



Presentation to the Ordinary General Meeting of Bank Millennium S.A.

Bank Millennium/Bank Millennium Group
2021 results

March 30, 2022

DISCLAIMER



This presentation has been prepared by Bank Millennium for its stakeholders for information purpose only. The information presented in this presentation should be read together with other information published by the Bank (on www.bankmillennium.pl), in particular financial and current reports.

Financial data presented hereby is on consolidated Bank Millennium Group level.

The data is based on published financial reports with two pro-forma adjustments:

- The Bank altered its presentation of margin on derivatives that is not meeting formal hedge accounting principles and from Jan 1, 2021 all margin from derivatives is included in the reported NII.
- According to current understanding of IFRS9 standard, small part of credit portfolio is fair valued through P&L. As fair value adjustment of this portfolio has similar economic effect to impairment adjustment, in this presentation it was excluded from Total Operating Income and added to cost of risk line.

This presentation should not be treated as a recommendation to purchase securities, an offer, invitation or a solicitation of an offer to purchase, invest or conclude any transaction on securities, in particular with respect to securities of Bank Millennium.

AGENDA



Macro overview

01

Financial results

02

Strategy 2024

03

FX-mortgage
loans

04

Dividend policy

05

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

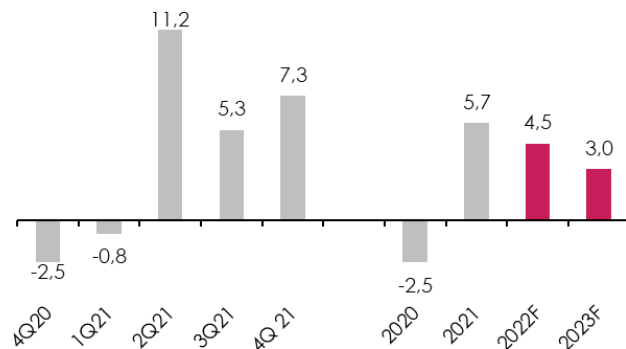
PRESENTATION TO THE ORDINARY GENERAL MEETING OF BANK MILLENNIUM S.A.

Macroeconomic background

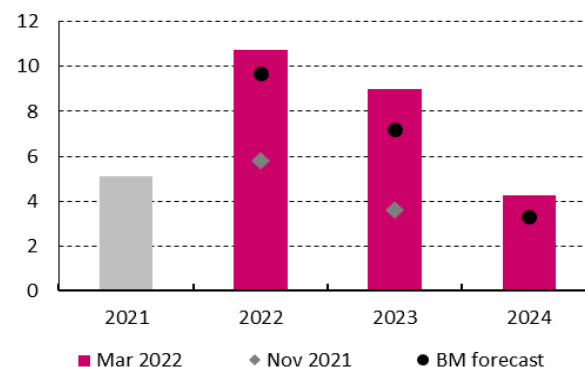
MACROECONOMIC OVERVIEW

Positive start of 2022 but outbreak of war in Ukraine deteriorates outlook for next quarters

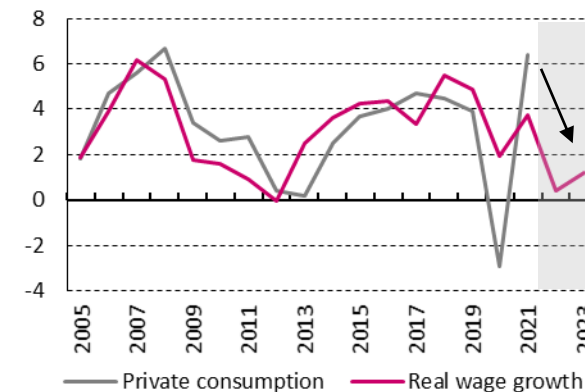
GDP growth in Poland (%)



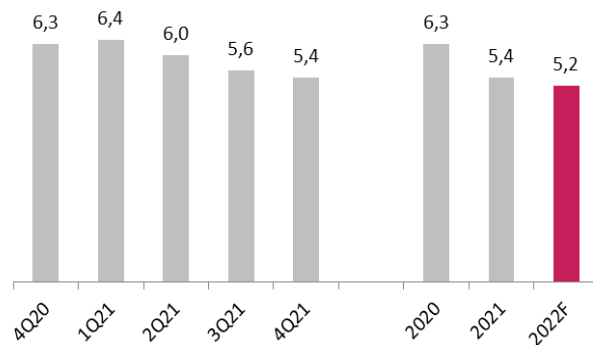
Inflation in Poland - NBP projection vs Bank Millennium forecast (%)



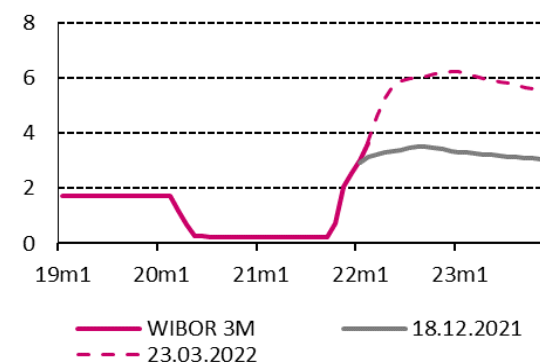
Private consumption and real wage growth (%)



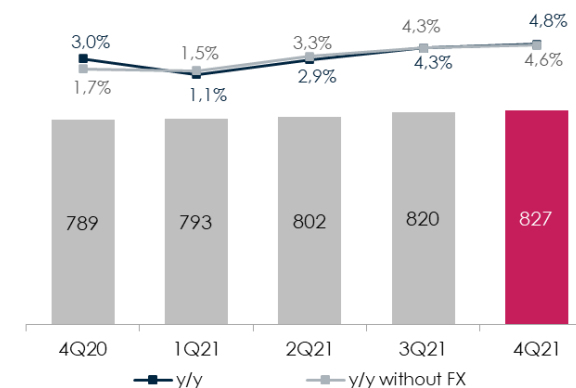
Registered unemployment rate (%)



WIBOR 3M forward rate (%)



Loans to households (PLN bn, % y/y)



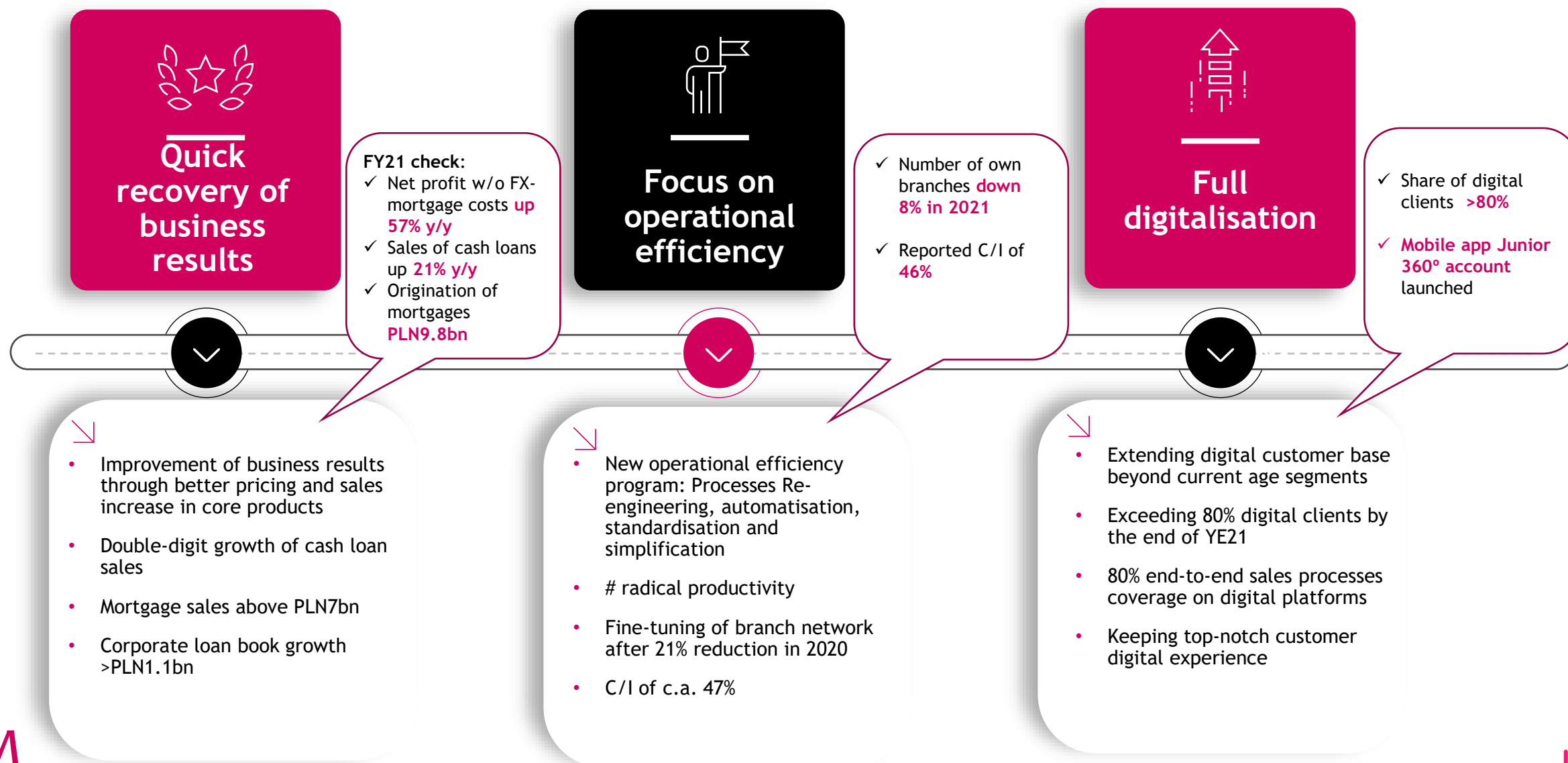


02

PRESENTATION TO THE ORDINARY GENERAL MEETING OF BANK MILLENNIUM S.A.

Financial results

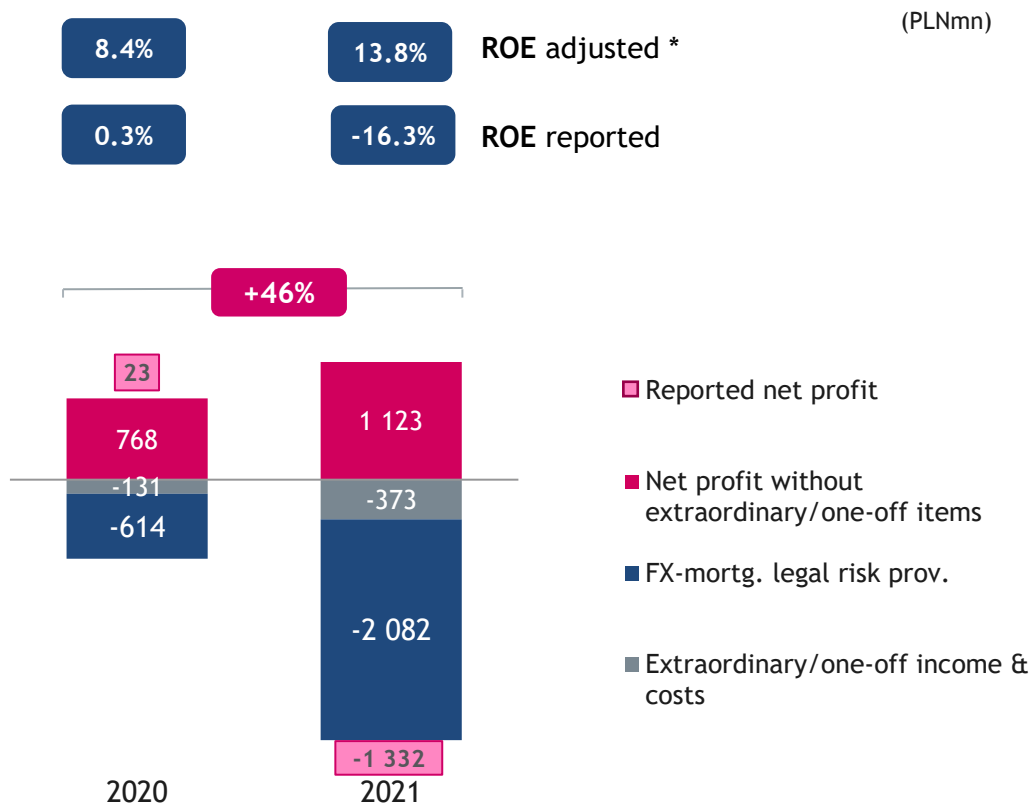
2021 - A TRANSITION YEAR BEFORE NEW STRATEGY ROLL-OUT



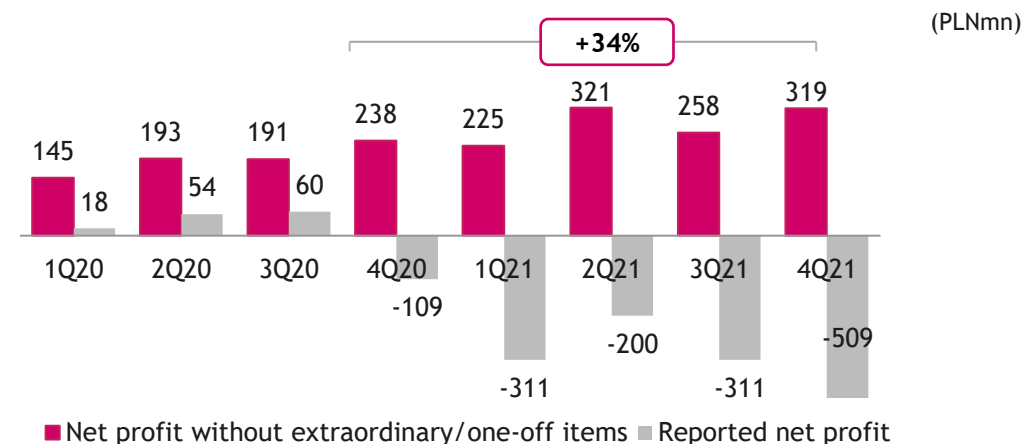
FINANCIAL HIGHLIGHTS OF 2021

Core profitability (ex-FX mortgage) is growing: 2021 ROE at high 13.8%, net income up 46% y/y

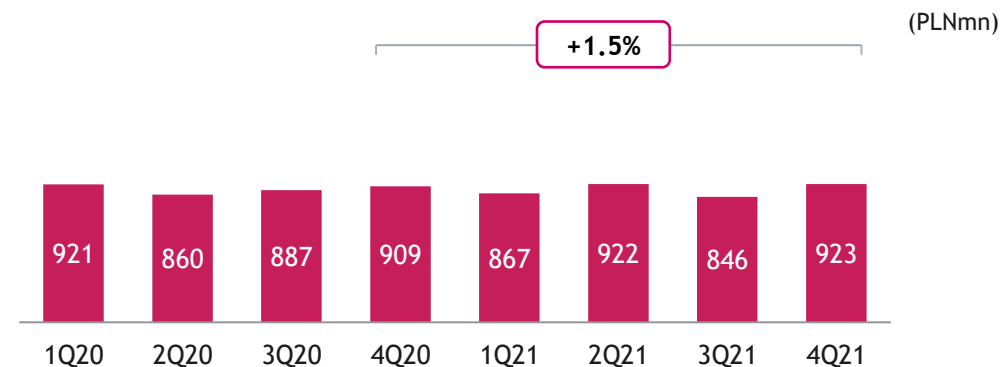
Net profit



Net profit w/o extraordinary* items

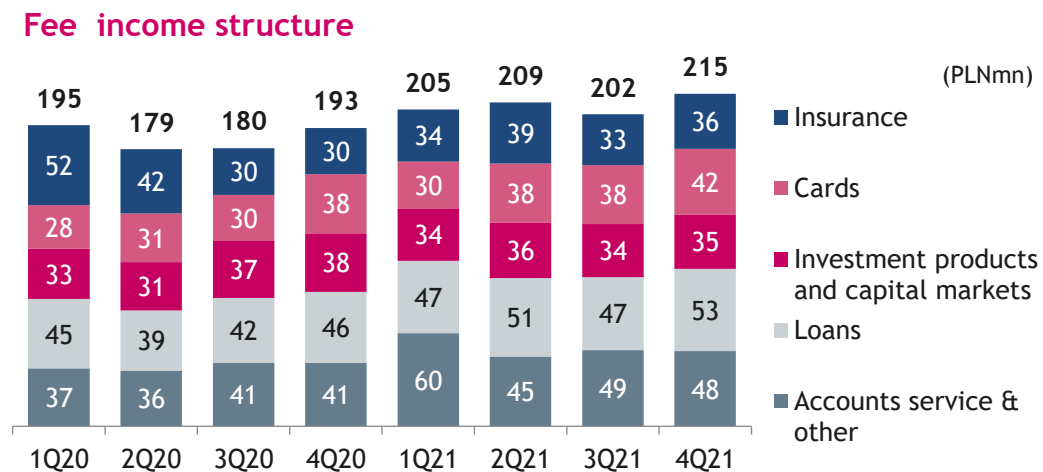
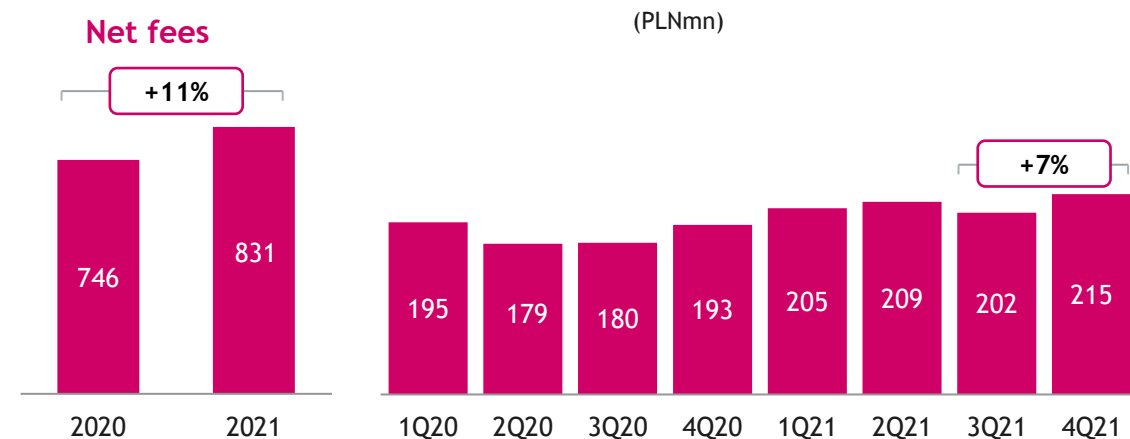
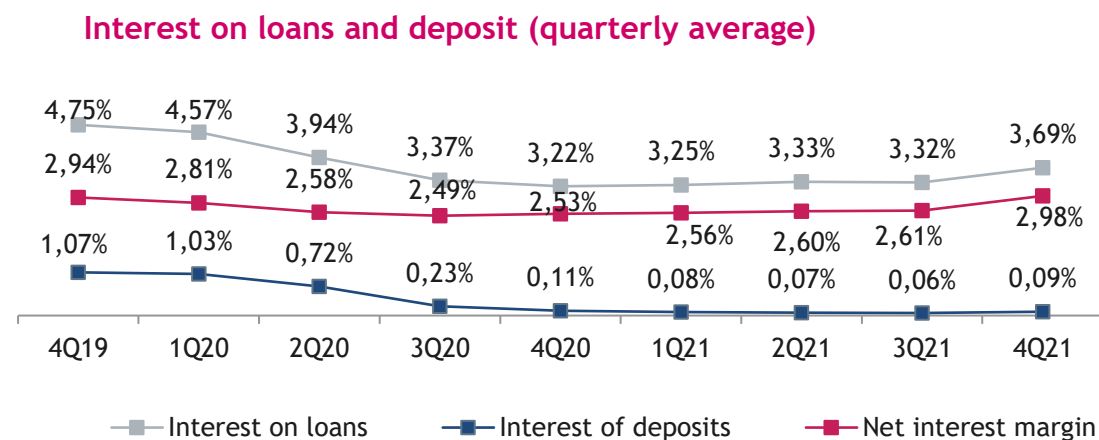
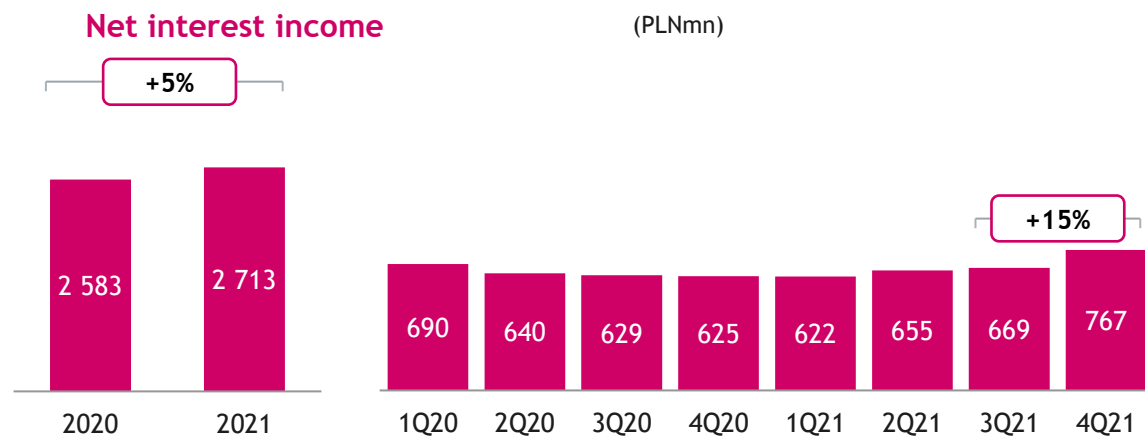


Operating income



INTEREST AND COMMISSION INCOME

NII clearly up in 4Q; gradual growth of quarterly NIM; remarkable growth in fees: +11% y/y

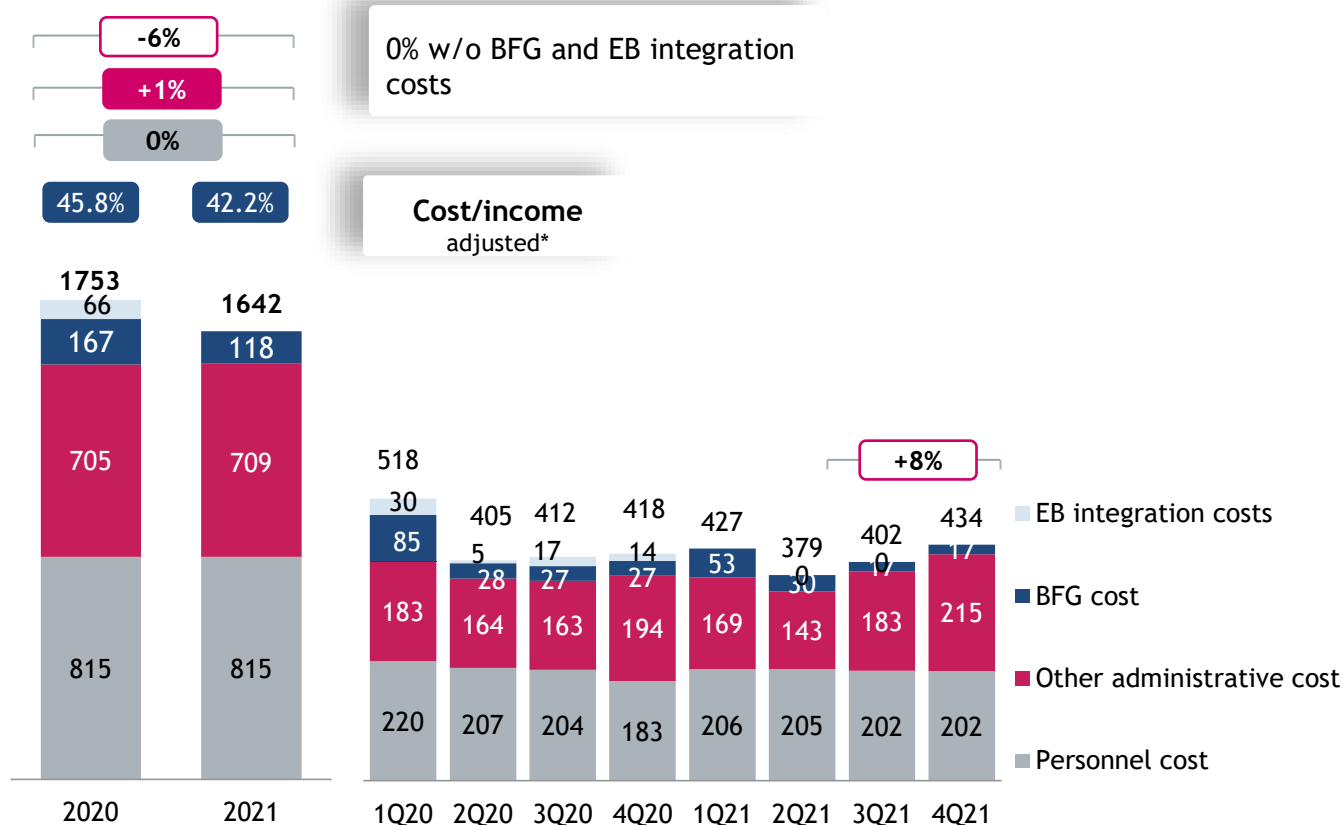


COST EFFICIENCY

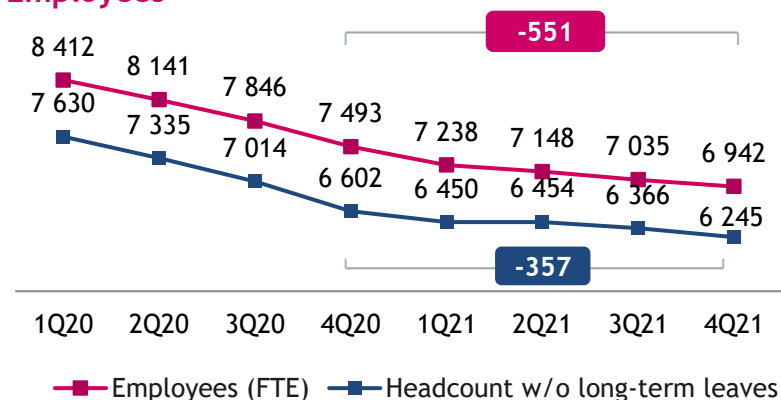
Operating costs down 6% y/y supported by lower BFG fees and cost saving initiatives (flat w/o BFG and integration)

Operating cost

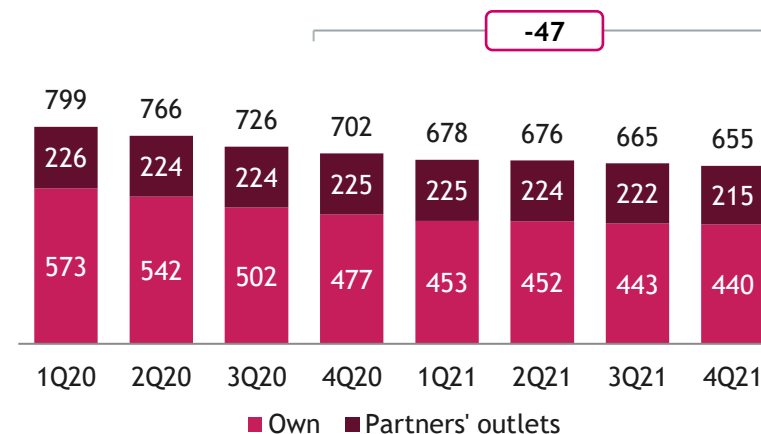
(PLNmn)



Employees



Branches



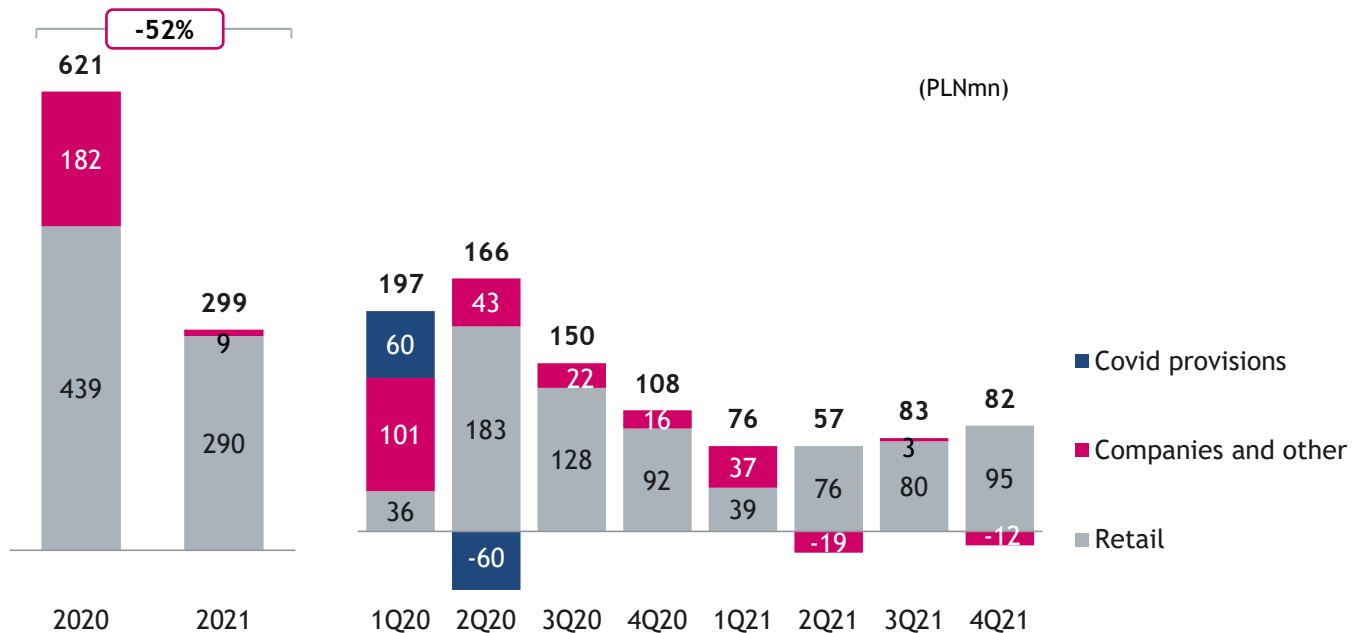
(*) without one-off income and integration costs as well as costs of litigation and amicable settlements with FX mortgage clients

ASSET QUALITY

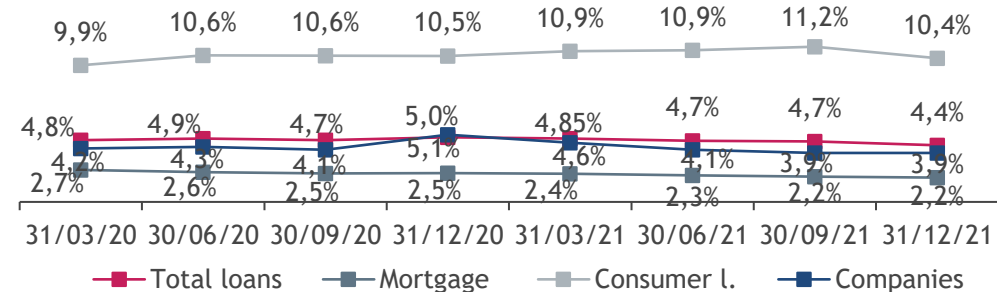
Strong credit quality without signs of deterioration

Cost of risk (bp)

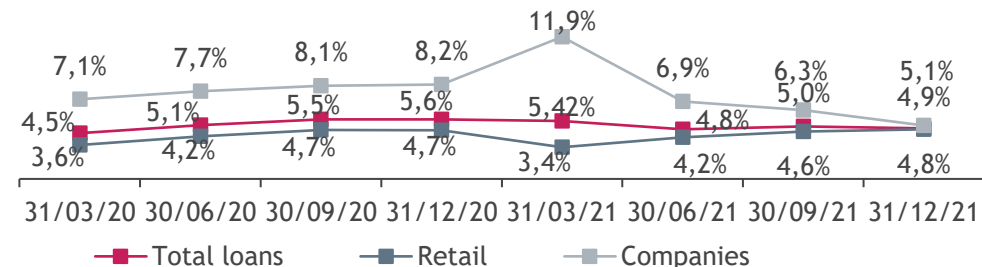
83	37	108*	89	80	55	39	28	42	39	Total loans
88	48	65	133	91	62	27	52	53	60	Retail
66	1	103	86	47	29	77	-47	5	-31	Companies



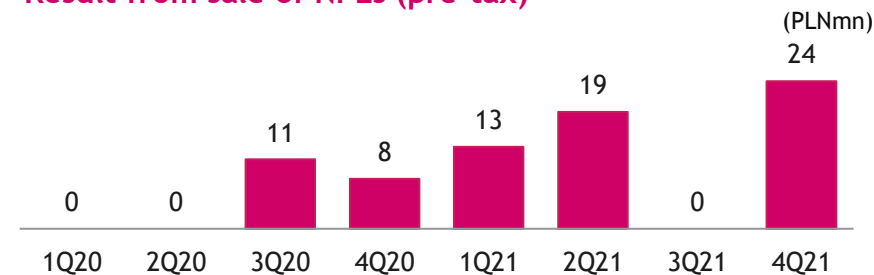
Impaired loans (IFRS9 stage 3 & POCI)



Share of stage 2 loans



Result from sale of NPLs (pre-tax)





PRESENTATION TO THE ORDINARY GENERAL MEETING OF BANK MILLENNIUM S.A.

Strategy 2024

NEW STRATEGY 2022-2024

Millennium Bank 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 1st 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**

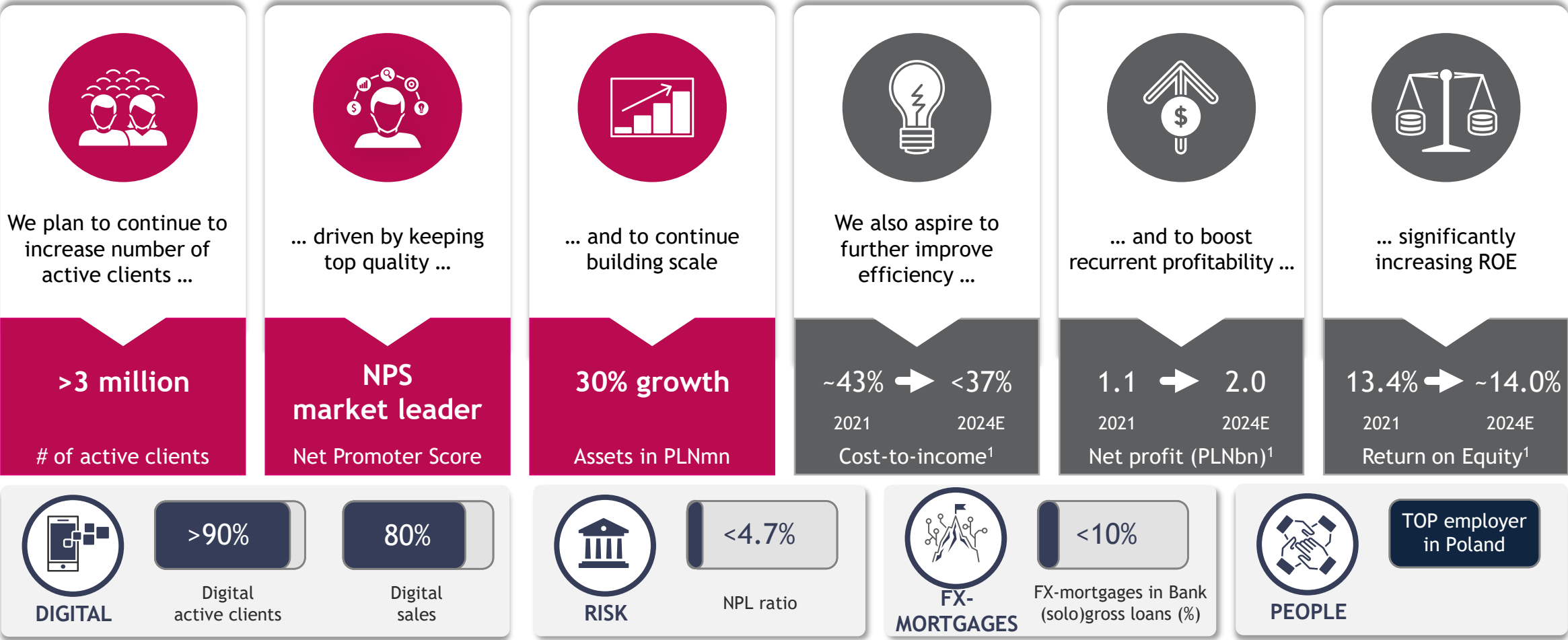
05

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:



1. C/I, net profit and ROE excluding FX-mortgage book related costs

The background of the slide is a photograph of a modern building facade. The building features a grid of windows with dark frames and light-colored panels. A red sign with the text "Millennium bank" is visible at the top. Overlaid on the center of the image is a large white number "04". Below the number is a short red horizontal line, and below that is a small white downward-pointing chevron.

04

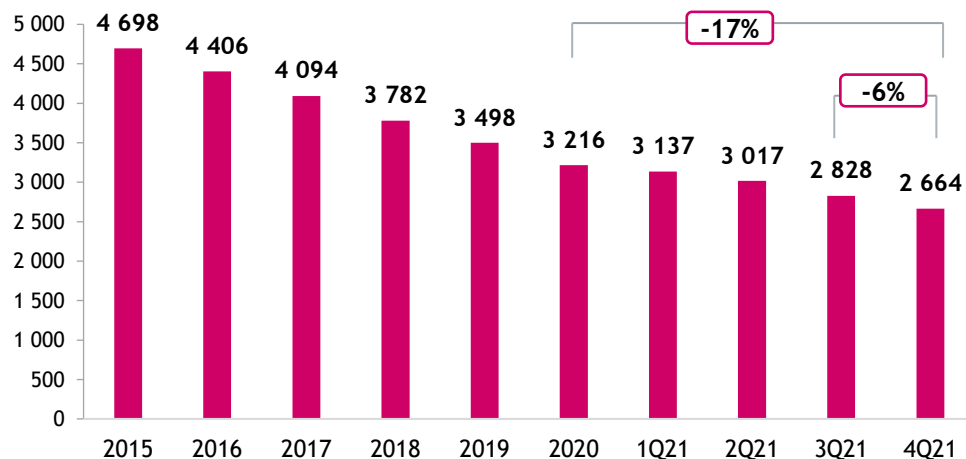
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FX-mortgage loans

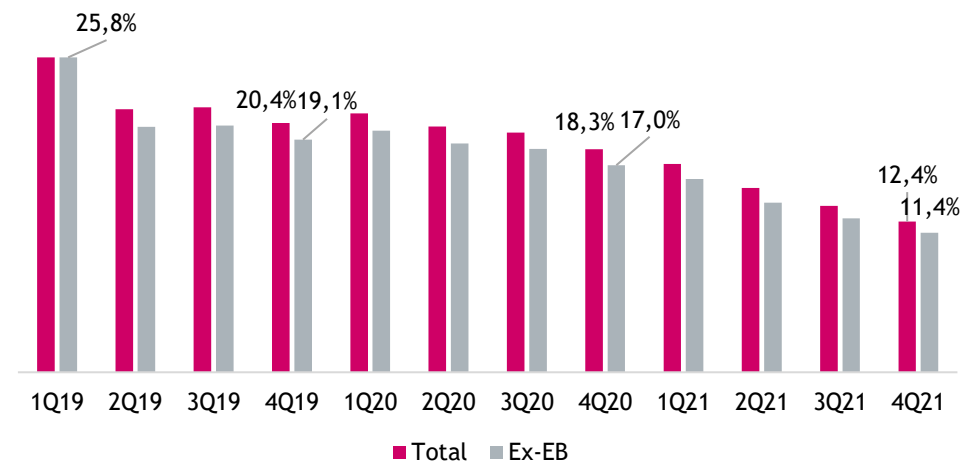
FX-MORTGAGE PORTFOLIO

FX-mortgage portfolio continued to decline steadily in CHF terms

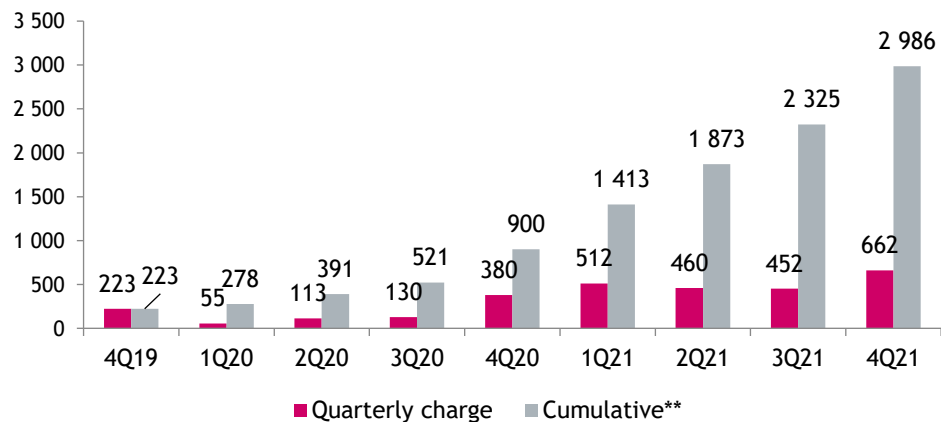
FX-mortgages* (gross w/o legal risk provisions) (CHFmn)



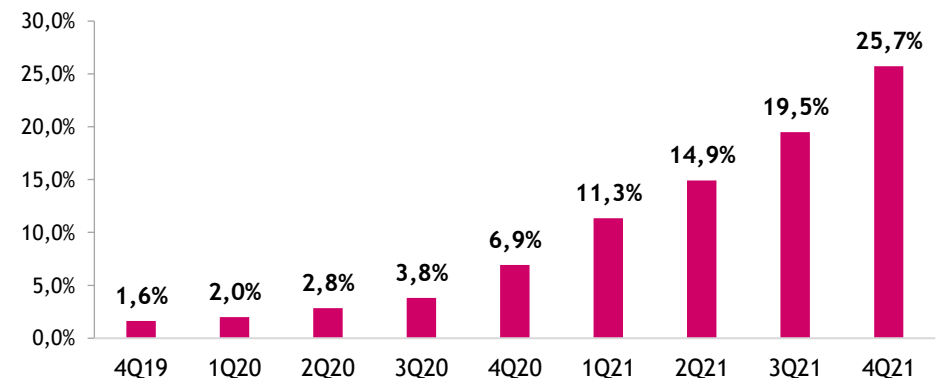
FX-mortgages as % of total gross book (gross after legal risk provisions)



Provisions against legal risk* (PLNmn)



Provisions against legal risk as % of FX-mortgage book*

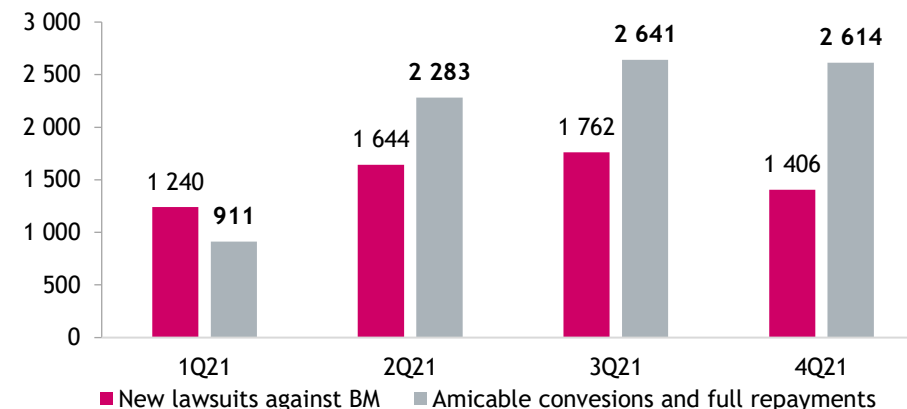


PROGRAMME OF AMICABLE SETTLEMENTS WITH FX MORTGAGE BORROWERS

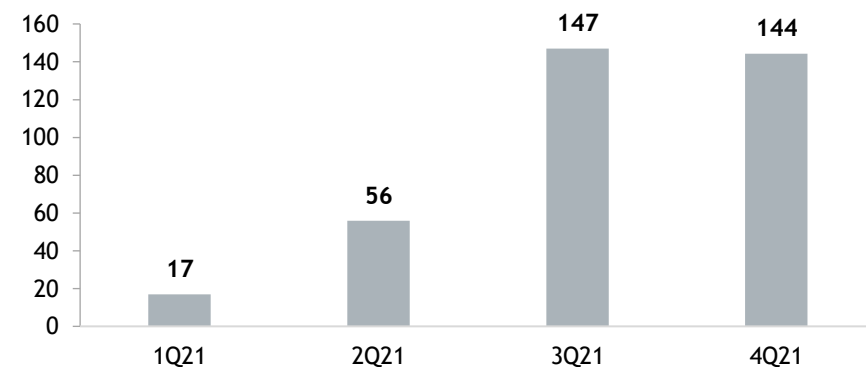
Number of amicable settlements exceeded inflow of legal cases

- Thus far, the Bank made no decision regarding the implementation of the so called “KNF programme”. If / when a recommendation regarding the KNF program would be ready, the Management Board would submit it to the Supervisory Board and General Shareholders’ meeting.
- The Bank remains open to negotiate case by case favourable conditions for early repayment or conversion of FX-mortgage loans to PLN. **The programme of amicable settlements, started in 2017, was continued in 2021 and the Bank intends to continue it going forward.**
- In 2021, as a result of these negotiations, the number of active FX mortgage loans decreased by **8,449** (including **71** confirmed in court) compared to over 57,800 active loans agreements at the end of 2020.
- **The Bank allocated significant resources to the programme**, including a dedicated 100-men strong call team. Costs incurred in conjunction with these negotiations totalled PLN 364 million in 2021.

New lawsuits vs. amicable conversions and full repayments (#)



Costs of negotiations (pre-tax)





PRESENTATION TO THE ORDINARY GENERAL MEETING OF BANK MILLENNIUM S.A.

Dividend policy/loss coverage

PROPOSAL TO COVER THE LOSS IN 2021 FROM RESERVE CAPITAL

Resolution no. 5

Bank Millennium's dividend policy assumes distribution of between 35% to 50% of net profit, subject to regulatory recommendations.

The Bank posted a net loss in 2021, hence there are no grounds for a dividend pay-out.

The Bank's Management Board applies to the General Meeting to cover the loss in 2021 from reserve capital.

The loss for fiscal year 2021 results from creating provisions for legal risk connected with FX mortgage loans, while the Bank has the full capacity to generate - now and in the future - considerable operating profits. The Management Board considers it rational and desirable to apply to the Bank's Ordinary General Meeting to adopt resolution on coverage of loss for fiscal year 2021, according to which the General Meeting would decide to allocate the amount of PLN1,357,451,533.94 from the reserve capital to cover the said loss.

Equity, capital ratios, net result	Bank Millennium Group	Bank Millennium
Equity - on 31 Dec. 2021 (PLN thousand)	6 697 246	6 632 182
Total Capital Ratio - on 31 Dec. 2021	14.0%	14.0%
Common Equity T1 ratio - on 31 Dec. 2021	17.1%	17.2%
2021 net result (PLN thousand)	-1 331 866	-1 357 452
Loss coverage from reserve capital (PLN thousand)	-	1 357 452