

28 July 2023

Banco Comercial Português, S.A. informs about 2023 EU-Wide Stress Test Results

Banco Comercial Português, S.A. was subject to the 2023 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Banco de Portugal (BdP), the European Central Bank (ECB), and the European Systemic Risk Board (ESRB).

Banco Comercial Português, S.A. notes the announcements made today by the EBA on the EU-wide stress test and fully acknowledges the outcomes of this exercise, comprising 70 banks that together represent around 75% of total banking assets in the European Union.

The 2023 EU-wide stress test does not contain a pass-fail threshold and instead is designed to be used as an important source of information for the purposes of the Supervisory Review and Evaluation Process (SREP). The results will assist competent authorities in assessing Banco Comercial Português, S.A. ability to meet applicable prudential requirements under stressed scenarios.

The adverse stress test scenario was set by the ECB/ESRB and covers a three-year time horizon (2023-2025). The stress test has been carried out applying a static balance sheet assumption as of December 2022, and therefore does not take into account future business strategies and management actions. It is not a forecast of Banco Comercial Português, S.A. profits.

When analyzing the results, it should be taken into account that the projections made under the adverse scenario incorporated a significant increase in provisions associated with the legal risk related to credits indexed to Swiss Francs at Bank Millennium in Poland.

INVESTOR RELATIONS

Bernardo Collaço
Phone +351 211 131 084
investors@millenniumbcp.pt
bernardo.collaco@millenniumbcp.pt
alexandre.moita@millenniumbcp.pt

MEDIA CONTACTS

Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt

Announcement

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It should also be noted that, since the end of 2022, the reference date for the stress test, there has been: (i) an increase of 150 b.p. in the Bank's CET1 ratio, currently standing at 14%*; (ii) a reinforcement of provisions for loans indexed to the Swiss Franc by 332 million euros.

Considering the results of Banco Comercial Português, S.A. in the stress test, it should be highlighted the following:

- the application of the adverse scenario resulted in a reduction of 448 b.p. in the fully loaded CET1 capital ratio at the end of 2025 compared to December 2022, which compares with an average reduction of 459 b.p. in the universe of the 70 banks submitted to this exercise.
- the application of the baseline scenario resulted in an increase of 256 b.p. in the fully loaded CET1 capital ratio at the end of 2025 compared to December 2022, which compares with an average increase of 136 b.p.

Detailed information on the results of Banco Comercial Português, S.A. in the stress test is available on the EBA website (www.wba.europa.eu).

End of announcement

Banco Comercial Português, S.A.

*Including unaudited net income for H1'23. Includes the implementation of CRR (Capital Requirements Regulation) 352 (2) following the ECB approval in March 2023.

BANCO COMERCIAL PORTUGUÊS, S.A.,
having its registered office at Praça D. João I, 28, Oporto,
registered at the Commercial Registry of Oporto, with the
single commercial and tax identification number 501 525 882
and the share capital of EUR 3,000,000,000.00.
LEI: JU1U6SODG9YLT7N8ZV32

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