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Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in the first 9 months of 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 9M 2019. Main highlights are as follows:

Profitability including Euro Bank impact

- Net profit of reached 534 million PLN (124.3 million EUR) in the first nine months of 2019, with a net impact of extra costs and provisions related to the Euro Bank acquisition of 124 million PLN (28.9 million EUR)
- Net profit of 200 million PLN (46.6 million EUR) in Q3, representing a q/q growth of 15%, adjusted for one-offs* of 224 million PLN (52.1 million EUR)
- Reported ROE at 9.2% and Cost/Income at 49%
- Adjusted* ROE of 10% and Cost/income ratio of 46%

Increased operating income. Costs influenced by Euro Bank integration

- Operating income grew 25% y/y, of which 12.3% are related to Bank Millennium organic growth
- Net interest income grew 30% y/y (13%, excluding Euro Bank)
- Operating costs grew 30% y/y, (24%, excluding integration costs)
- Bank Millennium organic costs grew 8.5% y/y (excluding integration costs)
- Initial reserve for cash loans fees returns after European Court of Justice (ECJ) ruling: 53 million PLN (12.3 million EUR)

High asset quality and liquidity

- Impaired loans (stage 3) ratio at 4.4%
- Adjusted cost of Risk** at 61 b.p. (annualised)
- Loans to deposits ratio at 86%

Capital ratios strengthened after the incorporation of 1H profits in own funds

- Group's Total Capital Ratio (TCR) at 20.2%, and CET1 ratio at 17.1% after incorporating full 1H 2019 year profits
- Fitch agency affirmed Bank Millennium's ratings at BBB-, with stable outlook

Retail business (excluding Euro Bank)

- 2.0 million active clients, +421 thousand clients during the last 2 years (ahead of the strategic plan objective of 600 thousand clients in 3 years)
- 2nd best*** nominal growth rate of retail clients: +297 thousand clients during the last year
- Over 3 billion PLN (0.7 billion EUR) in new cash loans and mortgages sold, in the first nine months (+30% and 24% y/y, respectively)
- Deposits grew 17.8% y/y (5.1% q/q)
- Rebound in investment products (+0.1% q/q)

Retail business (including Euro Bank)

- Deposits grew 37.1% y/y (5.1% q/q)
- Over 1.5 billion PLN (0.3 billion EUR) of combined sales of cash loans in Q3

Companies business

- Continued growth of loans to companies: +11% y/y
- Deposits volume grew 23% y/y
- Growth in factoring and leasing sales of 8% and 3% y/y, respectively

Quality and Innovations

- The Best Web Site Design in Central and Eastern Europe, according to the Global Finance
- 1st place in the “Client Relations” category and 2nd place in the “Innovativeness” and “Growth” categories, in the “Banking Stars 2019” competition ****
- 1.3 million downloads of the Millennium Goodie app.

(*) with equal distribution of BGF resolution fee through the year, without extra release of tax asset provision in Q1 - PLN 27 million - (EUR 6.2 million), without integration costs - PLN 64 million - (EUR 14.9 million) and IFRS9 extra provisions created for Euro Bank loan portfolio - PLN 89 million - (EUR 20.7 million).

(**) total net provisions to average net loans, without extra IFRS9 provisions on Euro Bank acquired portfolio

(***) based on PRNews, adjusted for merger effects

(****) organised by Dziennik Gazeta Prawna

End of announcement

Banco Comercial Português, S.A.