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Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 2019

Banco Comercial Português, S.A. hereby informs that Bank Millennium in Poland, in which it has a 50.1% holding and whose accounts are fully consolidated at BCP group level, released today its results for 2019. Main highlights are as follows:

Solid operational profitability affected by Euro Bank acquisition and legal risk provisions

- Net profit reached 561 million PLN (130.6 million EUR) in 2019, a 26% decrease y/y and a 17% increase y/y, when adjusted to one-offs
- 205 million PLN (47.7 million EUR) of integration and provisions costs related to Euro Bank
- 223 million PLN (51.9 million EUR) of provisions related to foreign exchange (FX) mortgages legal risks
- Net profit reached 27 million PLN (6.3 million EUR) in the 4Q19, or 274 million PLN (63.8 million EUR) when adjusted to extraordinary itens
- Adjusted* ROE of 10.2% and Cost/income ratio of 47.4%

Operating income and costs influenced by the acquisition and merger of Euro Bank

- Operating income grew 27% y/y
- Net interest income grew 33% y/y
- Operating costs grew 36% y/y, (28%, excluding integration costs)
- Reserve for cash loans fees returns after European Court of Justice (ECJ) ruling: 66 million PLN (15.4 million EUR)

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.56%
- Adjusted cost of Risk* at 57 b.p.
- Loans to deposits ratio at 86%

Solid capital position and lower regulatory buffers

- Group's Total Capital Ratio (TCR) at 20.1%, and CET1 ratio at 16.9% after incorporating full 1H 2019 year profits
- Reduction by the KNF of the FX mortgage related Pillar 2 buffer to 4.9% and dividend related Stress Test buffer to 3%
- The Management Board will recommend to the AGM the full retention of 2019 net profits

Retail business

- 2.6 million active clients, a 40% y/y growth, +494 thousand clients due to the Euro Bank acquisition and +240 thousand due to organic growth
- Deposits grew 28% y/y (10%, excluding Euro Bank)
- Loans grew 44% y/y (9%, excluding Euro Bank)
- Over 4 billion PLN (941 million EUR) in cash loans and mortgages sales, with high y/y growth rates: 28% and 26%, respectively
- Cash loans sales in the the 4Q19 affected by the Euro Bank migration and adjustment of the risk appetite and price
- Doubling of the new microbusiness accounts acquisition pace (26% opened online), in 2019
- 89 thousand microbusiness clients, at the end of 2019

Companies business

- Current accounts volumes grew 19% y/y
- Growth of loans to companies: 7% y/y, which means a 1.2 billion PLN (282 million EUR) y/y increase
- Growth in factoring sales of 6.5% y/y
- Growing number and volume of transactions in corporate business

Quality and Innovations

- Highest NPS ratio** (52) among Polish banks
- Best Web Site Design in Central and Eastern Europe, according to Global Finance
- 1.5 million downloads of the Millennium Goodie app - smartshopping platform

(*) total net provisions (including the Fair Value adjustment and modification effect) to average net loans, without extra IFRS9 provisions on Euro Bank acquired portfolio and on CHF mortgages legal risks.

(**) based on ARC Opinia i Rynek survey

End of announcement

Banco Comercial Português, S.A.