



**Millennium**  
bank

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

Bank Millennium/Bank Millennium Group  
2023 results

March 27, 2024

# 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](http://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.
- Starting from 3Q22 a part of costs of amicable settlements with FX-mortgage borrowers is presented in 'results from modifications' and these costs are not included in the cost of risk in this presentation.
- Cost of credit holidays is presented in interest income/NII. For comparison purposes, in this presentation NII/NIM and other figures are presented also before such an impact.

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 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 markers. The overall scene is in a light, desaturated color palette.

01

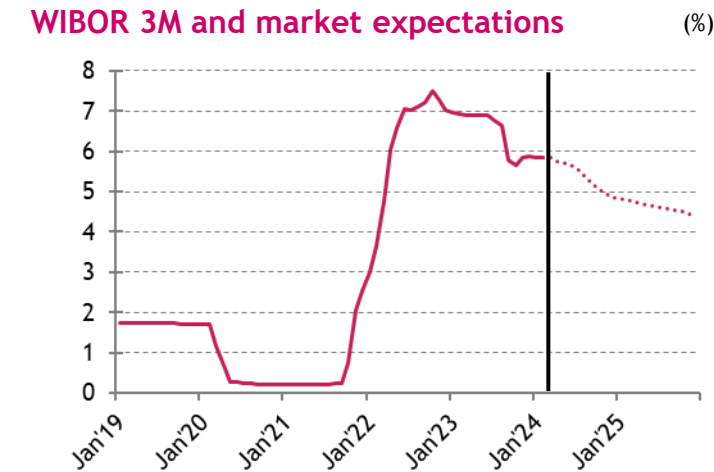
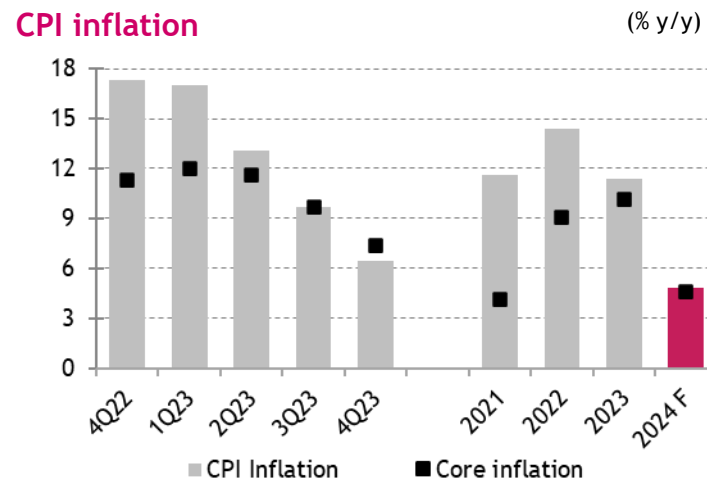
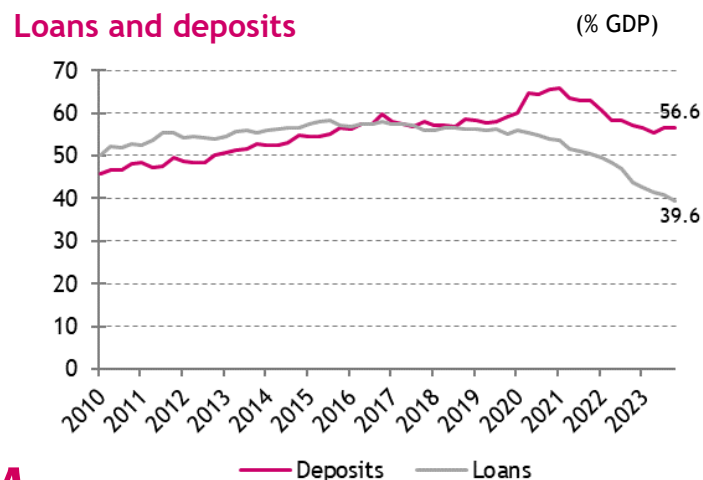
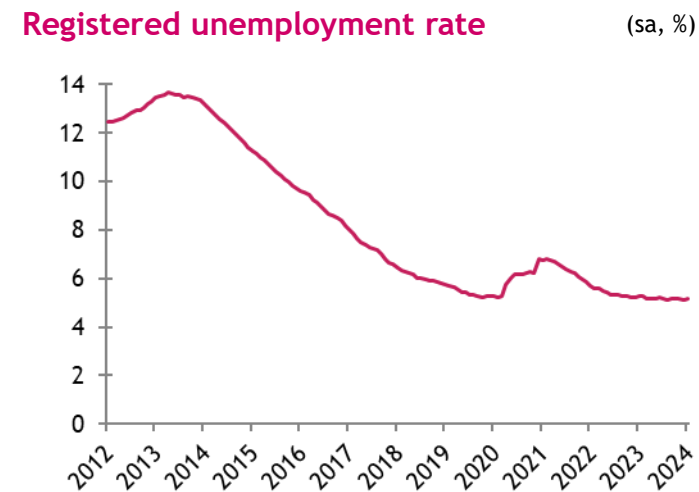
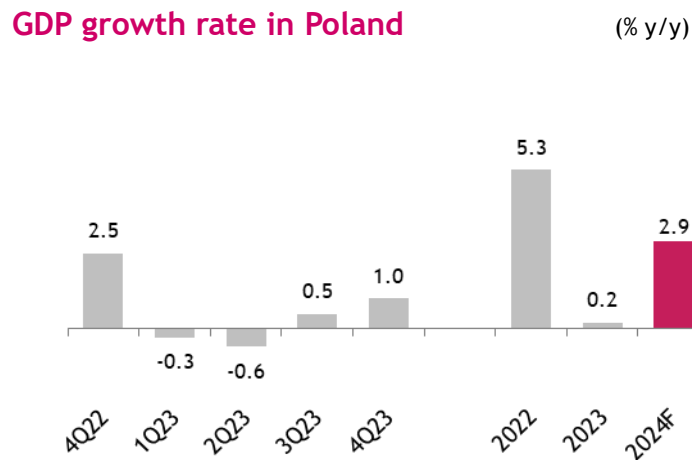
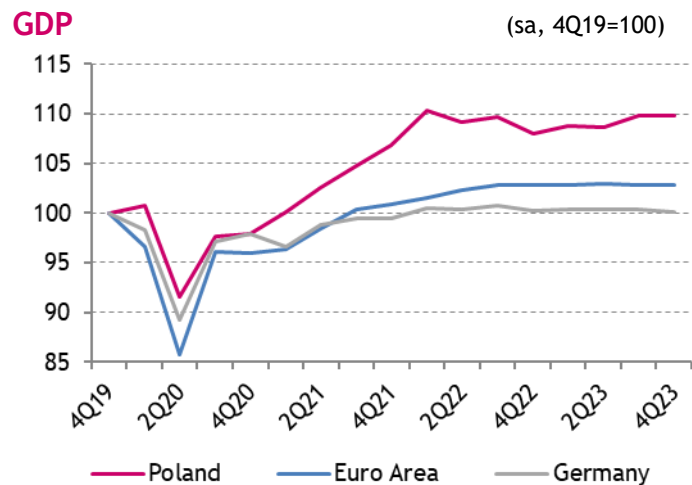
**PRESENTATION TO THE ORDINARY GENERAL MEETING OF BANK MILLENNIUM S.A.**

**Macroeconomic background**

# MACROECONOMIC OVERVIEW

2023: Year of an economic downturn, quick disinflation and high interest rates

2024: Year of stronger economic growth, low unemployment and still relatively high interest rates



Source: Macrobond, LSEG Datastream, Bank Millennium, F - forecast



02



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

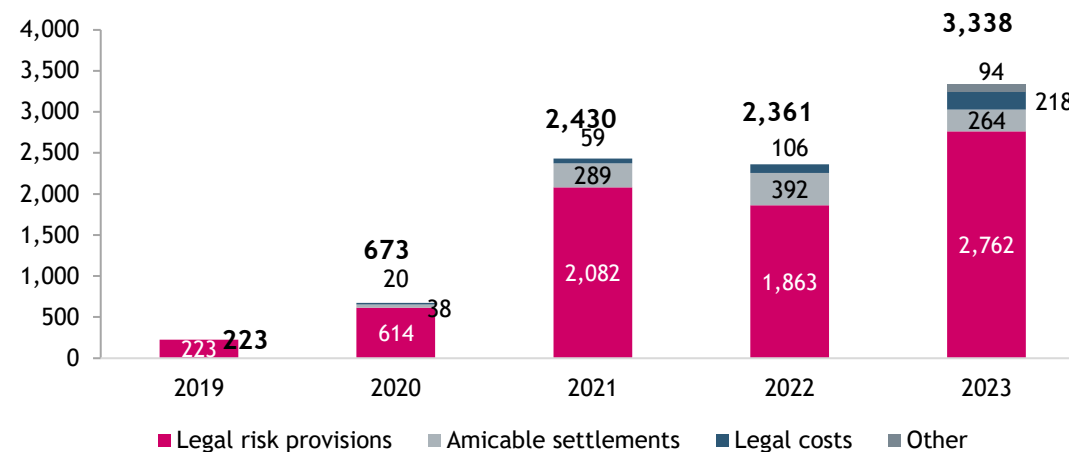
**Financial results**

# HIGH PROFITABILITY OF CORE BUSINESS

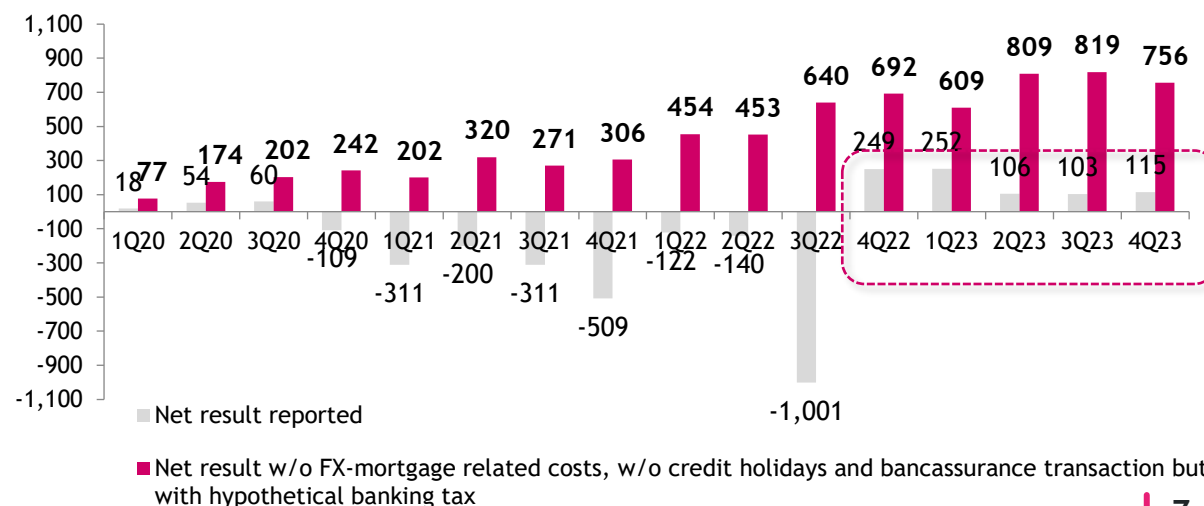
Core business profits exceed all-in costs related to FX-mortgages. Positive reported quarterly net result since 4Q22 and material full year net profit.

- The BM\* Group is sustainably back on a 'positive path' with net profit reported since 4Q22. This follows a period of net losses (4Q20-3Q22) which were caused by substantial FX-mortgage related costs (legal risk provisions, costs of amicable settlements, legal costs) and material external factors (credit moratoria).
- In recent quarters, core business profits outweighed the otherwise continuing high costs related to FX-mortgages.
- 2023 reported profits translated into 9% ROE.

FX-mortgage related costs (PLNmn, after tax)



Net results: reported and adjusted (PLNmn)

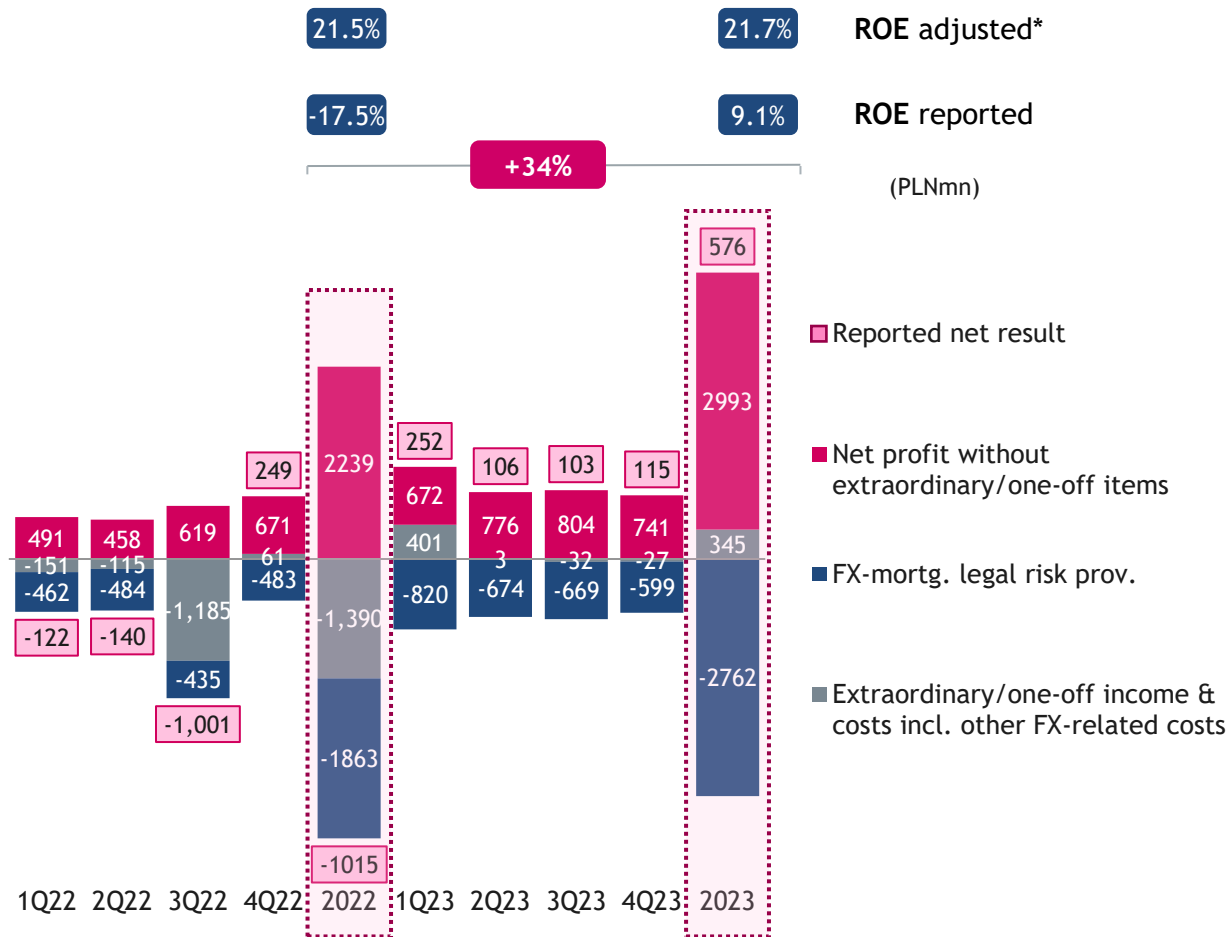


(\*) BM denotes Bank Millennium S.A.

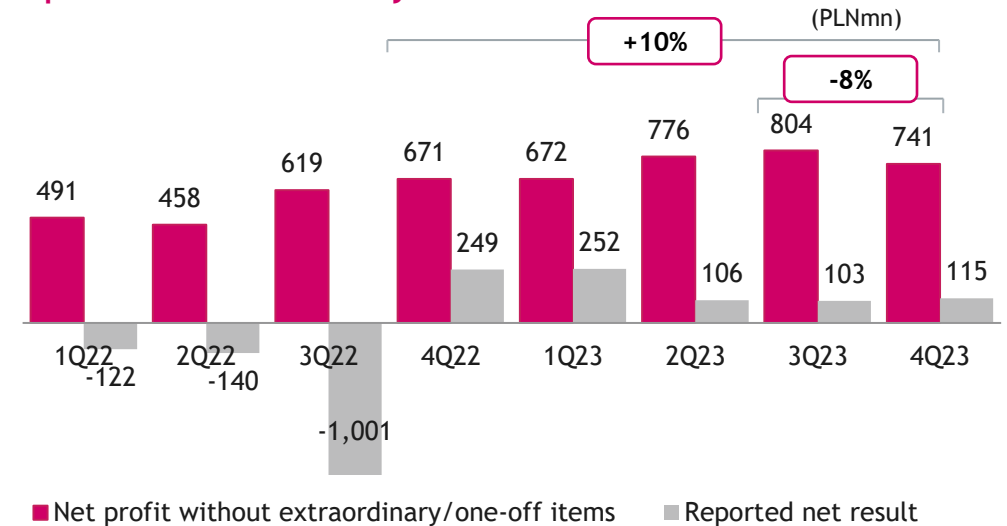
# FINANCIAL HIGHLIGHTS OF 2023

Material reported net profit of PLN 576mn in 2023. Adjusted net profit of PLN2,993mn, up 34% y/y. Adjusted ROE on stable level of almost 22%.

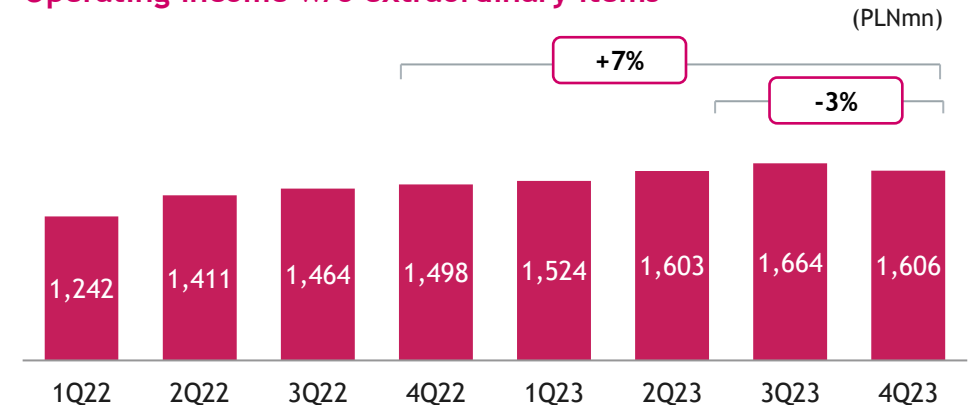
## Net profit



## Net profit w/o extraordinary\* items



## Operating income w/o extraordinary items\*\*



(\*) Extraordinary items: Income from bancassurance transaction (PLN652mn pre-tax in 2023), cost of credit holidays (PLN-1,324mn in 2022 and PLN-9mn in 2023), FX-mortgage related costs and with linear distribution of BFG resolution fund fee and hypothetical bank tax in 2023 and 2H 2022; ROE: Equity adjusted by FX related costs

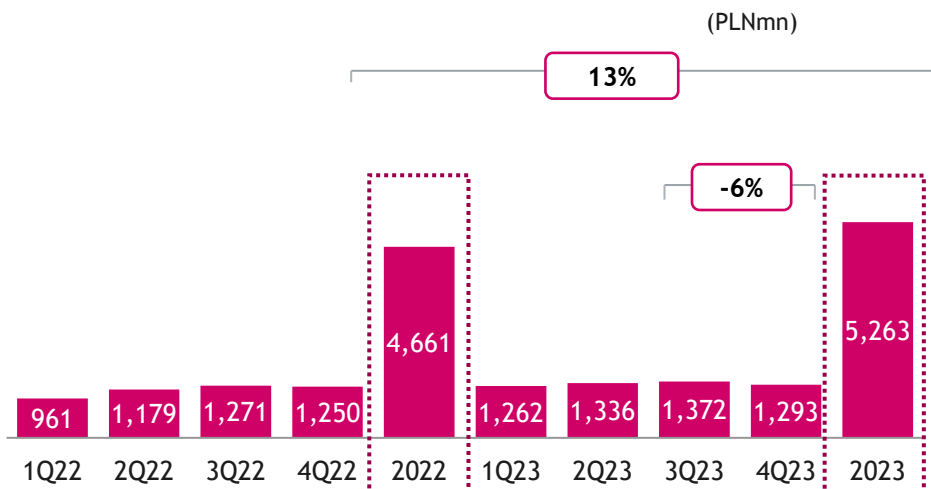
(\*\*) Extraordinary items: Income from bancassurance transaction (PLN597mn pre-tax), FX-mortgage related costs and indemnity from SG in FX income and other operating income/cost and cost of credit holidays



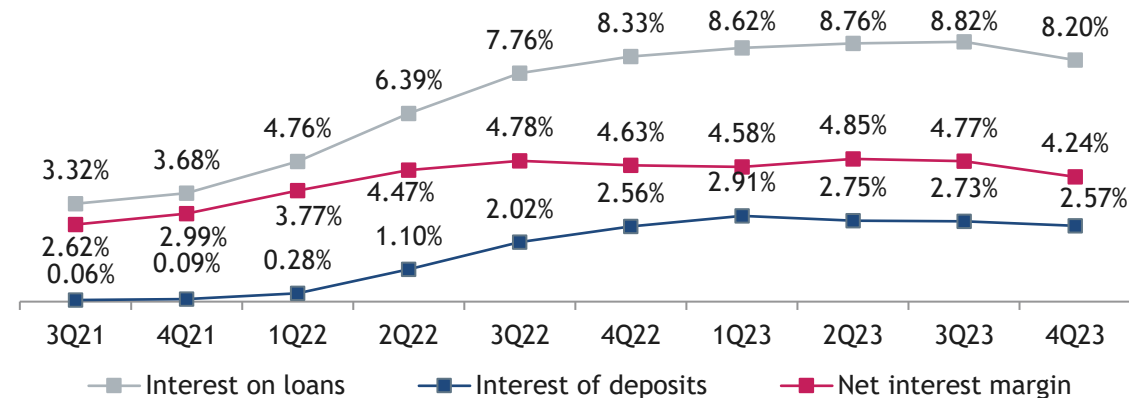
# INTEREST AND COMMISSION INCOME

NII annual growth rate decelerated to 13%. NIM lower in 4Q23 due MREL bond cost and IEA mix change; cost of deposits lower by 16 bps

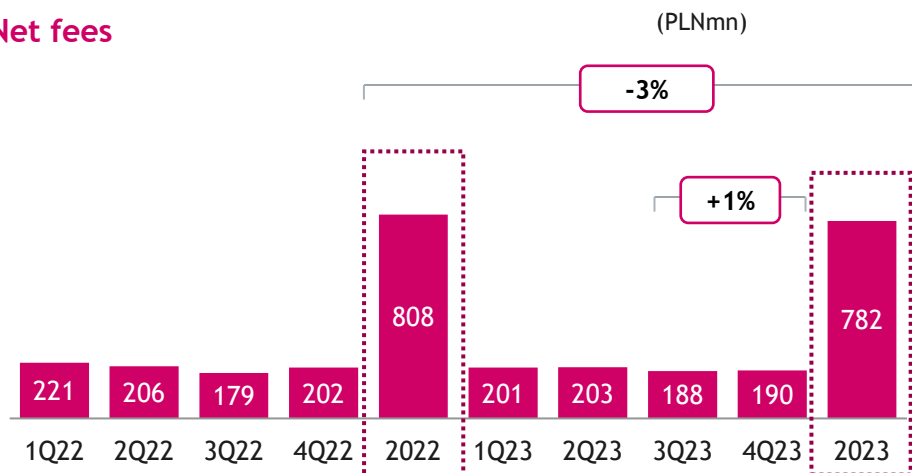
## Net interest income\*



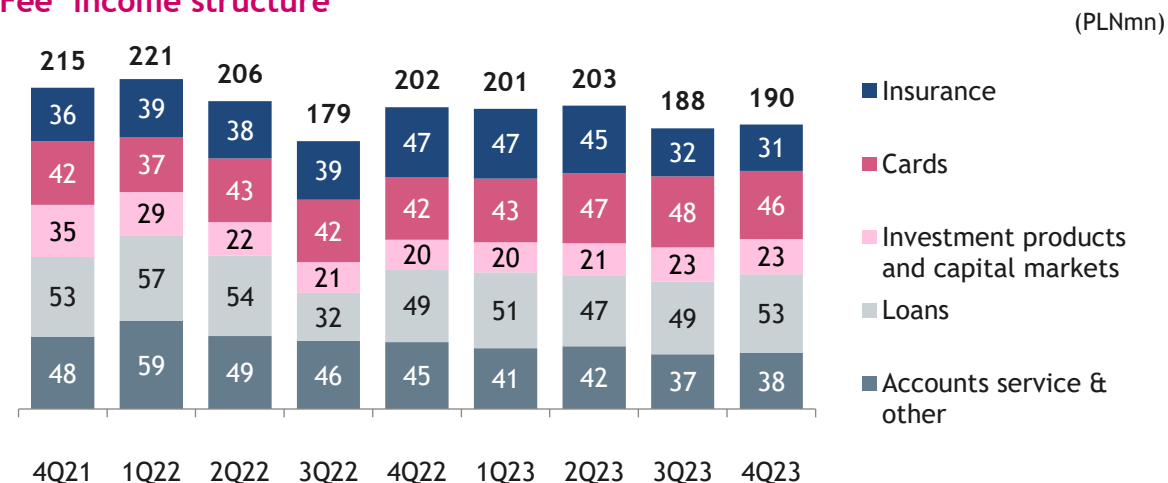
## Interest on loans\* and deposits (quarterly average)



## Net fees



## Fee income structure

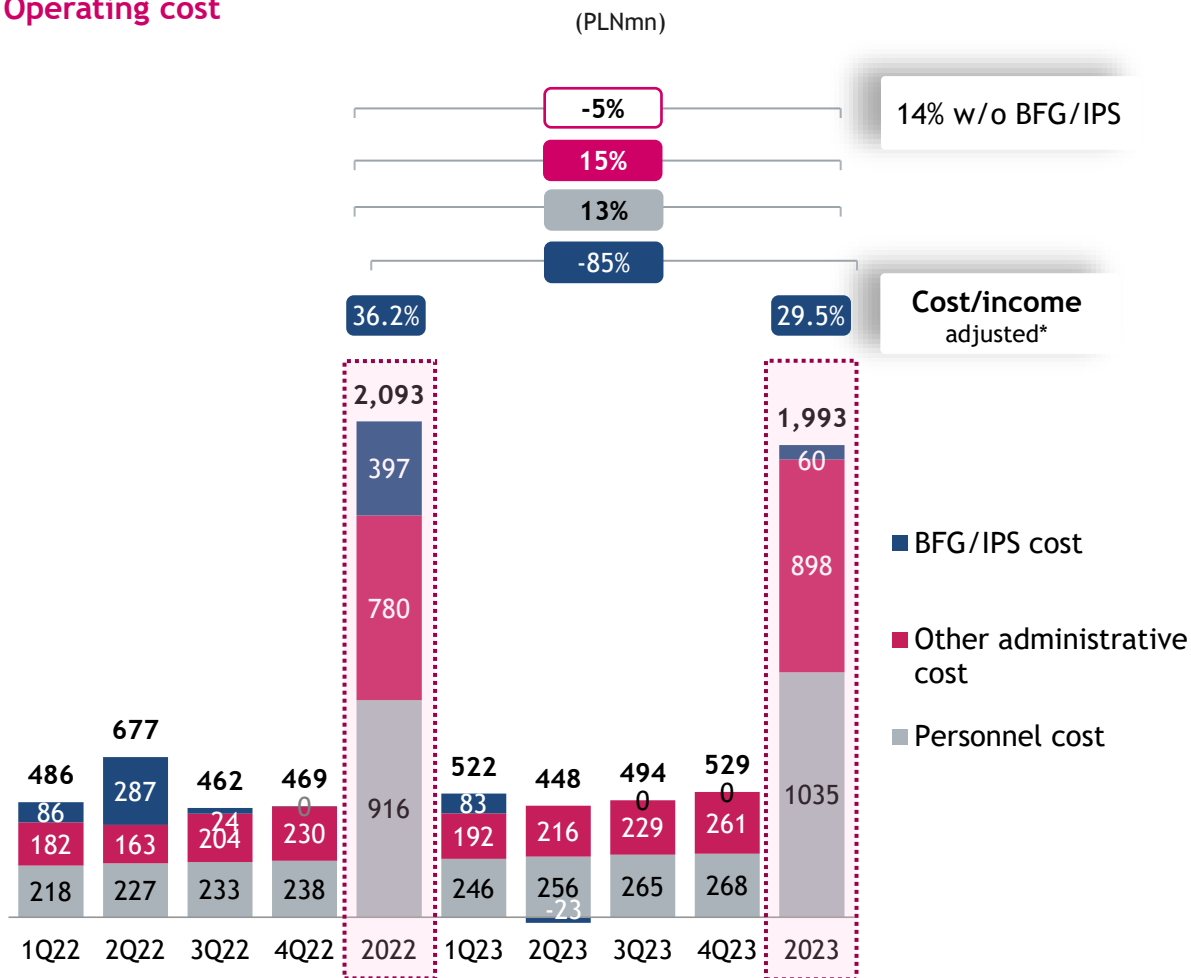


(\*) without cost of credit holidays

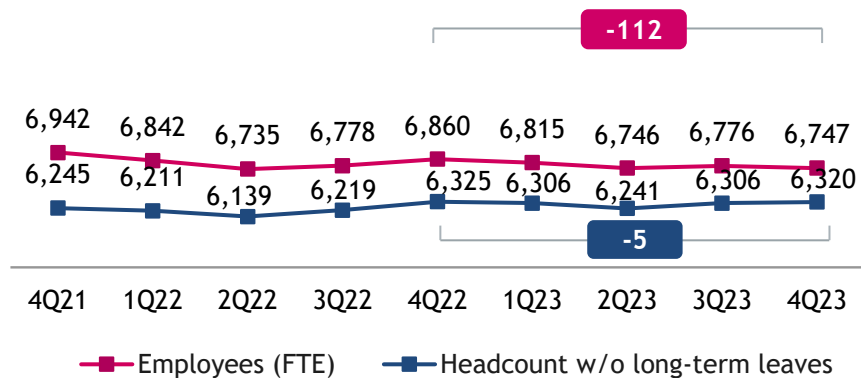
# EFFICIENCY

Operating costs fell 5% y/y and grew 14% y/y without BFG/IPS. C/I at record low of 29.5% supported by considerable growth in operating income and rational cost management.

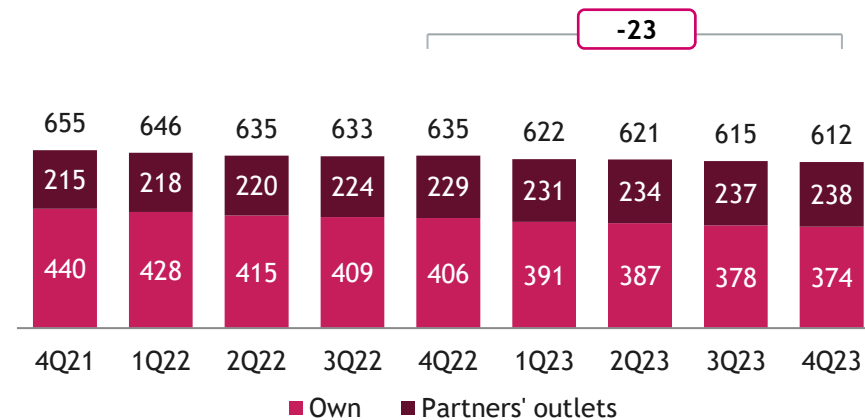
## Operating cost



## Employees



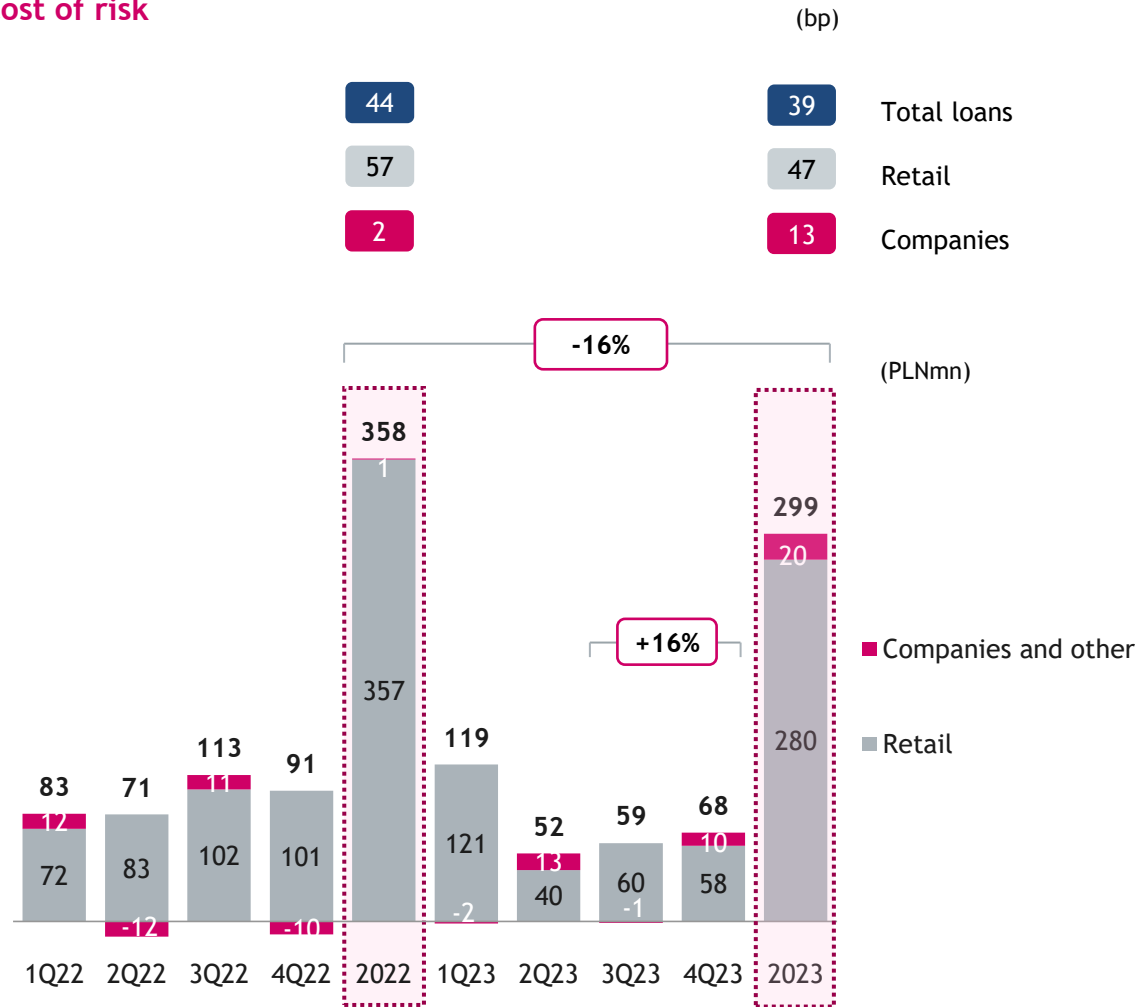
## Branches



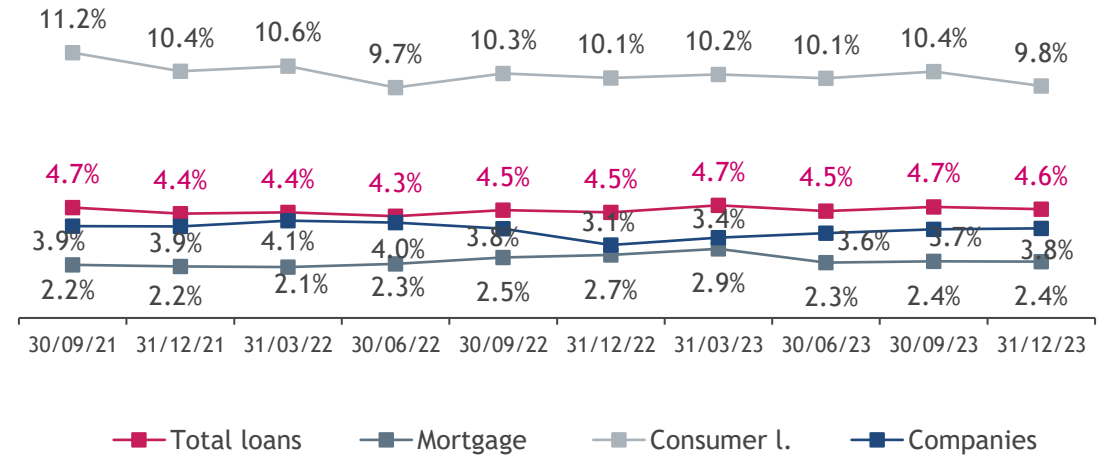
# ASSET QUALITY

Strong credit quality, low cost of credit risk and higher coverage of NPLs

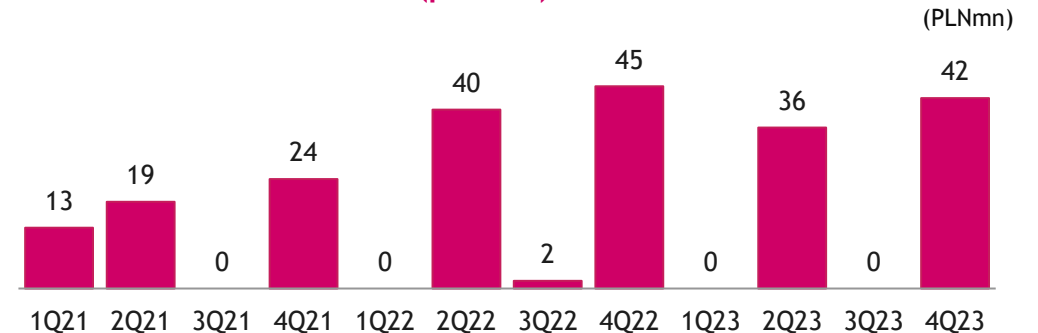
## Cost of risk



## Impaired loans (IFRS9 stage 3 & POCI)



## Result from sale of NPLs (pre-tax)



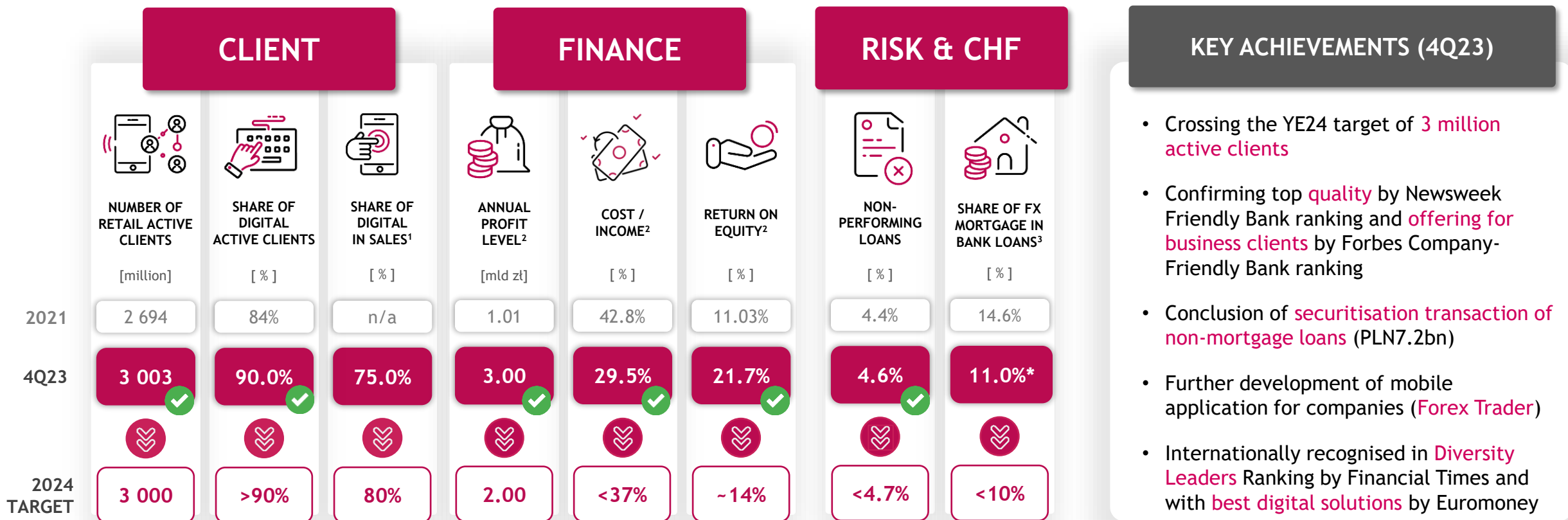


**PRESENTATION TO THE ORDINARY GENERAL MEETING OF BANK MILLENNIUM S.A.**

**Implementation of strategy 2022-2024**

# STRATEGY 22-24 | ON THE WAY THROUGH “INSPIRED BY PEOPLE” STRATEGY

We already crossed the YE24 target of 3 million active customers and the landmark of 90% of them using digital channels planned for 2024, and continued evolving well to reach all other 2024 key strategic objectives



(1) calculated as an average of digital sales shares in key products' volumes; (2) Excluding FX-mortgage book related costs (for 2023 excluding also financial impact of bancassurance transaction); (3) W/o deduction of allocated legal risk provisions; (\*) share of all FX-mortgages in total gross loans of the Bank disregarding legal risk provisions was 11.9%

The image shows the top portion of a modern building facade. At the top center, there is a red rectangular sign with the word "Millennium" in white, sans-serif font, and the word "bank" in a smaller, white, sans-serif font directly below it. The building's facade consists of vertical panels of varying heights and colors, including shades of blue, grey, and brown, creating a textured, grid-like appearance. The sky in the background is a clear, deep blue.

Millennium  
bank

04



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

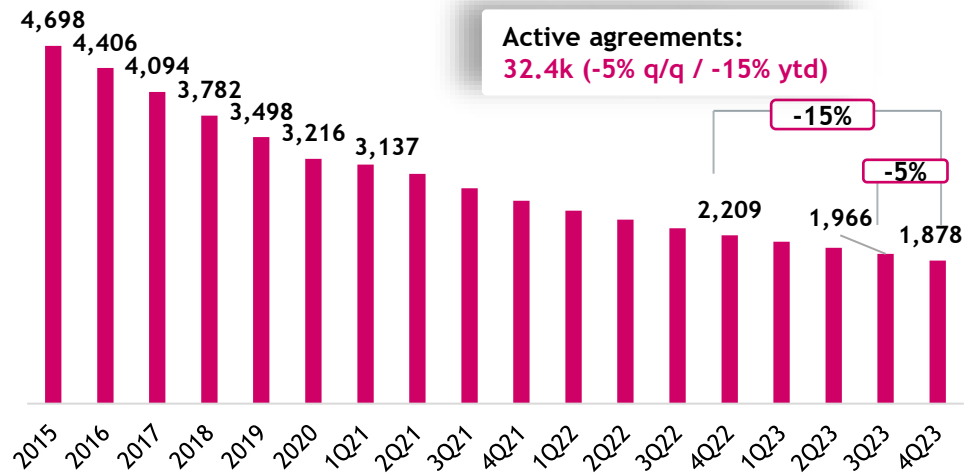
**FX-mortgage loans**

# FX-MORTGAGE PORTFOLIO (1/2)

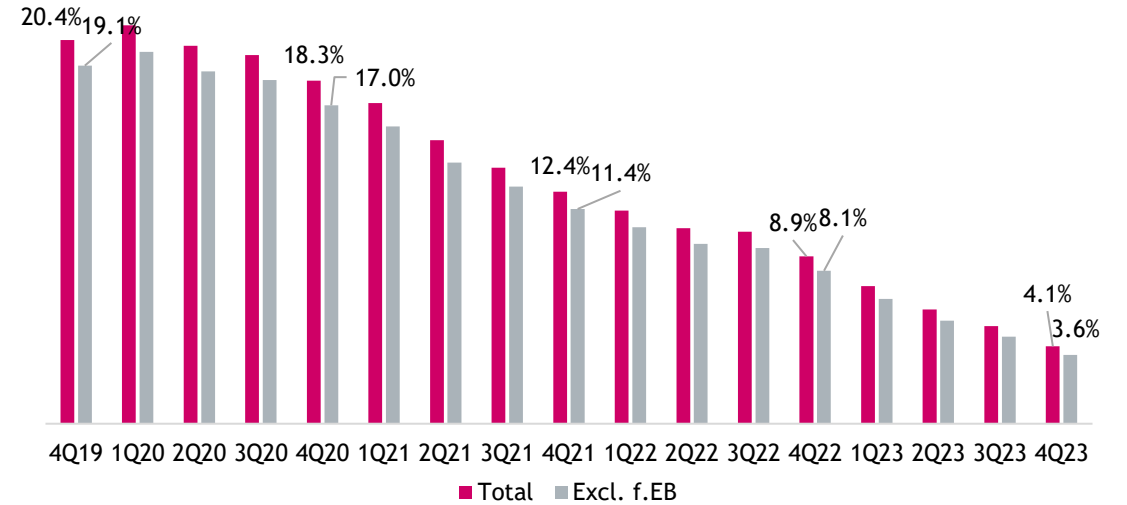
Maintained fast pace of FX-mortgage portfolio's downsizing

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

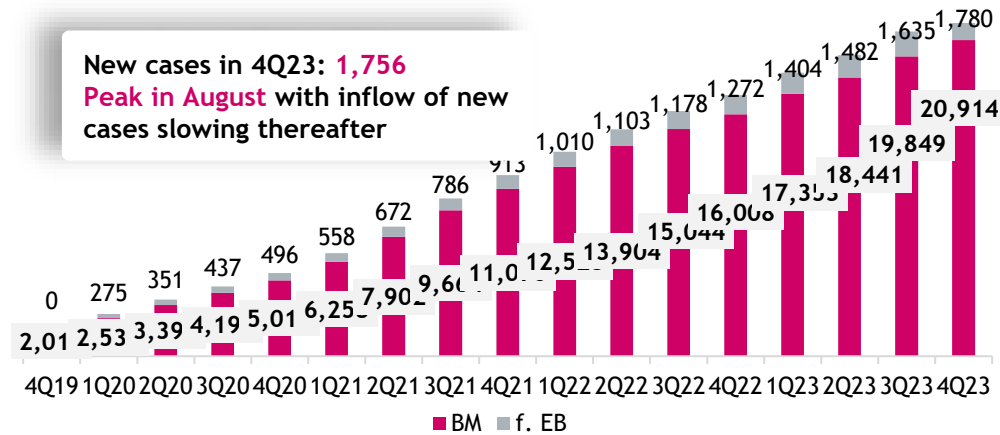
(CHFmn)



FX-mortgages as % of total gross book (gross less alloc. legal risk provisions)

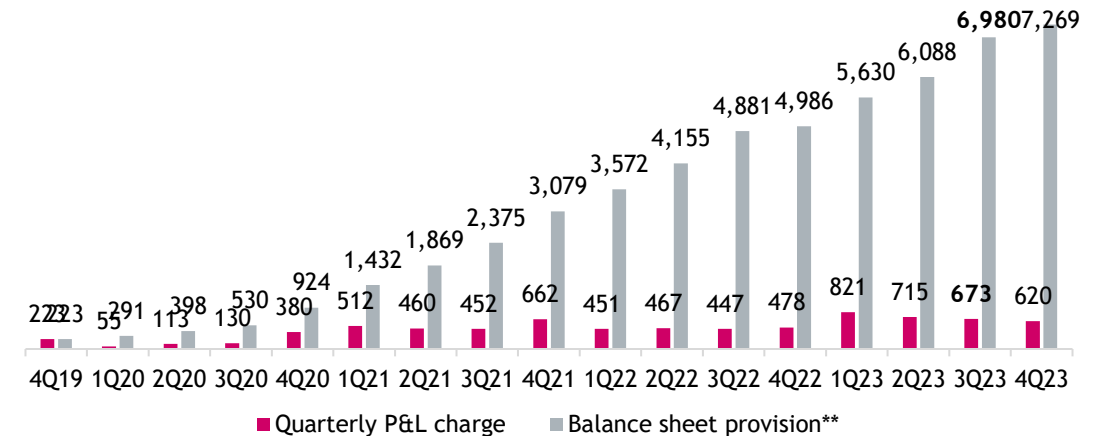


Individual indexation lawsuit cases (active)



Provisions against legal risk\*

(PLNmn)

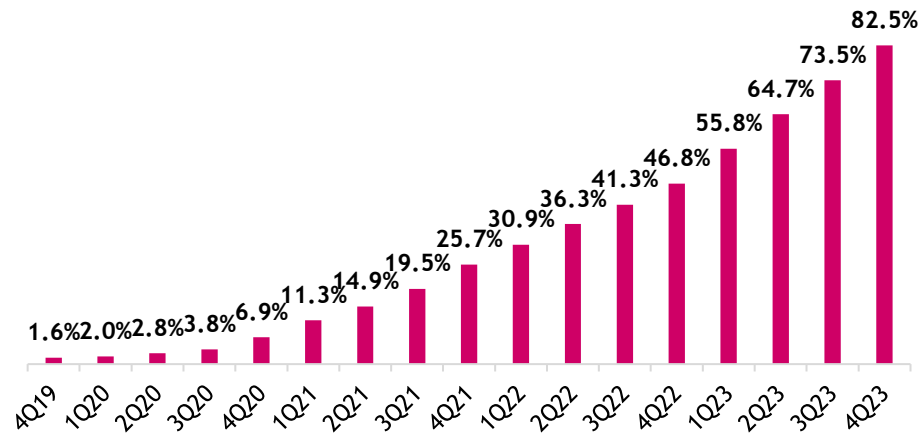


(\*) Excluding f.EB, (\*\*) actual outstanding B/S provisions; may differ from the sum of P&L charges due to FX movements and utilisations among others

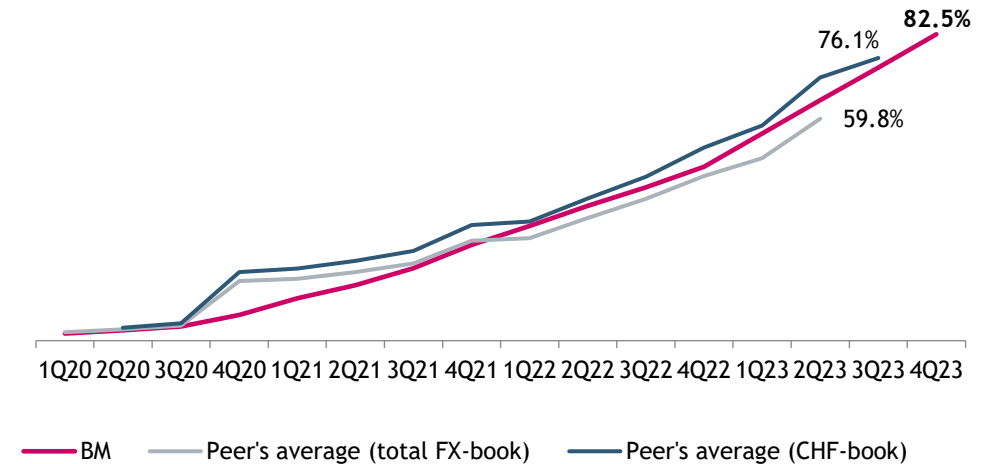
# FX-MORTGAGE PORTFOLIO (2/2)

Number of amicable settlements to date exceeded 21k, equivalent of 35% of active agreements at YE19

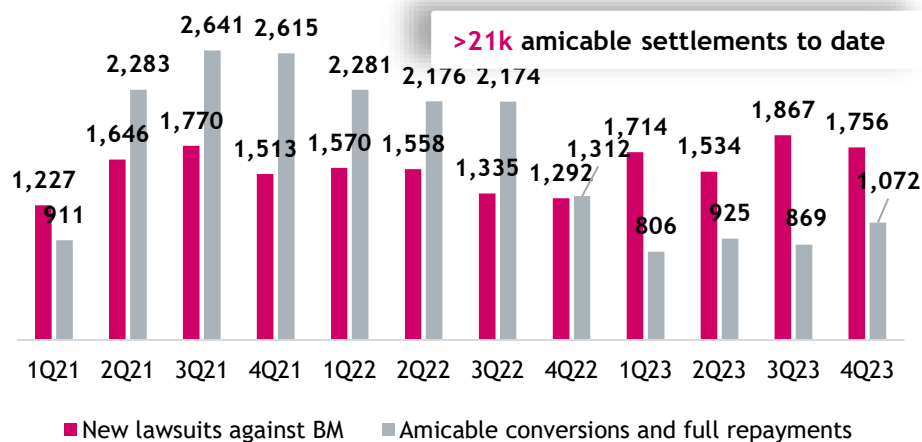
Provisions against legal risk as % of FX-mortgage book\*



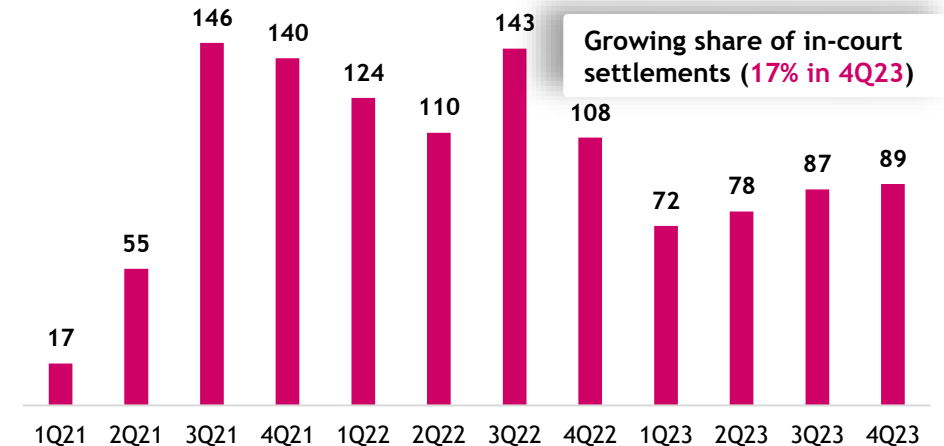
Legal risk provisions/outstanding FX-mortgage book\*\* (% of gross loans)



New lawsuits\*\*\* vs. amicable settlements (#)



Costs of amicable settlements (PLNmn, pre-tax)

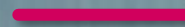


(\*) Excluding f. EB, (\*\*) peers average with provisions for settlements, (\*\*\*) includes cases originally in class-action suit





05



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

**Dividend policy/allocation of net profit**

# PROPOSAL TO RETAIN 2023 NET RESULT IN RESERVE CAPITAL

## Resolution no. 5

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

Bank Millennium Bank posted a net profit in 2023. According to assumption of the Capital Protection Plan and the Recovery Plan and following a recommendation of the Polish Financial Supervision Authority (KNF) from February 22, 2024 not to pay a dividend from 2023 profits, The Management Board considers it rational and desirable to apply to the Bank's Ordinary General Meeting to adopt resolution to distribute the profit of Bank Millennium S.A. for the financial year ending on 31 December 2023 in the amount of 510 259 398,40 PLN, the Ordinary General Meeting shall allocate the whole amount to the reserve capital.

Equity, capital ratios, net result	Bank Millennium S.A. Group	Bank Millennium S.A.
Equity - on 31 Dec. 2023 (PLN thousand)	6 894 895	6 614 263
Total Capital Ratio - on 31 Dec. 2023	18.06%	19.04%
Common Equity T1 ratio - on 31 Dec. 2023	14.73%	15.40%
2023 net result (PLN thousand)	575 717	510 259
Allocation of net result to the reserve capital (PLN thousand)	-	510 259