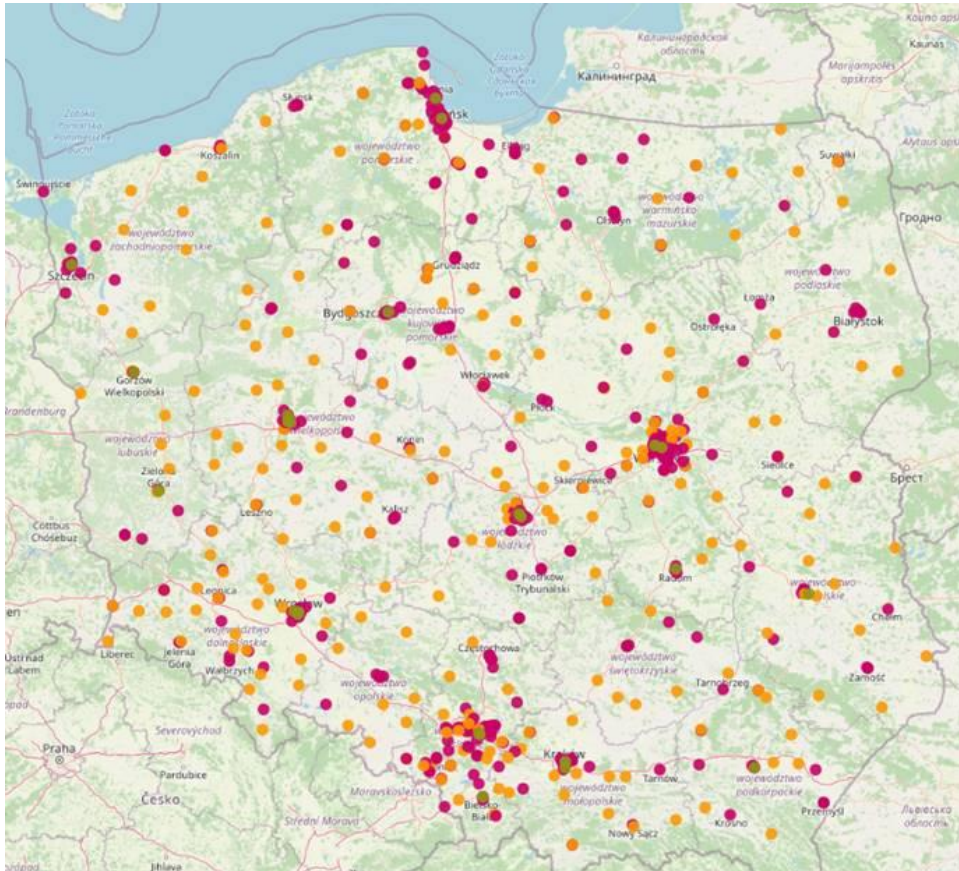


(*) among members of Polish Factors Association; (**) Including savings accounts
Source: National Bank of Poland, Bank Millennium

BANK MILLENNIUM BRANCHES

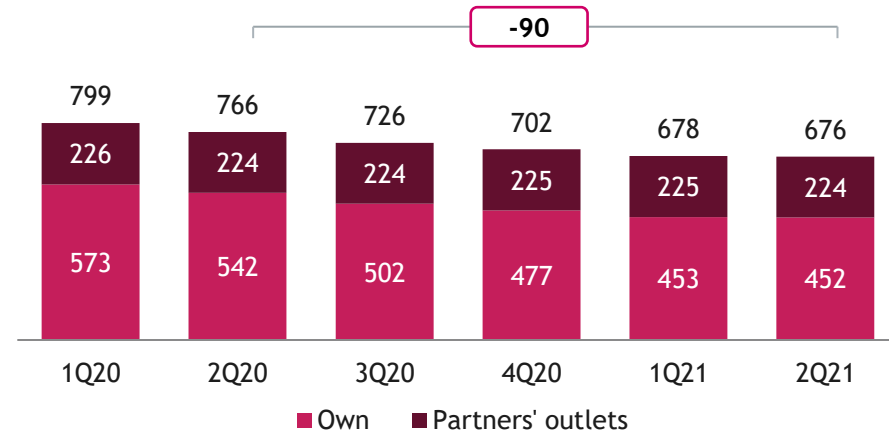
(as at 30 June 2021)

Network of 676 branches

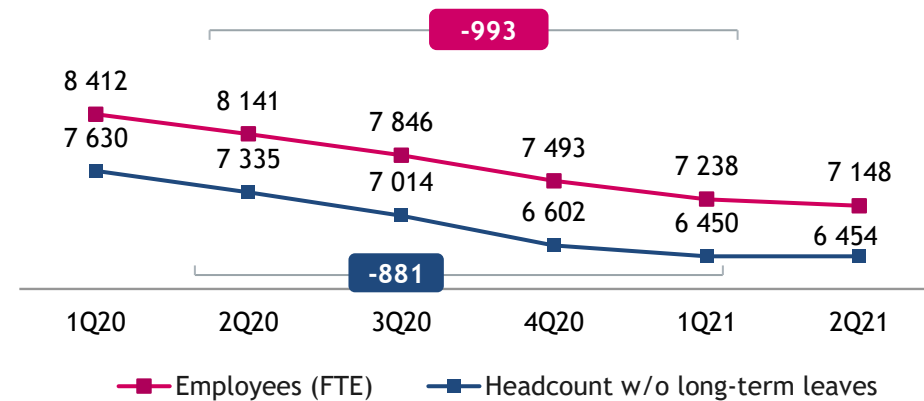


- own branches
- franchise branches
- mini branches

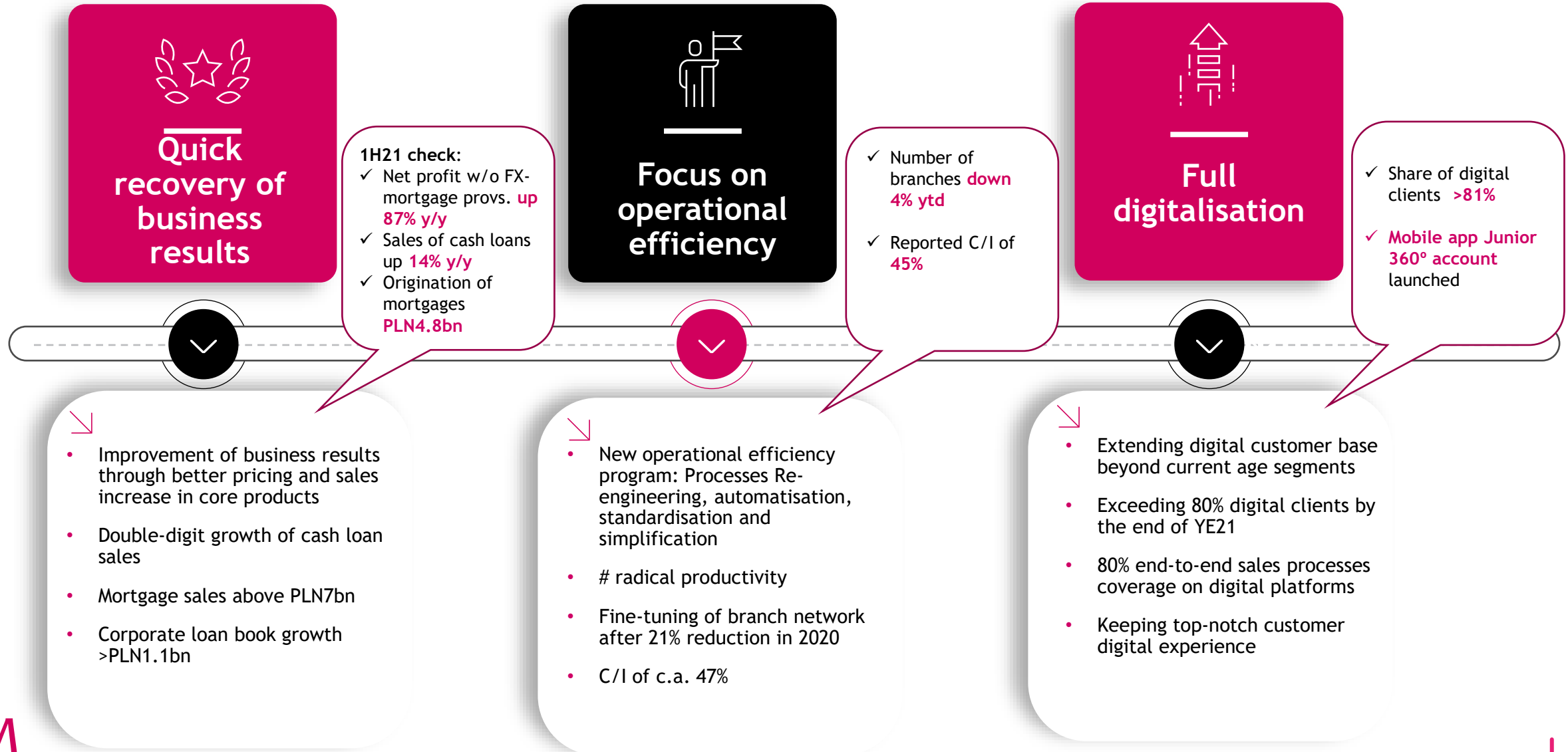
Branches and franchise branches



Employment (FTE)



2021 - A TRANSITION YEAR BEFORE NEW STRATEGY ROLL-OUT

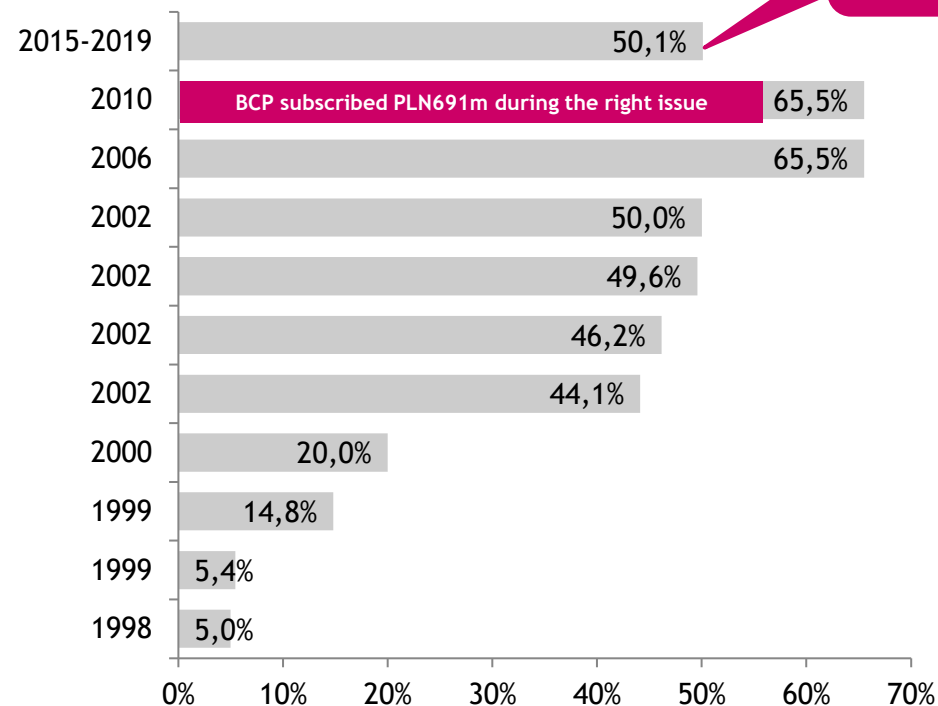


RELATIONS WITH BCP AND MANAGEMENT COMPOSITION



- 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 stake evolution since 1998



Sale of 15.4% through ABB in March'15



Joao Bras Jorge
CEO



Fernando Bicho
Deputy CEO, CFO



Wojciech Haase
CRO



Andrzej Gliński
Corporate Business



Wojciech Rybak
Retail Business

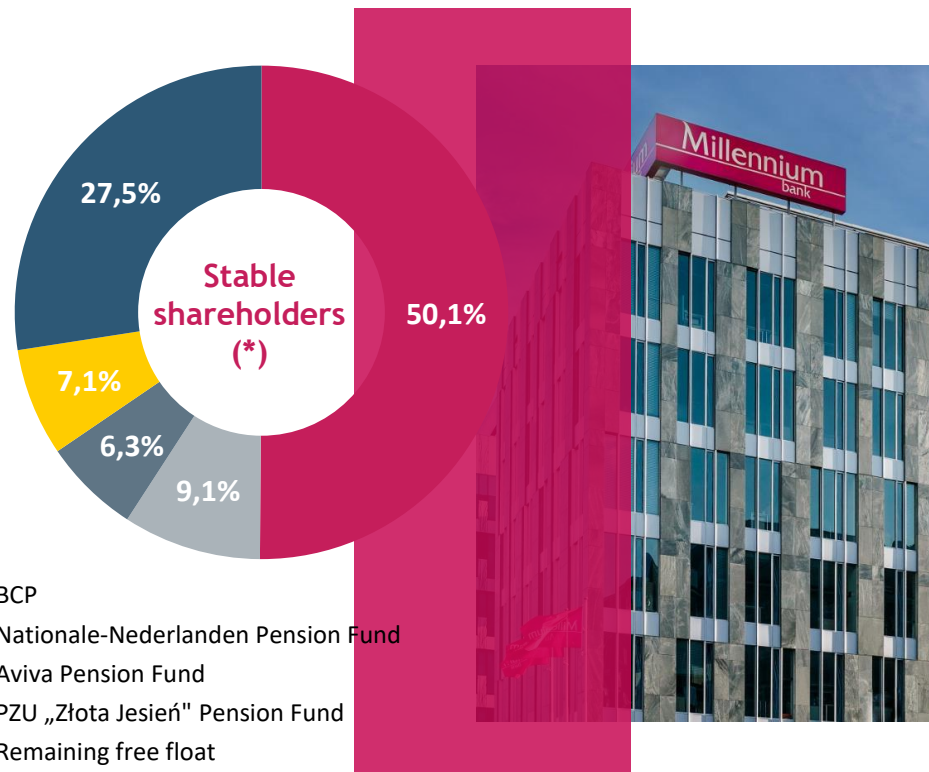


Antonio Pinto
Digital & Marketing



Jarosław Hermann
IT & Operations

SOLID FOUNDATIONS APPRECIATED BY INVESTORS



Bank Millennium: ytd share price performance



Participation in domestic stock market indices



Bank's current ratings

Moody's Baa1 / P2/ baa3 / stable outlook

Fitch BBB- / F3/ bbb- / negative outlook (*)

M (*) rating affirmed on Sept 10



04



INSTITUTIONAL PRESENTATION

Financial performance

KEY PROFIT & LOSS ITEMS

PLNm	1H21	1H20	Change Y/Y	2Q21	1Q21	Change Q/Q
Net interest income	1 277.2	1 329.9	-4.0%	654.9	622.3	5.2%
Net commission income	414.1	373.5	10.9%	209.3	204.8	2.2%
Total operating income	1 789.4	1 781.0	0.5%	922.5	867.0	6.4%
Total costs	-805.9	-923.0	-12.7%	-378.5	-427.3	-11.4%
<i>Costs without EB integration and BFG</i>	-722.5	-774.9	-6.8%	-348.3	-374.2	-6.9%
Loan loss provisions (incl. Covid-19)	-133.5	-362.9	-63.2%	-57.3	-76.2	-24.8%
FX mortg. legal risk provisions	-1 047.0	-168.0	523.2%	-513.6	-533.4	-3.7%
Banking tax on assets	-152.0	-141.2	7.6%	-76.9	-75.0	2.5%
Net profit	-511.6	71.7	-	-200.3	-311.3	-
<i>Net profit without extraordinary items*</i>	473.7	326.6	45.0%	267.6	206.1	29.8%
NIM	2.58%	2.69%	-0.11 pp	2.60%	2.56%	0.04 pp
Cost/Income reported	45.0%	51.8%	-6.7 pp	41.0%	49.3%	-8.3 pp
Cost/Income adjusted (*)	45.5%	47.1%	-1.6 pp	43.6%	47.3%	-3.7 pp
Cost of risk	33 bp	98 bp	-65 bp	28 bp	39 bp	-11 bp
ROE	-11.6%	1.6%	-	-9.3%	-13.8%	-
ROE adjusted (*)	10.9%	7.2%	3.7 pp	12.4%	9.4%	3.0 pp

KEY BALANCE SHEET AND BUSINESS ITEMS

PLNm	Jun. 21	Jun. 20	Change Y/Y	Mar. 21	Change Q/Q
Active customers (ths)	2 632*	2 617	15	2 611	21
incl. on-line and mobile	2 140	1 971	169	2 113	27
Customer funds	99 484	93 904	5.9%	97 418	2.1%
Deposits	89 998	86 255	4.3%	88 255	2.0%
Deposits of individuals	64 966	63 436	2.4%	64 264	1.1%
Loans	75 794	71 340	6.2%	74 636	1.6%
FX mortgage loans excl. EB	10 665	13 622	-21.7%	11 977	-10.9%
Loans without FX mortgage	64 203	56 715	13.2%	61 700	4.1%
L/D	84.2%	82.7%	1.5 pp	84.6%	-0.4 pp
Impaired loan ratio (**)	4.7%	4.8%	-0.1 pp	4.9%	-0.2 pp
Coverage ratio	66.5%	66.1%	0.3 pp	64.3%	2.2 pp
CET1 = T1	15.6%	17.0%	-1.4 pp	16.3%	-0.7 pp
TCR	18.7%	20.0%	-1.3 pp	19.4%	-0.7 pp



(*) Changes in methodology since Dec-20
(**) stage 3 and POCI loans share in gross total loans

FINANCIAL HIGHLIGHTS OF 2Q21

Most of last year's pandemic impact neutralised

Adjusted net profit*

+45% y/y

NII rebounded, NIM up

+4bp q/q

Fees up

+17% y/y

Adjusted ROE

12.4%

Costs reduction

-7% y/y

Provision coverage up

DPD>90 124%

BUSINESS HIGHLIGHTS OF 2Q21

Retail business growing fast above pre-Covid levels, corporate showing signs of gradual improvement

Loans

+6% y/y

New mortgage sales record

PLN2.6bn

Cash loans sales

+14% y/y

Investment products

+24% y/y

Active digital customers

>2.1mn

Customer deposits

+4% y/y

BANK MILLENNIUM IS THE BEST BANK IN POLAND AND THE WORLD

The best financial, service, CSR and innovation indicators confirmed by independent rankings and competitions



Bank Millennium on the podium in the "Best Bank 2021" competition

Bank Millennium took second place in the "Best Bank 2021" competition in the group of small and medium-sized commercial banks. The competition is organized by "Gazeta Bankowa". Statuettes in the competition were awarded in the following categories: cooperative banks, small and medium-sized commercial banks and large commercial banks.



Bank Millennium was again awarded the Golden CSR Leaf

As in the previous year, the Bank was awarded the Golden CSR Leaf of the Polityka weekly, received by companies whose activities in the field of corporate social responsibility and sustainable development are rated the highest. In the previous years, the Bank won the Silver Leaf five times.



Bank Millennium is the Innovator of 2021 according to Global Finance magazine

Bank Millennium in the poll conducted by Global Finance magazine was recognized as an outstanding innovator in retail banking for its open banking services - 2021 Outstanding Innovator in Retail Banking for "Bank Millennium Open Banking Services" (Special Honors). This is yet another international award this year for the bank's innovative solutions.

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