



ANNOUNCEMENT

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Millennium
bcp

11 May 2021

Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 1Q 2021

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 1Q 2021.

The consolidated net loss of Bank Millennium Group, in 1Q 2021, amounted to PLN -311 million (EUR -68.6 million). The result was substantially influenced by provisions for legal risks related to the portfolio of foreign currency (FX) mortgage loans, which amounted to PLN 533 million (EUR 117.4 million), of which PLN 21 million (EUR 4.6 million) related to the portfolio of the former Euro Bank. Cumulative provisions represent 10.8% of the FX mortgage portfolio originated by Bank Millennium. After adjusting for extraordinary items*, the net profit would be PLN 209 million (EUR 46.1 million) and the adjusted* ROE would amount to 9.3%. Sales of new mortgage loans reached a record volume of PLN 2.2 billion (EUR 0.5 billion) in 1Q 2021, an increase of 5% q/q and 64% y/y.

Main highlights are as follows:

Despite strong operational dynamics, profitability in 1Q 2021 was impacted by provisions for legal risks

- Reported 1Q 2021 net loss of PLN -311 million (EUR -68.6 million). When adjusted to extraordinary items*, net profit of PLN 209 million (EUR 46.1 million) in 1Q 2021
- Extraordinary provisions: PLN 512 million (EUR 112.8 million) for FX mortgages legal risks (excluding loans originated by Euro Bank), increasing cumulative provisions to 10.8% of the FX mortgage portfolio originated by Bank Millennium

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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- Reported ROE of -13.8% and Adjusted* ROE of 9.3%
- Adjusted* Cost/income ratio of 46.2%

Controlled operating income and costs

- Operating income decreased 6% y/y
- Net interest income decreased 10% y/y
- Net commission income grew 5% y/y
- Operating costs decreased 17% y/y

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.9%
- Cost of Risk** at 39 b.p.
- Loans to deposits ratio at 85%

Solid capital position

- Group's Total Capital Ratio (TCR) at 19.4%, and CET1 ratio at 16.3%, comfortably above requirements (14.1% and 11.3%, respectively)

Retail business

- 2.61 million active Clients***, a 0.2% y/y growth
- Deposits grew 1% y/y
- Loans grew 8% y/y (16%, excluding FX mortgages)
- New quarterly record of PLN 2.2 billion (EUR 0.5 billion) in mortgages loans origination in 1Q 2021, a 64% y/y growth. This translates in a 25% y/y growth of the mortgage loan book, excluding FX mortgages
- PLN 1.3 billion PLN (0.3 billion EUR) in cash loans origination in 1Q 2021, a 2% y/y decrease. This translates in a 3% y/y growth of the non-mortgage retail loan book
- Market share of mortgages new production of 14.6% in 1Q 2021
- Number of active microbusiness clients exceeded 100,000 (a 10% y/y growth)

Companies business

- Companies' deposits increased 18% y/y (+22% q/q) with current account deposits growing 45% y/y (+14% q/q)
- Loans to companies decreased 3% y/y and increased 0.5% q/q
- Factoring business volume grew 25% y/y

Quality and Innovations

- Bank Millennium was among the TOP10 of the most digitally advanced banks in Europe according to the latest ranking by the consulting company Bain & Company
- Institution of the Year 2021 in the Moje Bankowanie ranking, Bank Millennium was recognized as the best bank in mortgage services. It was also among the winners of the categories: Best Bank in Poland, Best service in a branch, Best service in remote channels, Best Internet banking, Best mobile application and Best account opening process
- The bank won the Celent Model Bank award for its open banking services, implemented systematically in 2020
- Bank Millennium came second in the ranking of the best banking and financial services employers 2021 in the Forbes and Statista ranking - Poland's Best Employers 2021
- Best Performance in Poland in the SRP European Awards 2021 - the most prestigious competition for the structured products industry
- 2.3 million downloads of the Millennium Goodie app - smartshopping platform

(*) Without extraordinary items (pre-tax): in 1Q 2021: 1) PLN 533 million (EUR 117 million) provisions for FX mortgage legal risk, 2) linear distribution of BFG resolution fund fee; in 1Q 2020: 1) integration costs: PLN 30 million (7 million EUR), 2) PLN 55 million (12 million EUR) provisions for FX mortgage legal risk, 3) linear distribution of BFG resolution fee

(**) 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

(***) Changes in methodology since December 2020

End of announcement

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