



ANNOUNCEMENT

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Millennium
bcp

23 July 2020

Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 1H 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 1H 2020. Main highlights are as follows:

Solid operational profitability in 1H20, affected by integration costs and legal risk provisions

- Reported 1H20 net profit of 72 million PLN (16.2 million EUR) and 54 million PLN (12.0 million EUR) in 2Q 2020, a y/y contraction of 79% in 1H 2020 and 70% in 2Q20. When adjusted to extraordinary items*, net profit of 394 million PLN (89.1 million EUR) in 1H20 and 204 million PLN (46.1 million EUR) in 2Q 2020, a y/y growth of 8% in 1H 2020 and a 14% contraction in 2Q20
- 35.3 million PLN (8.0 million EUR) of integration costs and provisions related to Euro Bank
- 62 million PLN (14.0 million EUR) of merger synergies, well above integration costs
- Extraordinary provisions: 168 million PLN (38.1 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 2.2% and Adjusted ROE of 8.7%
- Reported Cost/income ratio of 51.8% and adjusted Cost/income ratio of 47.1%

BANCO COMERCIAL PORTUGUÊS, S.A., Sociedade Aberta.
Sede: Praça D. João I, 28, 4000-295 Porto.
Capital Social: 4.725.000.000,00 Euros.
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Higher operating income and costs influenced by the merger of Euro Bank

- Operating income grew 14% y/y
- Net interest income grew 23% y/y
- Net commission income grew 10% y/y
- Operating costs grew 21% y/y, excluding integration costs (22%, including integration costs), and decreased 8% q/q (excluding integration and Bank Guarantee Fund costs)

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.9%
- Cost of Risk** at 98 b.p. (79 b.p., excluding Covid-19 related provisions)
- Loans to deposits ratio at a record low of 83%

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

- 2.62 million active Clients, a 34% y/y growth. +45,600 new Clients YTD, with #2 score in new Clients acquisition in 1Q20 (PRnews)
- Deposits grew 10% y/y
- Loans grew 8% y/y (12%, excluding FX mortgages)
- New record high of 1.5 billion PLN (338 million EUR) in mortgages loans origination in 2Q20, 2.9 billion PLN (653 million EUR) in 1H20, a 50% y/y growth. This translates in a 10% y/y growth of the mortgage loan book (17%, excluding FX mortgages)
- 2.4 billion PLN (540 million EUR) in cash loans origination in 1H20, a 4% y/y growth. 1.1 billion PLN (248 million EUR) in 2Q20, a 17% y/y and q/q decrease. This translates in a 2% y/y growth of the non-mortgage retail loan book

- Market share of mortgages new production of 11.1% in 1H20, with a 15.8% market share in June (#2)
- Accelerating the new microbusiness accounts acquisition pace, almost 23 thousand net growth of active accounts, y/y
- Number of active microbusiness clients exceeded 100,000 (a 29% y/y growth)

Companies business

- Companies' deposits grew 13% q/q (19% y/y) with current account deposits growing 25% q/q (77% y/y)
- Loans to companies decreased 4% q/q, stable y/y
- Factoring turnover stable y/y, with #6 ranking (PZF)

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
- KPMG's Customer Experience survey: Best in Customer Experience among Polish banks
- Highest NPS ratio*** (52) among Polish banks
- Best Web Site Design in Central and Eastern Europe according to Global Finance
- 1.8 million downloads of the Millennium Goodie app - smartshopping platform

(*) without extraordinary items (pre-tax): in 1H20: 1) integration costs: PLN 35.3 million (8.0 million EUR), 2) PLN 168 million (38.1 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 (13.2 million EUR); in 1H19: 1) integration costs: PLN 19.8 million (4.5 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 80.6 million (18.2 million EUR), 4) linear distribution of BFG resolution fund fee of PLN 73.3mn (16.6 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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