



**Bank Millennium S.A.**

October 28, 2024

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

**“Strategy 2028 - Value & Growth”**

**Entering a new strategic cycle from a strong position**

Bank Millennium is widely recognised for delivering one of the best customer experiences in the Polish banking sector, with NPS (Net Promoter Score) consistently ranked in the top three. Over the past five years, we have demonstrated robust growth, achieving 9% average annual growth in total assets and 10% average annual growth in the number of active retail customers. This growth secured our very strong position in retail banking with over 3 million active customers, a solid presence in corporate asset financing (leasing, factoring) and a highly profitable business model with outstanding efficiency and sound risk management.

We successfully tackled multiple challenges including geopolitical tensions, high inflation, credit holidays and negative impacts from the legacy portfolio of FX mortgages. Despite these unexpected challenges we were able to outperform most of the key ambitions set in the previous strategic plan, confirming Bank Millennium’s long-standing track record of successful execution. This resilience is rooted in our unique capabilities, which enable us to thrive even in a challenging environment. These include our proven customer acquisition model, best in class quality of service, leading digital customer experience and advanced technological capabilities. These strengths will continue to drive our performance and position us for future success.

**Promising economic outlook and new opportunities in Poland's banking sector**

Poland’s economy has a history of robust growth, even during periods of global economic turbulence. This trajectory is expected to continue, with 3-4% annual GDP growth expected until 2028, along with stabilising inflation, rising disposable income, and low unemployment. The banking sector is financially sound and attractive, boasting strong capital ratios, good credit quality, and high liquidity. Moreover, business volumes in the banking sector are expected to grow at a sustained and robust pace. As interest rates are expected to gradually decrease and then stabilise in the coming years, we expect a progressive shift from liabilities to assets as the main revenue driver. This will create new growth opportunities. Furthermore, the growth in the corporate segment is projected to outpace the retail one in both volume and net revenues. Bank Millennium is well-positioned to capitalise on the evolving trends. Concurrently, we will maintain a proactive approach to identifying, managing, and mitigating key risks. This includes navigating in a dynamic legal and compliance environment, managing the impacts of the benchmark (WIBOR) reform, and adhering to tightening capital and funding requirements.

## Our 2025-2028 ambitions

Our 2025-2028 strategy - “Strategy 2028 - Value & Growth” - is about continuous innovation and bold growth. We embrace innovation, by digitally delivering top-quality services, to be the primary bank for individuals and companies in Poland.

We aim to sustain **robust growth in retail banking** by leveraging primary relationships with clients, and to **double business scale in corporate banking**. With ambitious growth targets, we plan to maintain **strong cost discipline** (cost-to-income ratio of approximately 37% in 2028), **focus on risk management** (NPL ratio below 4% in 2028) and **capital solidity** (Tier 1 ratio at approximately 15% in 2028), **ensure sustainable profitability** (reported ROE of approximately 18% in 2028), **generating value for shareholders and resuming dividend distribution from year 2027**, contingent on regulatory environment.

## Corporate Banking priorities

In Corporate Banking, we are pursuing an ambitious strategy to transition from a small-scale player to a strong market challenger. Our 2028 targets include reaching of **over 50 thousand business clients, doubling corporate loans portfolio to over PLN25 billion and maintaining top 3 position in corporate NPS**. To accelerate business customers acquisition and increase penetration of key products, we have identified several key initiatives:

- **Drive mid-corporate companies’ primacy & acquisition:** Acquire targeted clients and aim to foster primary relationship by leveraging superior customer experience
- **Upgrade sales & service model for mid-corporate companies:** Re-design sales process with enhanced SLAs and overall customer experience, introduce a new CRM system and strengthen salesforce capabilities (more RMs and Business Analysts)
- **Push investment loans offensive:** Grow investment loans through fast-track loan approval, targeting specific industries
- **Further expand leasing:** Leverage cross-sell with existing business clients and expansion of agent network to accelerate growth of the leasing portfolio
- **Revamp service model for small businesses:** Introduce differentiated, digital-first service model and improved value proposition for small-sized companies.

## Retail Banking priorities

In Retail Banking, our new strategy sets bold targets to maintain strong growth momentum aiming to reach **3.7 million active retail customers with approximately 70% share of primary retail customers and strengthening position within top 3 in retail NPS in 2028**. We are committed to driving robust customer acquisition while enhancing customer loyalty and product penetration. To achieve these ambitious goals, we will focus on the following initiatives:

- **Keep leadership in customer acquisition:** Improve end-to-end digital acquisition
- **Build primacy in the existing customer base:** Enhance daily banking products, value propositions, and offer personalisation to build primacy among existing customers
- **Further grow customer funds:** Expand savings and investment products that reward regular saving and improve fee and commission income
- **Evolve offering and service model for affluent segment:** Expand the affluent service model with advanced tools, improved offers, and better service levels

- **Become a bank of first choice for SOHO (Small Office/Home Office) businesses:** Provide market leading offer and improved digital experience for SOHO customers
- **Strengthen leadership in customer experience:** Strengthen customer experience governance, monitoring, and quality mindset
- **Orchestrate distribution model:** Optimise distribution model by improving digitalisation of customer journeys, omnichannel experience and optimising the physical sales network.

### Key success enablers underpinning our strategic growth

Our strategy will also be enabled by investments in our most important assets and areas which will play a central role in our strategy.

- **People & Culture:** We aim to position Bank Millennium as the most attractive employer for top talents, constantly improving our development offer and HR services
- **Technology:** We will continue our cloud journey to become a data-driven organisation while promoting the adoption of AI and innovative solutions. We plan to further improve our digital capabilities in sales and service and to keep offering the best-in-class digital customer experience, aiming to reach **over 95% share of digitally active clients**
- **Operating model & efficiency:** We will continue to optimise distribution and leverage a digital-first business model with processes automation
- **Compliance & risk management:** We intend to mitigate legal risks, ensure regulatory compliance, and manage credit risk based on solid credit decision principles
- **Sustainability & ESG:** Beyond executing on our sustainability targets and commitments, including **Carbon Neutrality by 2030 and Net Zero by 2050, community engagement, best-in-class governance**, we will support our customers in their transition to a low-carbon economy with **PLN5 billion in new sustainable finance origination.**

### Our 2028 ambitious KPIs in brief

To sum up, our key strategic KPIs for 2028 include:

- Reaching **3.7 million active retail customers**
- Boosting share of primary retail customers to approximately **70%**
- Strengthening position **within top 3 in retail NPS**
- **Doubling business scale in corporate banking** with a targeted loan book over PLN25bn
- **Increasing of the number of business clients to above 50 thousand**
- Maintaining **top 3 position in corporate NPS**
- Reaching **above 95% share of digital active clients**
- Maintaining **Top Employer** status
- Achieving **cost-to-income ratio of approximately 37%**
- Delivering **ROE (reported) of approximately 18%**
- Reducing **NPL ratio to below 4%**
- Ensuring **Tier 1 ratio at approximately 15%.**

## Conclusion

Bank Millennium has proven that we are built to thrive even when faced with adversity. Now, we are ready for the next chapter of bold growth and innovation. Poland's economic prospects create an exciting backdrop for us to drive expansion. We will seize the opportunities presented by the evolving banking landscape, strengthening our position in both retail and corporate banking. Our relentless focus on technological development, digitalisation, and customer experience will power our growth. While pushing for growth, we will continue to apply strong cost discipline and focus on risk management and capital solidity. These will ensure a robust financial foundation and allow us to deliver a significant increase in profitability.

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