

**Millennium**  
bank

**Bank Millennium  
and Bank Millennium  
Group Strategy  
2025 - 2028**

**“STRATEGY 2028 – Value & Growth”**

**INVESTOR PRESENTATION**

October 2024



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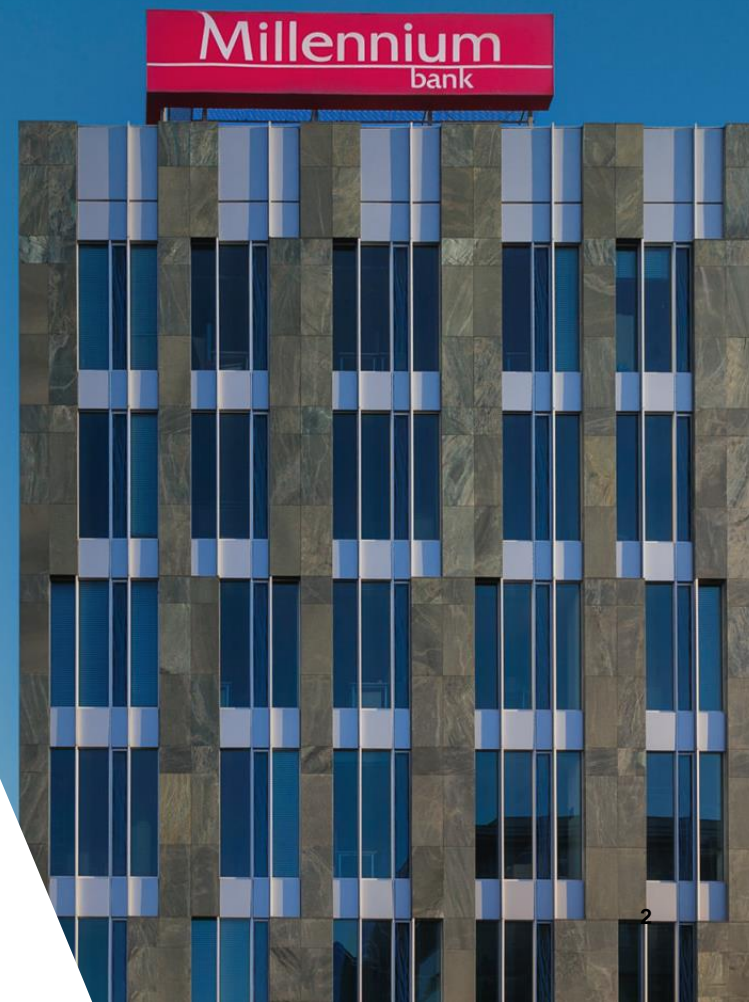
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## Dear Shareholders and Investors,

I am truly excited to share with you our strategic plan for 2025-2028 titled “Strategy 2028 – Value & Growth”

Over the last few years, we successfully tackled multiple challenges including geopolitical tensions, inflation, credit holidays and negative impacts from FX mortgages. We were able to outperform most of the strategic ambitions set in our previous plan, confirming our long-standing track record of successful execution.

As we enter the new cycle, Bank Millennium has a very strong retail franchise with over 3 million active customers, a highly profitable and efficient business model based on modern and digital-first banking platform, and a solid capital position. In addition, we possess a set of distinctive capabilities that we will leverage to further accelerate our performance: a proven customer acquisition model, best in class quality of service, leading digital CX and advanced technological capabilities.

Over the next four years, we expect Poland to extend its trajectory of economic growth providing an attractive environment for banking. Lending volumes will grow at a sustained pace while the expected decrease in interest rates will generate a progressive shift from liabilities to assets as the key revenue driver for banking sector.

In this context, we will deploy an ambitious strategy. In retail banking we will continue to grow our business with the target to reach 3.7 million active customers. We will focus on delivering more value to our customers and as a result will increase substantially primary relationships.

In corporate banking we aim at doubling the scale of our business by targeting mid-corporates with a new service model and a streamlined credit process, by unlocking the full-potential of leasing and by offering a digital-first service model and dedicated value proposition to small businesses.

While pushing for growth, we will continue to apply a strong cost discipline (C/I of approximately 37 percent in 2028) and to focus on risk management (NPL ratio below 4 percent in 2028) and capital solidity. This will allow us to deliver a significant increase in profitability (ROE of approximately 18 percent in 2028) and to return to dividend distribution from 2027<sup>1</sup>.

Sustainability will play a central role in our strategy as, beyond executing on our targets and commitments, we will support our customers in their transition to a low-carbon economy (PLN5 billion in sustainable finance new origination). Our strategy will also be enabled by relevant investments in our most important assets: people and technology. We will position Bank Millennium as the most attractive employer for top talents across areas strategically important for us. On the technology side, we will continue implementing innovative technological solutions, i.e. our cloud journey to become a data-driven organisation or general adoption of AI.

To summarise, our ambition is to embrace innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland. I look forward to our new chapter of growth and sustainable value creation for all our stakeholders.

**Joao Bras Jorge**  
CEO Bank Millennium



1) Dividend to be paid from 2026 profits, contingent on regulatory environment

# Unleashing potential: Our vision for ambitious growth



## Ambition

We embrace innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland



## 2028 Goals

**LEADER**

In corporate and retail NPS

**3.7M**

Active retail clients

**70%**

Primary<sup>1</sup> retail clients

**>95%**

Digitally active clients

**~2x**

Corporate lending volume

**<4%**

NPL ratio

**~15%**

Tier1

**~37%**

C/I

**~18%**

ROE

**DIVIDEND**

Return to dividend payments from 2027<sup>2</sup>

**TOP**

Maintain Top EMPLOYER status



## Where to play

### Retail

#### Mass individual

Build primary relationship based on daily banking, customer assets and selective lending with top-quality and digital first approach



#### Affluent

Upsell from mass market, offer a digital affluent service with remote RMs<sup>4</sup> focused on savings and investments



#### SOHO<sup>3</sup>

Acquire customers and build primary relationships through digital offer with remote support and sales



### Corporate

#### Small Business

Acquire and build primary relationships with small companies with digital-enabled, standardised credit and daily banking proposition supported by remote RMs



#### Mid Corporate

Be the challenger player, significantly driving portfolio growth with focus on investment loans and leasing



## Enablers



### People and culture development

Ensure market leading offer for talents and continue to build a top work environment



### Technology & resilience

Implementation of innovative technological solutions, incl. AI, to address customers` needs and ensuring highest cybersecurity standards



### Digital & operational efficiency

Continue improving digitalisation and foster balanced organisation with proper resources allocation to sustain value creation



### Compliance & risk management

Maintain sound risk management and understanding of regulatory environment, with capital generation and allocation sustaining business growth



### Sustainability

Continue enacting sustainability initiatives and explore business opportunities from ESG and energy transition

1) Primary individual customers defined as customers who use Millennium Bank as their main bank and meet certain transaction, product penetration and portfolio value thresholds

2) Dividend to be paid based on 2026 profits, contingent on regulatory environment

3) SOHO (Small Office/Home Office) defined as private entrepreneurs with with annual revenues under PLN10M

4) RM is an acronym for relationship managers

# Agenda

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# Bank Millennium at a glance



# Bank Millennium is a mid-size market challenger known for best-in-class service quality able to generate strong core business results



Bank Millennium has achieved **robust growth in customer base and total assets**

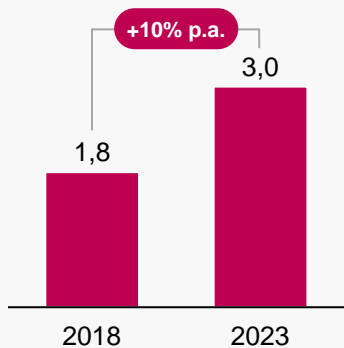


Bank Millennium is a **leader in customer experience** for both retail and corporate clients

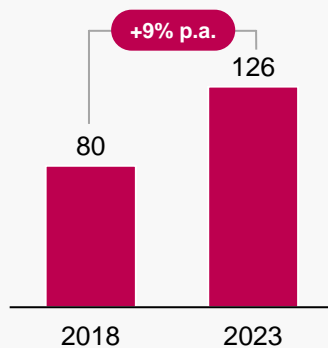


Bank Millennium has posted **strong core business results** over the last 5 years

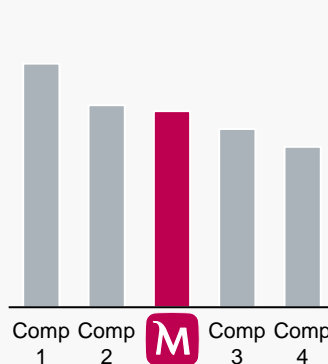
Number of retail active customers, 2018-2023 (# M)



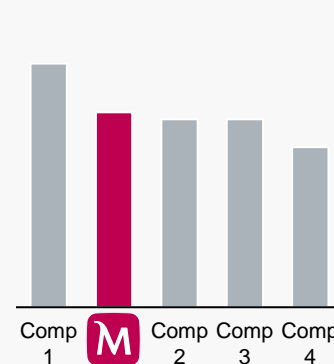
Total assets evolution 2018-2023 (PLN B)



Top 5 banks retail NPS<sup>2</sup> 2023 (#)



Top 5 banks corporate NPS<sup>3</sup> 2023 (#)



	2018	→	2023
Net loans (PLN B)	51		74
Deposits (PLN B)	66		107
NBI (PLN B)	2.7		7.0
Cost / income	46%		30%
Cost of credit risk	68 <sup>1</sup>		39
Adjusted ROE <sup>4</sup>	11%		22%
Tier 1	20%		15%

## Bank Millennium's awards and achievements in 2023 and 2024



#1 Traditional Banking



#1 Remote Banking



#2 Company Friendly Bank



Best Digital Bank Award



Best Multichannel Service and App



Best Bank for Digital Solutions



Best Mobile App and Online Banking



#1 Mobile Bank in Poland



1. Cost of risk shown for 2019 as 2018 data is not comparable  
 2. Based on NPS Prism data

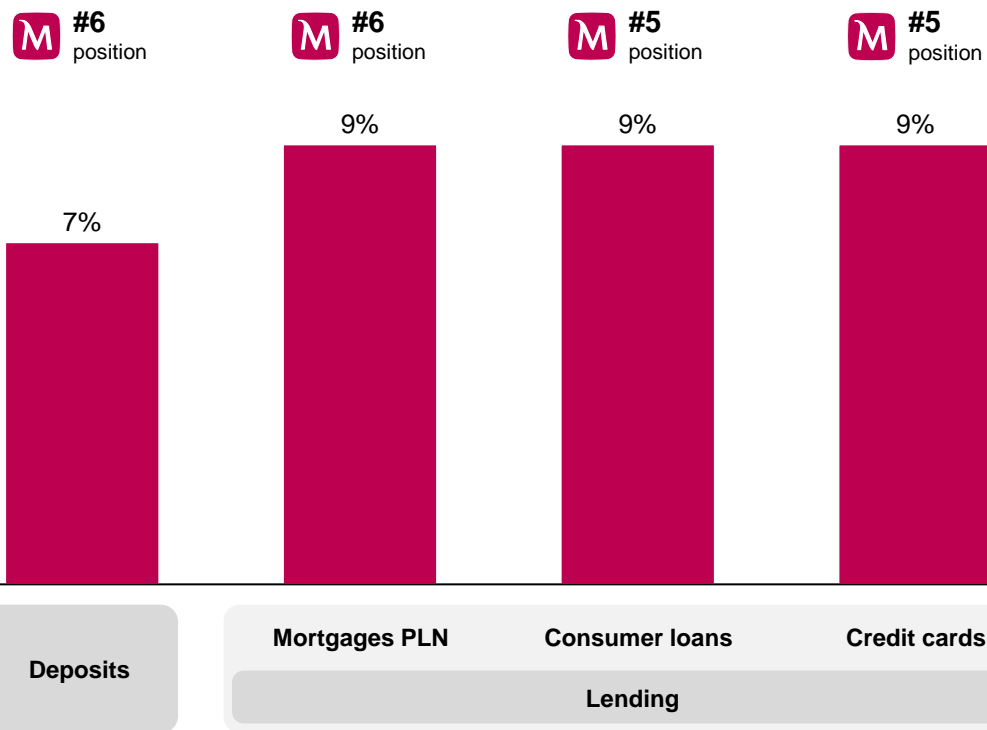
3. Based on internal NPS survey  
 4. Excludes FX-Mortgage related costs and other positive and negative non-recurring items



# Bank Millennium is particularly strong in retail segment and selected corporate products like corporate assets financing

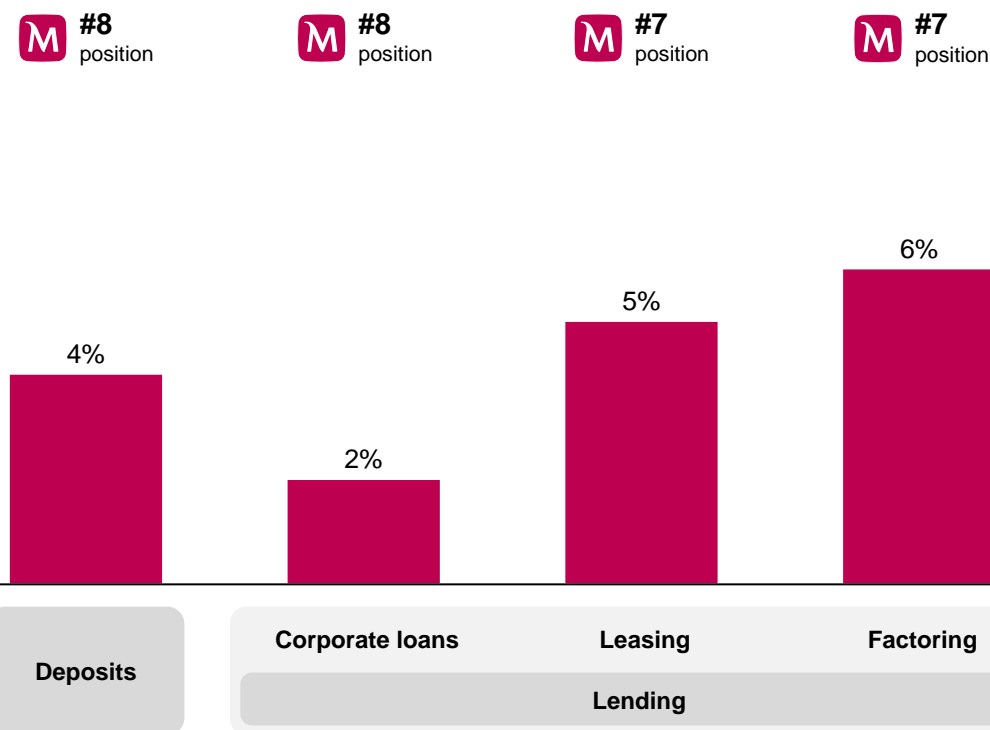
## Retail segment

% share in total market volumes, 2023



## Corporate segment

% share in total market volumes, 2023



Note: Retail excl. Microbusiness (Sole Traders), Consumer loans incl. cash & installment loans and overdrafts, Credit Cards position based on numbers of cards issued, Corporate loans incl. operational loans, investment loans and other corporate loans, Leasing based on Polish Leasing Association (excl. loans), Factoring based on Polish Factoring Association  
Source: NBP, Banks financial statements and presentations, Polish Leasing Association, Polish Factoring Association



# Bank Millennium has built a successful track record of accelerated business growth during previous strategy cycles

2015 - 2017

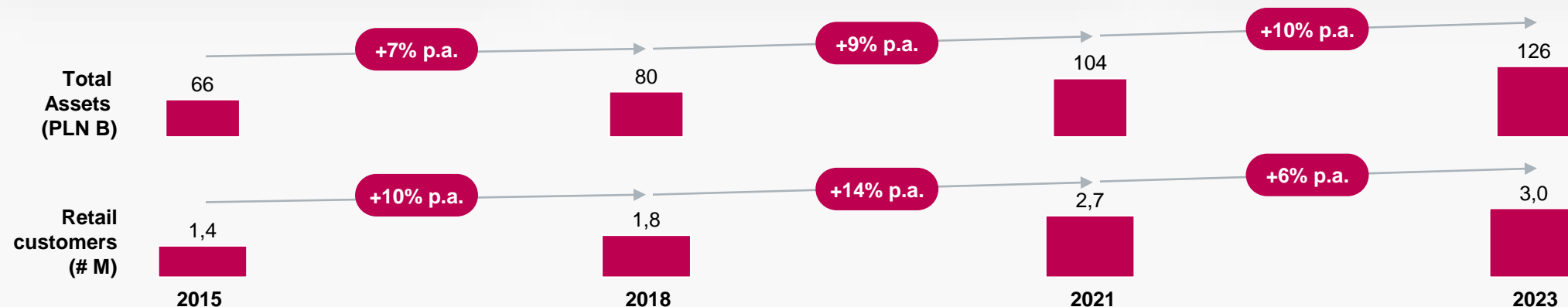
2018 - 2021

2022 - 2024

- Accelerated **acquisition of retail customers**
- Differentiation **through customer experience** pioneering in digital and customer intelligence capabilities
- **Growth momentum in corporate segment** while improving profitability
- **Operational excellence** and strict cost control

- **Strong growth in retail via customer acquisition** with new engines: **cash loan** and **mortgage**
- **Accelerated growth in corporate segment** - lending and sales efficiency
- Focus on **client centric model**
- Strong leverage of **digital in banking and beyond as competitive edge**
- **Euro Bank acquisition**

- **Leading position in retail customer** acquisition leveraged by upgraded daily banking offer and savings value proposition
- **Accelerated digitalisation** of daily banking and sales with **mobile-first and omnichannel approach**
- Strengthened **corporate banking relationships**, while optimising **RWAs**
- Launch of **ESG framework / 1st Green bonds issue**



# Bank Millennium has delivered on 2022-24 strategic targets despite significant economic and geopolitical challenges

Bank Millennium outperformed majority of strategic ambitions before the strategic cycle end...

	2021	→	1H2024
Number of active retail clients (M)	2.69	→	3.08 ✓
Share on digital active clients (%)	84%	→	91.6% ✓
Share of sales w. digital contribution (%)	68.4%	→	75.8% ✓
Annual profit (PLN B) <sup>1</sup>	1.01	→	1.50 ✓
Cost / Income <sup>1</sup>	42.8%	→	32.3% ✓
Adjusted Return on equity <sup>1</sup>	11.0%	→	18.8% ✓
Non-performing loans	4.4%	→	4.5% ✓
Share of gross <sup>2</sup> FX mortgage in bank loans (%)	14.6%	→	9.3% ✓

1H2024 RESULT vs. FULL YEAR RESULT IN 2021

...even despite external impacts, that were not assumed in previous strategic plan:

- War in Ukraine, disrupted global supply chains and higher inflation
- Disputes on rule of law and delayed EU funds for Polish companies, impacting credit demand
- Challenging legal and regulatory environment (e.g. credit holidays)
- Continuation of negative developments in FX mortgage portfolio
- Extraordinary charges related to credit holidays and Institutional Protection Scheme (2022)
- Rise in employment costs, driven by inflation, low unemployment and regulatory requirements

”

Due to capital constraints, from 07.2022 to 06.2024 Bank Millennium was operating under Recovery Plan and Capital Protection Plan regime



1) Excludes FX-Mortgage related costs as well as positive and negative non-recurring items;  
2) Before deduction of FX mortgage legal risk provisions

# Bank Millennium has built substantial, unique capabilities to facilitate growth

## Bank Millennium core capabilities

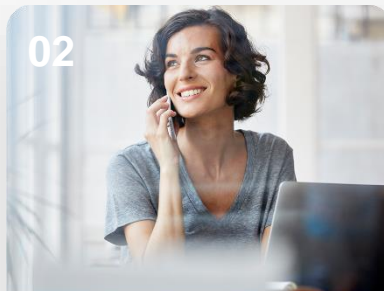


### Proven model for customer acquisition

- **Experienced acquisition team** with a proven approach
- **Strong product offer** that is continuously evolving and becoming more personalised
- **Multi-channel outreach**, maximising digital and physical resources

**+1.2M**

New active retail customers since 2018



### Best-in-class quality of service

- **Digitalised sales and customer support** processes
- Highly **experienced relationship managers** dedicated to each key customer segment
- **Customer-centric approach** to optimising products and services

**#3**

Retail NPS

**#2**

Corp. NPS



### Digitalisation

- Key customer journeys available through **end-to-end digital channels**
- Extensive **digital ecosystem** combining web, mobile and 3<sup>rd</sup> party platforms (e.g. BLIK)

**>90%**

Digitally active clients



### Industry-leading governance

- High **quality and transparency** of reporting
- Full **regulatory compliance**, incl. **timely implementation** of new regulatory requirements
- Extensive initiatives to **build ESG awareness**



Bank is guided by Sustainable Development Goals



### DNA in technology

- **Mastering mass-scale technology** for client centric services
- Building **innovative tech know-how in strategic domains**
- **Hardening organisational resilience** incl. cybersecurity and business contingency

**~20%**

Share of IT OPEX and CAPEX in total costs



### Workforce excellence

- Leader in terms of the **quality of staff**, investing heavily in **recruiting and training**
- **Best-in-class workplace**, continuing to leverage employee feedback to improve





02

**Macro-economic  
outlook and  
banking  
landscape**

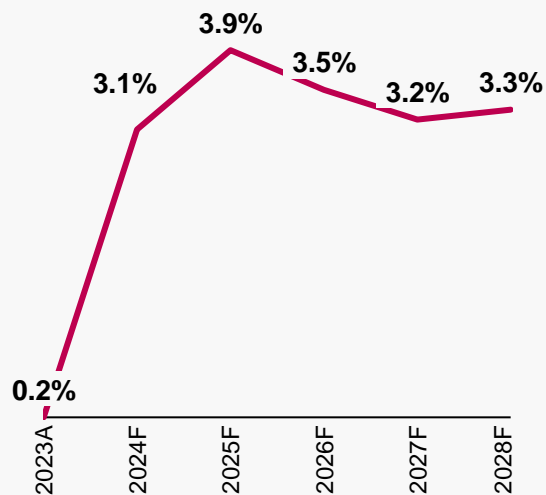




# Poland's economy is set for stable GDP growth, low unemployment, growing disposable income and gradual decrease of interest rates

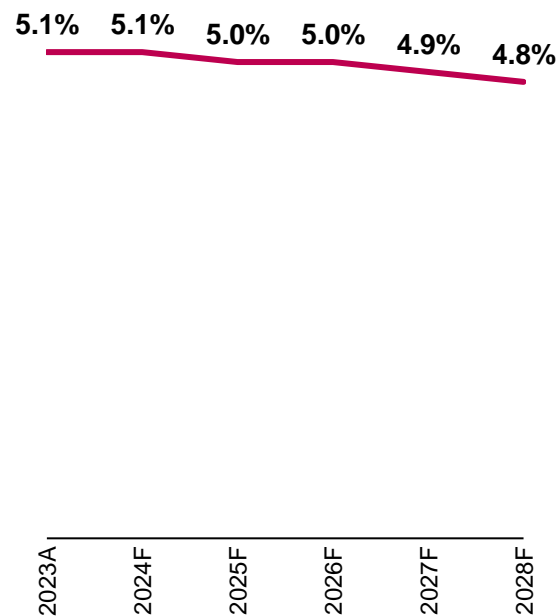
## GDP growth

% y/y



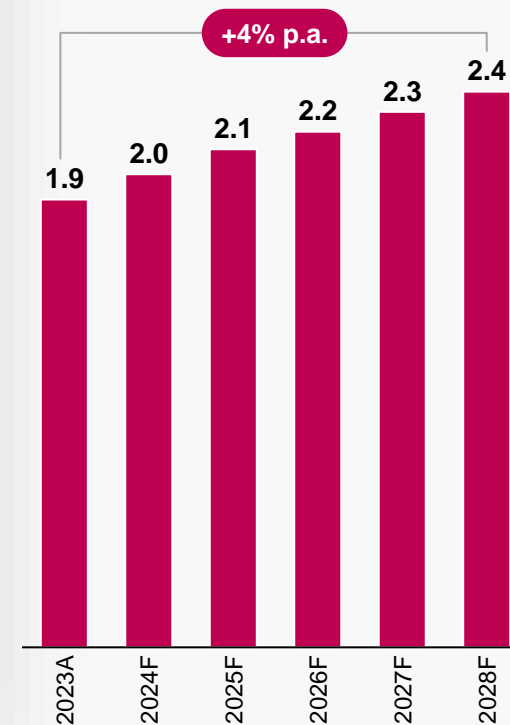
## Unemployment

Unemployment rate (registered, eop)



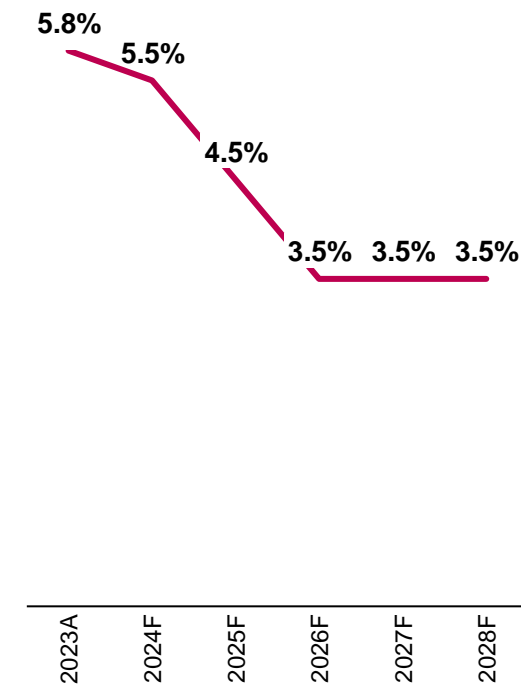
## Disposable income

Real disposable income (PLN 000)



## Interest rates

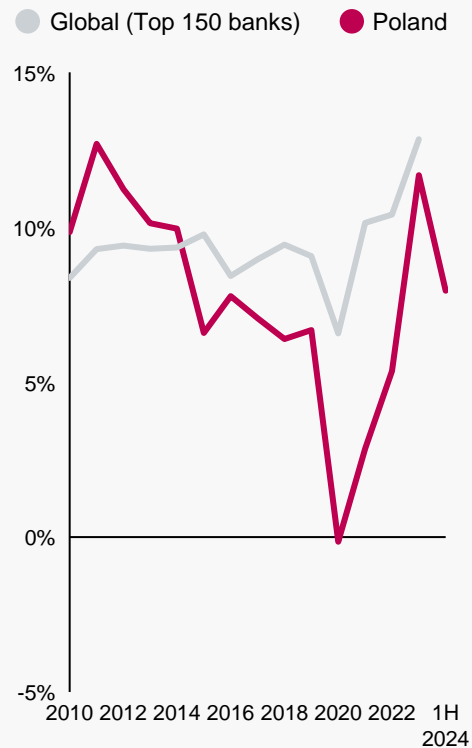
NBP reference rate (eop)



# The banking sector is in good financial shape, with strong capital ratios, good portfolio quality and high liquidity

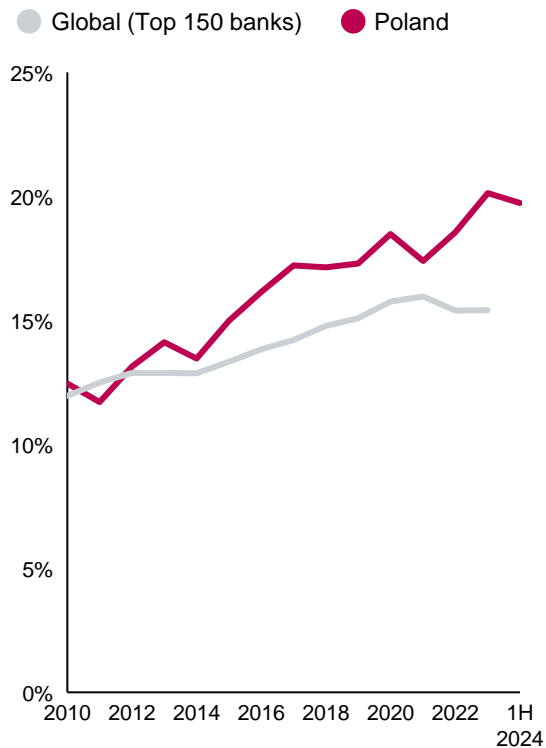
## ROE

ROE, 2010 – 1H2024 (%)



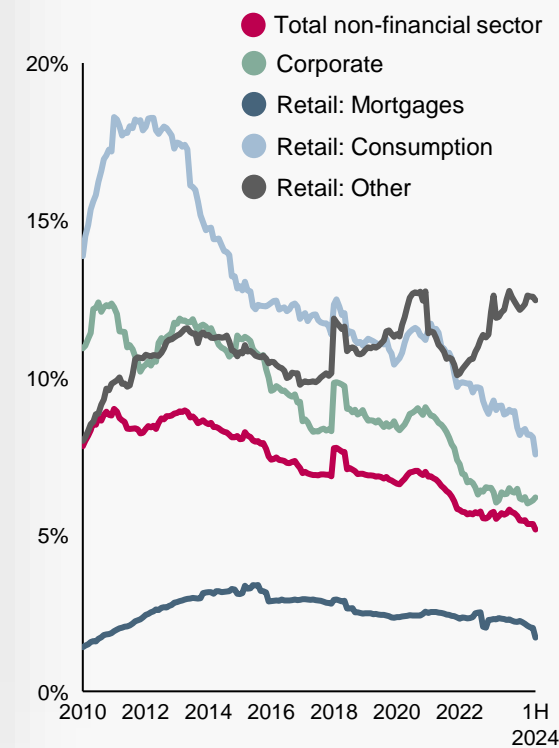
## Strong capital ratios

Tier 1 ratio, 2010 – 1H2024 (%)



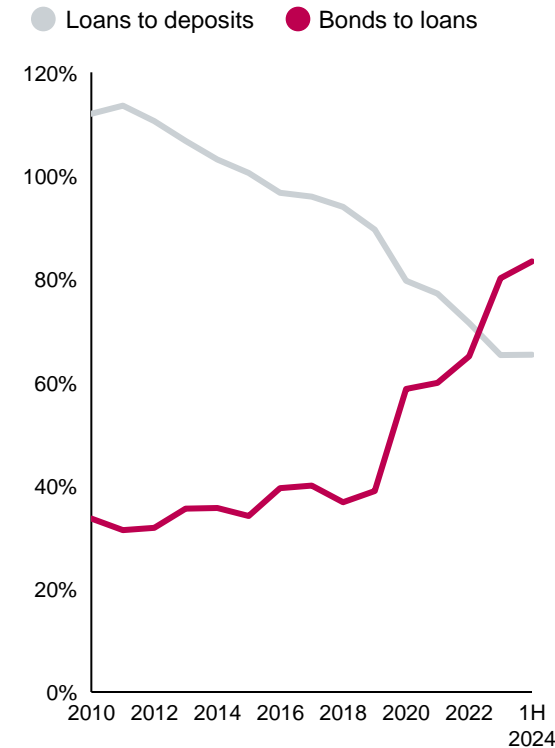
## Non-performing loans

Share of non-performing loans to total loans value by segment, 2010-1H2024 (%)



## High liquidity

Share of loans to deposits and bonds to loans 2010 – 1H2024 (%)

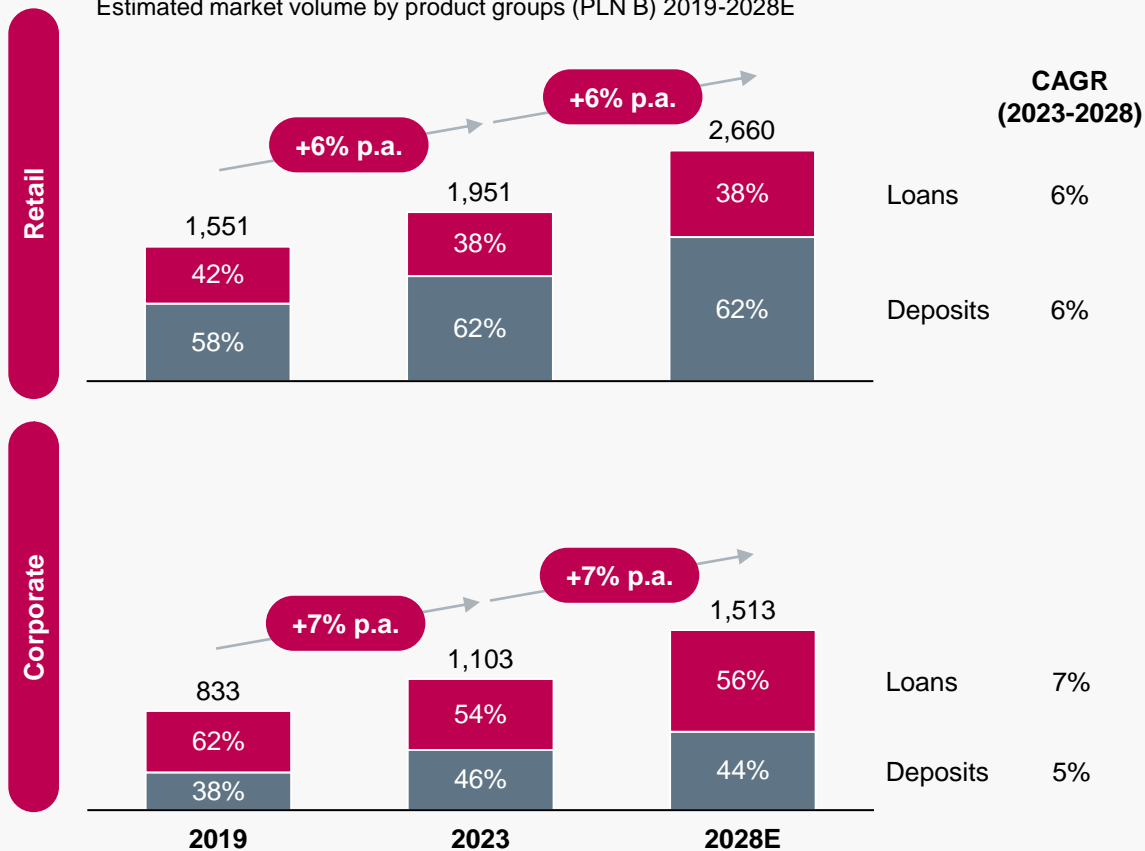


Source: NBP, KNF, S&P Global

# Banking sector results are expected to stabilise as volumes will grow but interest rates will decline. Assets to become the key revenue driver.

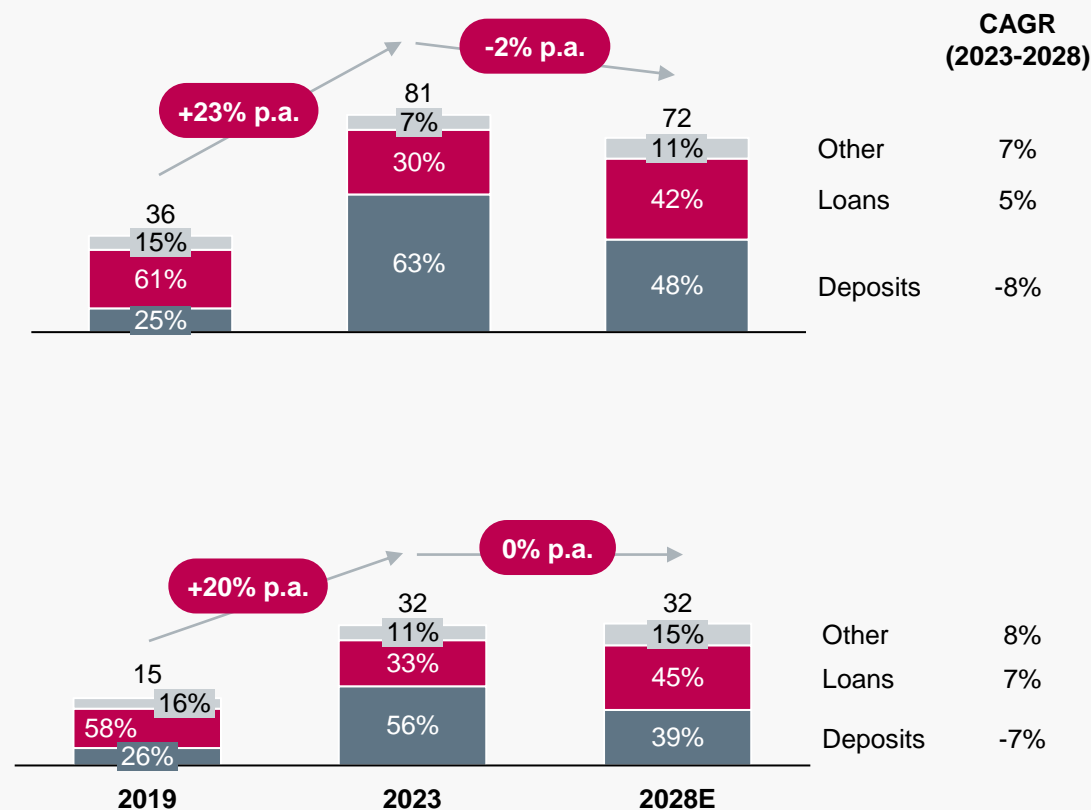
## Volumes development

Estimated market volume by product groups (PLN B) 2019-2028E



## Net revenue development

Estimated market net revenue by product groups (PLN B) 2019-2028E



Note: Retail incl. microbusiness, Other in Retail includes: Investments, Insurance, Brokerage, Treasury, Other in Corporate includes Brokerage, Treasury and Trade Finance  
 Source: Bain analysis based on NBP, KNF, ECB, EBA, Polish Leasing & Factoring Associations, Banks financial statements & presentations

# Bank Millennium is ready to navigate and mitigate dynamic shifts driven by potential banking sector turbulence, regulations and risks

## Key risk factors in Poland

## Description



**Legal and Compliance risk**

Dynamic and challenging legal & compliance environment of the banking sector in Poland requires **constant monitoring of regulatory changes** and **fast adoption of new regulations**



**FX mortgage**

Risks from **remaining FX mortgage disputes**, while still present, are believed to have passed their peak and are decreasing, though they continue to pose **legal, financial, and reputational challenges** that require active approach and management in order to pursue and achieve **resolution through ongoing negotiations**



**Benchmark (WIBOR) reform**

**WIBOR reform** poses **legal, financial, and operational risks** and requires **careful management of the transition** and **comprehensive stakeholders communication** to mitigate potential disruptions



**Consumer Protection**

**Increased consumer protection** driven by local and European regulatory environment introduces **compliance, financial, and reputational risks**, necessitating **sectoral proactive dialogue with regulator** and **early identification of potential impacts** of new requirements



**Capital & Long-Term Funding Ratios**

Potential **increase of capital requirements**, driven by local and European guidelines, alongside the need for **additional bond issuance** to meet the new long-term funding requirements by the end of 2026



03

# Roadmap to our 2028 goals





# Our strategy has a vision for fostering growth across segments



Ambition

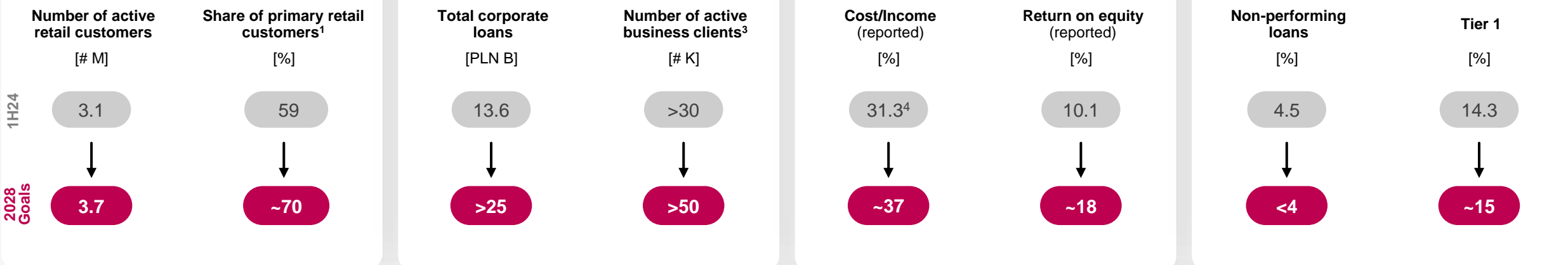
We embrace innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland.

Keep growth in retail banking leveraging primary relationships...

...and doubling business scale in corporate banking...

...to ensure sustainable profitability and generate long-term value for shareholders...

...while securing a solid risk and capital position.



Additional goals

Leader in corporate and retail NPS

Digital business model >95% digital active clients

Maintain Top Employer status

Return to dividend payments from 2027<sup>2</sup>



People and culture



Technology & Resilience



Digital & operating efficiency



Compliance & Risk Management



Sustainability & ESG



1) Primary individual customers defined as customers (18+) who use Millennium Bank as their main bank and meet certain transaction, product penetration and portfolio value thresholds  
 2) Dividend to be paid based on 2026 profits, contingent on regulatory environment  
 3) Total number of Small Business and Mid Corporate clients segment, excluding SOHO (Sole Traders) companies reported in retail segment.  
 4) Excluding credit holidays, FX mortgages related costs and linear amortization of BFG.

# We have an ambitious strategy to transform from a small-scale player to a strong challenger in corporate banking

## What we want to achieve



Reach **>17 thousand mid-corporate clients**, while maintaining **leading NPS** (currently #2)



Double **total corporate loans<sup>1</sup>** portfolio by 2028, increasing market share to **over 5 percent**



Increase share of **investment loans** to **over 25 percent** of corporate loans sales



Accelerate growth of **leasing** portfolio, aiming to grow by **over 70 percent** to **~PLN12 billion** by 2028

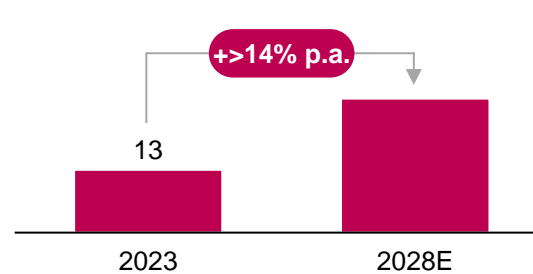


Reach **7 percent market share** in credit production for small businesses

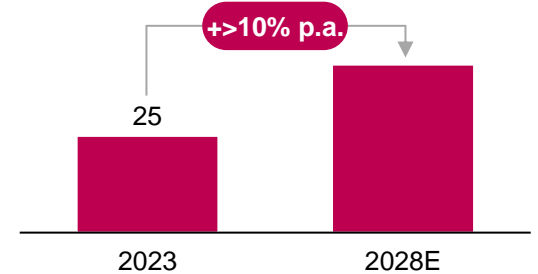


## The impact of which will be a significant growth across several KPIs

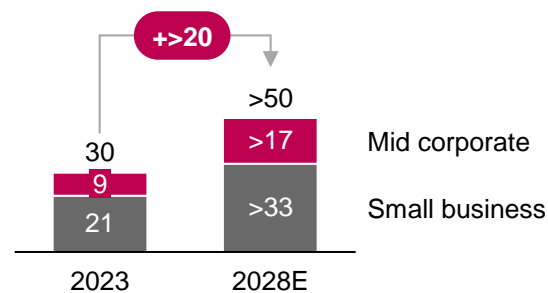
Total corporate loan volume<sup>1</sup>, 2023-2028 (PLN B)



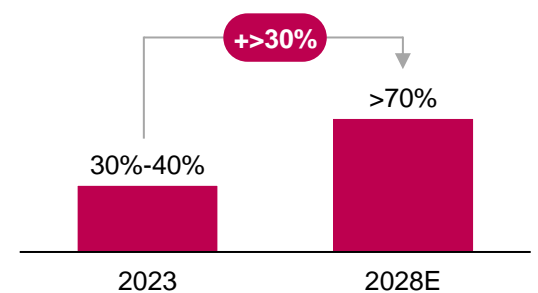
Total corporate deposits, 2023-2028 (PLN B)



Number of active business clients, 2023-2028 (# k)



Digitalisation of key customer journeys, 2023-2028 (%)



# We have identified initiatives to accelerate corporate customer acquisition and boost the penetration of key products

## CORPORATE STRATEGY



### Drive mid corporate companies primacy and acquisition

Acquire **targeted clients** and aim to foster **primary relationship** leveraging **superior CX** (leading NPS), further **digitalisation** and growing **transactional banking**

**Top3**  
Corporate NPS



### Upgrade sales & service model for mid size companies

**Re-design** process with enhanced SLAs and overall customer experience, introduce a **new CRM system** and strengthen salesforce capabilities (more RMs and Business Analysts)

**2x**  
Corporate loan portfolio



### Push investments loans offensive

**Grow investment loans** through **fast-track** loan approval **targeted to** specific industries, expansion of EU funding and energy transition **support**

**>25%**  
Share of investment loans in corp. loans sales



### Grow leasing

Leverage **cross-sell** with **existing** business clients and expansion of **agent network** to accelerate growth of **leasing portfolio**

**+70%**  
Leasing portfolio



### Revamp service model for small businesses

Introduce **differentiated, digital-first service model** and improved **value proposition**, supported by specialised **call center** and/or **remote RMs** for small companies

**~ 7%**  
Market share for small business credit production



1) RM is an acronym for relationship managers



# We saw strong retail growth last cycle, and our new strategy has set bold targets to maintain this momentum

## What we want to achieve



Increase the customer base to **3.7 million**, while also expanding the share of **primary customers to ~70%**



Grow **adoption** of **saving** and **investment** products to increase market share in **total customer funds** by **~1 p.p.**



Grow **affluent** customer base by **~50%**



Become a **bank of first choice** for **SOHO<sup>1</sup>**, with goal to **double** segment loan portfolio to **~PLN4 billion**

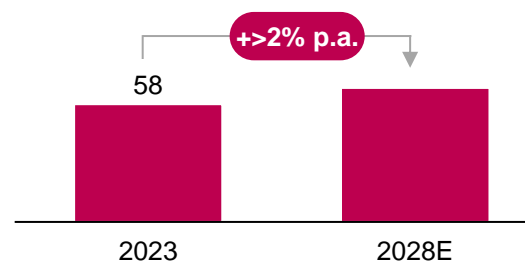


Maintain **leader position** in **customer experience**, strengthening position within **Top 3 NPS** and **top digital CX** (4.9 score in app stores)

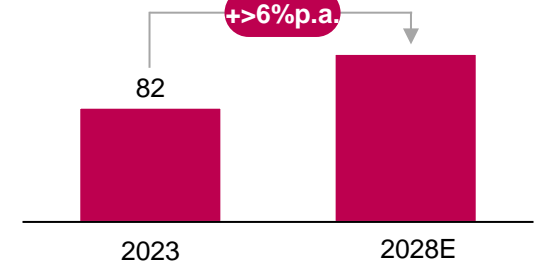


## The impact of which will be a significant growth across several KPIs

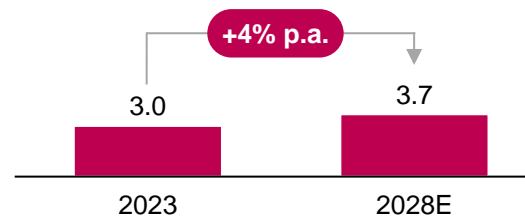
Total retail loan volume, 2023-2028 (PLN B)



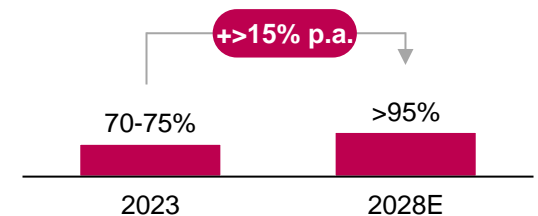
Total retail deposits, 2023-2028 (PLN B)



Number of active retail customers, 2023-2028 (# M)



Sales with digital channels, 2023-2028 (#)



Share of digitally active clients (%)

90%                      >95%



1) SOHO defined as limited liability companies with under PLN10M in revenue (primarily self-employed with B2B contracts)

# To achieve our ambitious retail goals, we plan to drive strong customer acquisition, while enhancing the level of primacy and product penetration

## RETAIL STRATEGY



**Keep leadership in customer acquisition**

Improve end-to-end **digital acquisition** and **expand offer** for young customers to **maintain acquisition momentum**

**3.7M**

Retail customers



**Build primacy in the existing customer base**

Improve **daily banking products, value proposition** and offer **personalisation** to build **primacy** amongst existing customers

**~70%**

Primary retail customers



**Grow in customer funds**

Expand **savings** and **investment** products that reward **regular saving** to grow **funds under management** and improve **fee** and **commission** income

**+1 p.p.**

Market share in total customer funds



**Evolve offering and service model for affluent segment**

Expand affluent **service model** with advanced **tools**, improved **offering** and better **service level** to develop the affluent segment

**~50%**

Affluent customers



**Become first bank for SOHO<sup>1</sup>**

Provide **market leading offer** and improved **digital experience** to become a **bank of first choice** for SOHO customers

**2x**

SOHO loan portfolio



**Strengthen leadership in CX**

Strengthen **CX governance, monitoring** and **quality mindset** to enhance customer experience

**Top 3**

Retail NPS



**Orchestrate distribution model**

**Optimise** distribution model by improving **digitalisation** of **customer journeys, omnichannel** experience and optimising **physical sales network**

**>95%**

Digitally active clients



<sup>1</sup> SOHO defined as limited liability companies with under PLN10M in revenue (primarily self-employed with B2B contracts)

# We have identified the key success enablers underpinning our strategic growth

## Success enablers

01



### People & Culture

- Ensure **robust talents and development offer** to support strategic priorities
- Increase the attractiveness of the Bank as a place to work to keep **Top Employer** position
- Keep **competitiveness and compliance of remuneration** strategy
- **Enhance values and culture** to support new strategy
- Constantly **improve HR services**

02



### Technology & Resilience

- **Rebalance strategic priorities** towards new areas
- Promote **cognitive banking** and institutionalise use of AI
- Continue strengthening **technological and organisational resilience**
- Advance the journey towards **cloud adoption and integration**
- **Empower widespread data use** and capitalise on data pools
- **Develop next gen systems** for pioneering solutions

03



### Digital & Operational efficiency

- Continue plan to **further improve digital capabilities** in sales and service to keep offering a top CX
- Continue **retail distribution optimisation** and leveraging digital-first business model
- **Continue automation** supported by processes **optimisations**
- Expand and **strengthen effective way of working model** to deliver new products and services faster (time-to-market)

04



### Compliance & Risk management

- Mitigate legal risks and ensure regulatory compliance (**WIBOR reform, FX mortgage, AML, KYC**)
- Focus on **cybersecurity** to prevent financial losses and maintain operational continuity
- Mitigate risks under current **consumer protection environment**
- **Credit Risk management** based on solid credit decision principles

05



### Sustainability & ESG

- Targeting **carbon neutrality** (Scope1&2) and **PLN5 billion sustainable finance** origination
- Social factors focused on creating **attractive workplace, inclusive and accessible banking** as well as further **engagement in the community**
- **Strong governance model** (including enhanced ESG risk management)

# Our HR strategy focuses on driving ambitious goals supporting business strategy while engaging employees



01



Ensure talent acquisition and development plan match key strategic goals

- Acquire **talents for strategic business lines**
- Develop new **onboarding process**
- Create and deploy **development process for strategic areas**

02



Increase the attractiveness of the Bank as a place to work

- Maintain **Top Employer** certificate
- Keep **increasing satisfaction of employees**
- Maintain Bank Millennium as **inclusive and well-balanced workplace**

03



Keep competitiveness and compliance of remuneration policy

- **Mitigate the attrition** of staff
- Keep **competitive remuneration policy** versus the Polish banking sector
- Further develop remuneration policy under **ESG and transparency standards**

04



Elevate values and culture to support new strategy

- **Adjust culture** to internal and external changes
- **Refresh and amplify the culture** by redefining and communicating the vision, mission and values
- Continue to build **lifelong learning culture**

05



Constantly improve HR services

- Further improve **employee experience** by introducing **digital employee services**
- Design and implement a service model based on **HR business partners**
- Keep **optimising HR processes**





# To support our strategic initiatives and organisational resilience we have created a clear plan for technological development structured into 7 key areas



## Rebalancing of strategic priorities

- Ringfence corporate teams to accelerate segment development
- Support ambitious corporate appetite through the **introduction of new credit workflow and corporate CRM**
- Enhance corporate digital channels, in line with the new strategic ambitions
- Dedicate technology capacity for AI platform development



## Cognitive Banking

- Promote and **democratise use of generative AI** across the entire Bank Millennium Group, ensuring all employees can leverage their capabilities for efficiency and growth
- **Accelerate adoption** of AI and ML by expanding use cases and access
- **Integrate AI-enhanced components into both front-end and back-end processes** to streamline operations and enhance user experience



## Resilience & CyberSec

- **Constantly enhance technological and organisational resiliency** to protect the Bank and the Bank's clients from current and future risks
- Continuously **expand ICT risk management capabilities** to keep the pace with new physical and digital threats



## Cloud as an enabler

- Progress with **value-add selective journey** to the cloud with SaaS and PaaS models to benefit from existing solutions
- **Ringfence cloud adoption team** to enable faster capability development
- Educate, learn and evolve approach



## Legacy transformation

- Introduce and apply **transformation roadmap for legacy and mature technologies** to keep the pace of digital evolution (incl. core system)
- Promote and broaden adoption for initiated & implemented next-gen platforms



## Data Driven Org.

- **Promote end-user cloud-based data reporting** for on-line data search and analysis
- Build & master **risk data analysis** for accelerated growth
- Move data to the cloud for effective cloud solutions



## Next Gen solutions

- Keep the pace with introduction of innovative **services strengthening customer acquisition & primacy**
- Create and deploy enablers to accelerate evolution across all business and support lines

# We plan to further improve our digital capabilities in sales and service to keep offering top Customer Experience

2012 - 2017

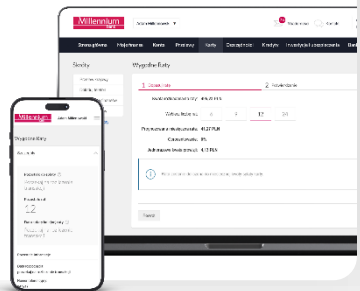
2018 - 2021

2022 - 2024

2025 - 2028

## Add-on to internet banking

- Simple operations
- Basic information



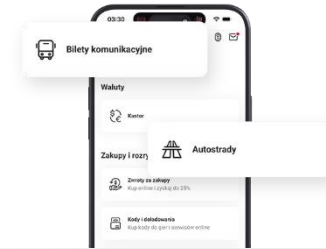
## Key daily banking channel

- Majority of daily banking operations and payments
- First simple sales
- Going beyond banking



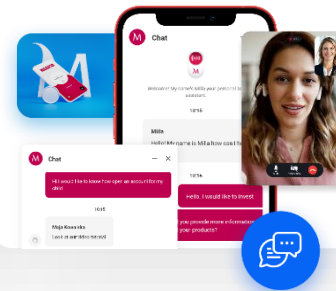
## App as personal command center

- All sales processes
- Adjusted and personalised to customers' need



## App as digital-human assistant

- Omnichannel with mobile-first
- Human assistance in mobile



We will further **increase digital / omnichannel contribution**

	2024	2028
Digital active clients	>90%	>95%
Transactions	99%	>99%
Sales with digital	83%	>95%

We will keep **digital leadership in CX**

NPS – digital	Top 3	Top 3
APP store	4.8	4.9

Bank Millennium has achieved best-in-class customer journeys, leveraging innovative technologies, which has been recognised by clients and the market:



4.8



4.8



4.9



The Innovators



Best Digital Bank Award



Best Mobile App and Online Banking



Best Bank for Digital Solutions



Nominated for Mobile Business solutions



Best multichannel service and app



Best Consumer Card initiative

# We have pinpointed critical actions and goals to enhance operational efficiency



## Keep ensuring business digitalisation

- Developing tools and strategies to **improve customer engagement with digital platforms**, encouraging more frequent and meaningful interactions
- Developing platforms to facilitate seamless, **real – time communication and collaboration between clients and the bank**
- **Aiming for an end-to-end digital overhaul to optimise CX and operational efficiency** across bank's services



## Further retail distribution network optimisation

- Continuously **optimising** relatively high **number of branches** (3rd largest network)
- Shifting value added customer service to **remote experts (affluent, SOHO, mortgage)**
- **Effectively utilising voice and chat bots** with high rate of cases fully completed for the customer.



## Continue improving efficiency of product & process development

- Further automating back-office processes leveraging **RPA & other low code solutions**
- Governance model for new processes aligned with **omnichannel and customer view** (based on Customer Journeys)
- Improve **time to market** to stay competitive and capitalise on opportunities



## Optimisation and automation of central functions

- **Modern & digital workplace** supporting daily work efficiency (scaled usage of MS 365 environment, now supported also by genAI-enabled Co-pilot), with adoption to be accelerated via upskilling trainings
- **Central and on spot cost optimisation projects to avoid non-value-added activities** based on potential identified through the cyclical evaluation and market benchmarking





# Our risk and compliance strategy focuses on early identification and mitigation of potential risks and ensuring regulatory compliance



## Mitigation of legal risks in the Polish banking system

- Constant monitoring of **changes in the law**
- Constant monitoring and actions regarding **contractual documentation** used by the Bank



## Mitigation of potential changes by consumer protection / UOKiK

- Active and impactful participation in the **sectoral initiatives** (incl. Information campaigns) and **dialogue with regulators**
- Early **impact identification** and project definition



## Mitigation of compliance risk from changing regulatory environment

- Impact **identification** and **project definition**
- Participation in the **sectoral initiatives**
- Continuation of the **internal processes' improvement**, including the update of customer information and **KYC**



## Credit risk management

- Keep **disciplined underwriting** credit policy
- Continue **robust recovery process**
- Ensure low NPL target and CoR adequate to changes in loan structure



## Mitigation of cyber-security (ICT) risks

- **Digital frauds** – continuous technological and operational adaptation to evolving threat vectors based on operational roadmap
- Tech & Org exposure to **organised threat actors**: development of skills / tech / processes for prevention, detection and reaction



## Mitigation of capital management risks

- Prepare for **implementation of CRR III**
- Continue **securitisation program** to efficiently manage risk weighted assets
- Continue to require **strong collateralisation**

# Our ESG strategy is supported by concrete goals

## ESG Goals

### E nvironment

#### Carbon footprint

##### Moving towards 'net zero' emissions.

- Carbon Neutrality (Scope 1&2) by 2030<sup>1</sup>
- Net Zero (incl. Scope 3) by 2050

#### Sustainable finance

Supporting customers' transformation and growth by providing sustainable financing.

- PLN5 billion planned to be earmarked for sustainable finance new origination

### S ocial

#### Top employer

Maintaining the well-being and professional development of employees. Promoting diversity, equity and inclusion throughout our business activity and beyond.

- Keep increasing the satisfaction of employees
- Maintaining Top Employer certificate

#### Inclusive and accessible banking

Making sure every person can safely and securely access and use our financial services considering the diversity of customers.

- Expand the offer for young customers
- Continued cooperation with external expert institutions in maintaining high accessibility in customer service channels

#### Community engagement

Supporting local businesses through financing and providing business tools. Engaging employees in local community activities and promoting cultural development.

- Expand the portfolio of SOHO and small businesses
- At least one grant program a year

### G overnance

#### ESG risk management

Developing methodologies to measure financial effects of ESG risks. Refining processes of ESG risk management with contribution to the transition plan.

- Successful completion of EBA & own climate stress test within specified dates
- Implementing the framework for assessing anticipated financial effects by 2025

#### Best-in-class governance

Strong organisation pillars built on high ethical standards. Mature ESG governance supporting sustainable growth and compliance with regulations.

- Timely implementation of new ESG regulations
- Further enhancement of ESG disclosures, compliant with the trajectory of reporting requirements



# Our ESG strategy will drive positive impact on the market, environment, and people

## ESG Actions

### E nvironment

#### Carbon footprint

- Further **energy and water efficiency** initiatives for branches
- Increasing share of **zero-emission vehicles**
- Maintaining **100% electricity** with **guarantees of origin**
- Adopting **the transition plan** (including decarbonisation targets and actions) by 2026

#### Sustainable finance

- Providing **sustainable financing to business clients**
- Increasing **the awareness** of public programs and providing expertise in green projects
- Maintaining **no-lending policy on coal and coal-based energy**<sup>1</sup>
- Expanding **green retail offering**, sustainable assets portfolio in mutual funds managed by Millennium TFI
- Continue comprehensive **ESG awareness initiatives** for clients

#### Top employer

- Targeted **initiatives to address feedback** from Employees Satisfaction Survey
- Further development of **remuneration policy under transparency standards**
- Continued **decrease of the gender pay-gap**
- **Lifelong learning culture** and continued improvement of **well-being initiatives**
- Strengthening **a culture of diversity, equity, and inclusion (DEI)** in the organisation

#### Inclusive and accessible banking

- Further enhancement of **accessibility of our services and education for customers**
- Promoting regular savings and investments
- Delivering **dedicated solutions for young customers**
- **Financial education projects** of Bank Millennium Foundation, addressed also to people with disabilities

#### Community engagement

- Developing a **financing program** for micro / small companies
- Providing **educational initiatives** for micro / small companies
- Further **development of the employee volunteering program** of Bank Millennium Foundation
- Retaining **positioning as a Cultural Ambassador in Poland** (e.g. promoting the Millennium Docs Against Gravity film festival)

### G overnance

#### ESG risk management

- Refining **ESG risk assessment and management**, including further integration in credit decision process
- Implementing **ESG risk metrics in Risk Appetite Statement** and monitoring of **climate risk exposure**
- Developing methodology and performing **climate stress testing and scenario analysis**
- Supporting the **transition plan through ESG risk management**

#### Best-in-class governance

- Timely implementation of **new regulatory requirements**, and alignment of internal processes to address the changes
- Ongoing review and development process of existing ESG regulations
- Further development of **ESG data management**
- Comprehensive **ESG awareness building initiatives**

04

# Summary of our aspirations

M



## Closing remarks



Bank Millennium has a **long-standing track record of strong growth**, with ~9% CAGR 2018-23 for total assets<sup>1</sup> and ~10% CAGR 2018-23 for number of active retail customers<sup>1</sup>



During the **last strategic cycle**, we have **delivered on our ambitious targets despite external headwinds** (e.g. high inflation, geopolitical tensions, regulatory and legal hurdles)



We have proven that we can **outperform our competition** owing to our distinctive capabilities: **top customer experience, leading technological innovation, excellent Millennium team**, the embracing of **sustainability**



Over the next four years, **Poland's economy should remain on a trajectory of solid economic growth** (3-4% annual GDP growth) and improving fundamentals. We expect Polish market to remain an **attractive environment for banks**.



In **corporate banking** our ambitious strategy aims at **doubling the scale of our business** by targeting **mid-corporates** with a **new service model** and a **streamlined / digital credit process**, unlocking leasing's full-potential and through a dedicated approach to small businesses



In **retail banking** we plan to **extend growth**, reaching **3.7 million active customers**, by continuing to build on our market-leading quality of service, digital-first customer experience and proven customer acquisition approach



We will maintain our **strong cost discipline** (C/I of 37% in 2028) and continue to focus on **risk management** (NPL ratio <4% 2028) as well as **capital solidity (Tier 1 of ~15% in 2028) in order** to deliver **higher profitability** (ROE ~18% in 2028) and resume **dividend distribution from 2027<sup>2</sup>**

# We aim to double scale of corporate while maintaining retail growth



Ambition

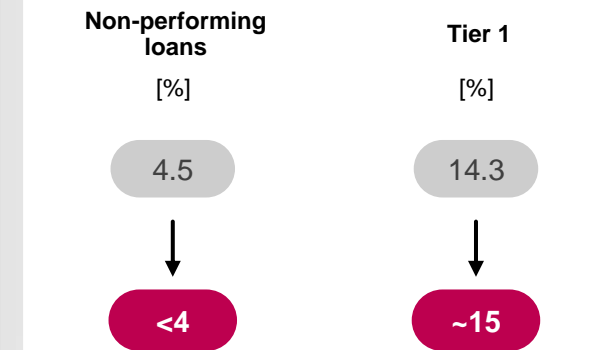
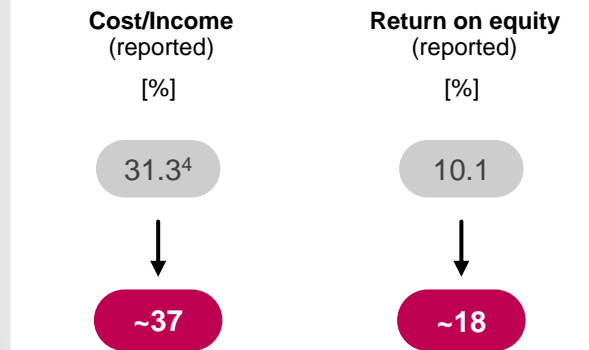
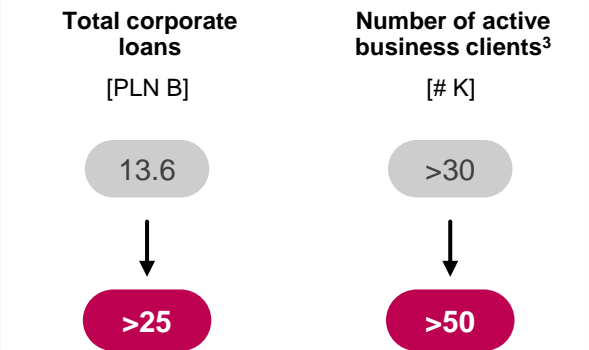
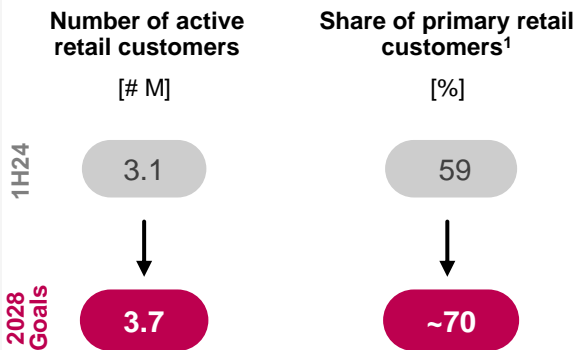
We embrace innovation, digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland

Keep growth in retail banking leveraging primary relationships...

and doubling business scale in corporate banking...

to ensure sustainable profitability and generate long-term value for shareholders...

...while securing a solid risk and capital position.



Additional goals

Leader in corporate and retail NPS

Digital business model >95% digital active clients

Maintain Top Employer status

Return to dividend payments from 2027<sup>2</sup>



People and culture development



Technology & Resilience



Digital & operating efficiency



Compliance & Risk Management



Sustainability



1) Primary individual customers defined as customers (18+ y.o.) who use Millennium Bank as their main bank and meet certain transaction, product penetration and portfolio value thresholds  
 2) Dividend to be paid based on 2026 profits, contingent on regulatory environment  
 3) Total number of Small Business and Mid Corporate clients segment, excluding SOHO (Sole Traders) companies reported in retail segment.  
 4) Excluding credit holidays, FX mortgages related costs and linear amortisation of BFG charge.