



ANNOUNCEMENT

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Millennium
bcp

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Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in the first 9 months of 2020

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 9M 2020. Main highlights are as follows:

Solid operational profitability in 9M20, affected by integration costs and legal risk provisions

- Reported 9M20 net profit of 132 million PLN (29.8 million EUR) and 60 million PLN (13.6 million EUR) in 3Q 2020, a y/y contraction of 75% in 9M20 and 70% in 3Q20. When adjusted to extraordinary items*, net profit of 583 million PLN (131.8 million EUR) in 9M20 and 189 million PLN (42.8 million EUR) in 3Q 2020, a y/y decrease of 10% in 9M20 and a 7% contraction in 3Q20
- 52.6 million PLN (11.9 million EUR) of integration costs and provisions related to Euro Bank
- 110.4 million PLN (25.0 million EUR) of merger synergies, well above integration costs
- Extraordinary provisions: 297.7 million PLN (67.3 million EUR) for foreign exchange (FX) mortgages legal risks, 69.3 million PLN (15.7 million EUR) for Covid-19 related risks and 60.5 million PLN (13.7 million EUR) for fee refunds on early repaid consumer loans
- Reported ROE of 2.1% and Adjusted* ROE of 8.5%
- Reported Cost/income ratio of 46.4%

BANCO COMERCIAL PORTUGUÊS, S.A., Sociedade Aberta.
Sede: Praça D. João I, 28, 4000-295 Porto.
Capital Social: 4.725.000.000,00 Euros.
Matriculada na Conservatória do Registo Comercial do Porto com o número único de matrícula e de identificação fiscal 501 525 882.
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Higher operating income and costs influenced by the merger of Euro Bank

- Operating income grew 6% y/y
- Net interest income grew 9% y/y
- Net commission income grew 7% y/y
- Operating costs grew 9% y/y, excluding integration costs (8%, including integration costs), and decreased 1% q/q (excluding integration and Bank Guarantee Fund costs)

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.7%
- Cost of Risk** at 92 b.p. (80 b.p., excluding Covid-19 related provisions)
- Loans to deposits ratio at 85%

Solid capital position and lower regulatory buffers

- Group's Total Capital Ratio (TCR) at 20.0%, and CET1 ratio at 17.0%, comfortably above requirements (15.4% and 12.2%, respectively)
- Systemic risk buffer down to 0%, from 3%, in March 2020

Retail business

- 2.64 million active Clients, a 30% y/y growth
- Deposits grew 2% y/y
- Loans grew 7% y/y (12%, excluding FX mortgages)
- New record high of 1.8 billion PLN (391 million EUR) in mortgages loans origination in 3Q20, 4.7 billion PLN (1.0 billion EUR) in 9M20, a 49% y/y growth. This translates in a 19% y/y growth of the mortgage loan book, excluding FX mortgages
- 3.6 billion PLN (793 million EUR) in cash loans origination in 9M20, a 7% y/y decrease. 1.2 billion PLN (268 million EUR) in 3Q20, a 12% q/q growth. This translates in a 3% y/y growth of the non-mortgage retail loan book
- Market share of mortgages new production of 14.5% in 9M20
- Number of active microbusiness clients exceeded 100,000 (a 26% y/y growth)

Companies business

- Companies' deposits grew 5% q/q (21% y/y) with current account deposits growing 8% q/q (66% y/y)
- Loans to companies decreased 1% q/q and y/y
- Factoring business volume grew 6% y/y

Quality and Innovations

- DGP/PwC's "Stars of Banking in 2020": 1st in the "Growth Star" category, 2nd in the "Customer Relationship" category, 3rd for overall achievement in the competition's main category and in the "Star of Innovation" category
- Golden Banker 2020: main award in the category "Fin-Tech Innovation" for the implementation of the Autopay service (in cooperation with Blue Media), 2nd place in the "Mortgage Loan" category
- European Customer Centricity Awards: main award in the category "Complaints"
- KPMG's Customer Experience survey: Best in Customer Experience among Polish banks
- "Trusted in Business" award for Millennium Leasing, according to CRIF Poland;
- Highest NPS ratio*** (52) among Polish banks
- Best Integrated Consumer Bank Site in Central and Eastern Europe and Best Consumer Digital Bank in Poland for 2020, according to Global Finance
- Best Web Site Design in Central and Eastern Europe according to Global Finance
- 2.0 million downloads of the Millennium Goodie app - smartshopping platform

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(*) without extraordinary items (pre-tax): in 9M20: 1) integration costs: PLN 52.6 million (11.9 million EUR), 2) PLN 297.7 million (67.3 million EUR) provisions for FX mortgage legal risk, 3) PLN 69.3 million (15.7 million EUR) for Covid-19 related risk, 4) PLN 60.5 million (13.7 million EUR) provisions for the return of commissions from loans repaid earlier by clients, 5) linear distribution of BFG resolution fund fee of PLN 58.2mn (13.1 million EUR); in 9M19: 1) integration costs: PLN 64.1 million (14.5 million EUR), 2) PLN 26.9 million (6.1 million EUR) release of tax asset provision, 3) acquisition related extra provisions for Euro Bank of PLN 88.6 million (20.0 million EUR), 4) linear distribution of BFG resolution fund fee (without extra release of tax asset provision in Q1) of PLN 27mn (6.1 million EUR)

(**) total net provisions (including FV adjustment and modification effect) to average gross loans, without extra IFRS9 provisions on Euro Bank acquired portfolio and without provisions on FX mortgage legal risk

(***) based on ARC Opinia i Rynek survey

End of announcement

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