



ANNOUNCEMENT

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Millennium
bcp

26 July 2021

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

The consolidated net loss of Bank Millennium Group, in 1H 2021, amounted to PLN -512 million (EUR -112.7 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 1,047 million (EUR 230.6 million), of which PLN 75 million (EUR 16.4 million) related to the portfolio of the former Euro Bank. Cumulative provisions represent 14.9% of the FX mortgage portfolio originated by Bank Millennium. Excluding provisions for legal risks related to the portfolio of FX mortgage loans, the net profit would be PLN 449 million (EUR 99.0 million). The adjusted* ROE amounted to 10.9%. Sales of new mortgage loans reached a record volume of PLN 2.6 billion (EUR 0.6 billion) in 2Q 2021, an increase of 20% q/q and 68% y/y.

Main highlights are as follows:

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

- Reported 1H 2021 net loss of PLN -512 million (EUR -112.7 million). Excluding FX mortgages legal risks, net profit of PLN 449 million (EUR 99.0 million) in 1H 2021

BANCO COMERCIAL PORTUGUÊS, S.A.,
a public company (Sociedade Aberta),
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 4,725,000,000.00.
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- Extraordinary provisions: PLN 972 million (EUR 214.2 million) for FX mortgages legal risks (excluding loans originated by Euro Bank), increasing cumulative provisions to 14.9% of the FX mortgage portfolio originated by Bank Millennium
- Reported ROE of -11.6% and Adjusted* ROE of 10.9%
- Cost/income ratio of 45.0%

Controlled operating income and costs

- Total operating income increased 0.5% y/y
- Net interest income decreased 4.0% y/y
- Net fees grew 10.9% y/y
- Operating costs decreased 12.7% y/y supported by lower BFG fees and cost saving initiatives (-6.8% w/o BFG and integration EB)

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.7%
- Cost of Risk** at 33 b.p.
- Loans to deposits ratio at 84%

Solid capital position

- Group's Total Capital Ratio (TCR) at 18.7%, and CET1 ratio at 15.6%, comfortably above requirements (14.1% and 11.3%, respectively)

Retail business

- 2.63 million active Clients***, a 0.6% y/y growth
- Deposits grew 2% y/y

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- Retail loans grew 7% y/y (18% y/y, excluding FX mortgages)
- New quarterly record of PLN 2.6 billion (EUR 0.6 billion) in mortgages loans origination in 2Q 2021, a 68% y/y growth. This translates in a 27% y/y growth of the mortgage loan book, excluding FX mortgages
- PLN 1.4 billion PLN (0.3 billion EUR) in cash loans origination in 2Q 2021, a 13% q/q and a 14% y/y increase in cash loans origination in 1H 2021. This translates in a 4% y/y growth of the non-mortgage retail loan book
- Market share of mortgages new production of 13.3% in 1H 2021
- Number of active microbusiness clients exceeded 108,000 (an 8% y/y growth)

Companies business

- Companies' deposits increased 10% y/y (+4% q/q) with current account deposits growing 22% y/y (+5% q/q)
- Loans to companies increased 2% y/y
- Factoring business volume grew 12% y/y

Quality and Innovations

- Bank Millennium was hailed The Best Bank in Poland for 2021 in the annual Best Bank Awards competition organised by the renowned Global Finance Magazine
- Złoty Bankier 2021 - Bank Millennium with the best mortgage
- Bank Millennium second in the ranking of the best banking and financial services employers 2021 in the Forbes and Statista ranking
- Bank Millennium took second place in the "Best Bank 2021" competition in the group of small and medium-sized commercial banks

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- As in the previous year, the Bank was awarded the Golden CSR Leaf of the Polityka weekly, received by companies whose activities in the field of corporate social responsibility and sustainable development are rated the highest
- Bank Millennium won the Celent Model Bank award for its open banking services, implemented systematically in 2020
- Bank Millennium is the Innovator of 2021 according to Global Finance magazine
- Institution of the Year 2021 - Bank Millennium is the best bank in mortgage services and the winner in most other categories
- Contact Center teams are winners in the competitions of the Golden Handset and Telemarketer of the Year
- Banking Stars - 3rd place in the category "Star of customer relations"
- The first half of 2021 was another half- year of particular highlight of the cashback functionality in the goodie application. In the first six months, goodie users made over 2.1 million (+122% y/y) transactions amounting more than PLN 268 million (EUR 59 million), +170% y/y

(*) Without extraordinary items (pre-tax): In 2021 FX-mortgage provisions and even distribution of BFG resolution fund fee, in 2020 also EB restructuring costs and capital gains

(**) 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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