



ANNOUNCEMENT

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Millennium
bcp

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Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 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 2020.

The consolidated net profit of Bank Millennium Group, in 2020, amounted to PLN 23 million (5.1 million EUR), PLN -109 million (-24.7 million EUR) in 4Q 2020. The result was influenced by the Covid-19 pandemic and extraordinary items*, particularly, PLN 677 million (151.9 million EUR) of provisions for legal risk related to the portfolio of foreign currency mortgage loans, PLN 380 million (85.2 million EUR) in 4Q 2020. After adjusting for extraordinary items*, the net profit would be PLN 709 million (159.2 million EUR), PLN 204 million (45.7 million EUR) in 4Q 2020, and the adjusted ROE* would amount to 7.8%. Sales of new mortgage loans reached a record value of PLN 6.8 billion (1.5 billion EUR), +57% y/y.

Main highlights are as follows:

Solid operational profitability in 2020, affected by the pandemic and legal risk provisions

- Reported 2020 net profit of 23 million PLN (5.1 million EUR) and -109 million PLN (-24.7 million EUR) in 4Q 2020, a y/y contraction of 96% in 2020. When adjusted to extraordinary items*, net profit of 709 million PLN (159.2 million EUR) in 2020 and 204 million PLN (45.7 million EUR) in 4Q 2020, a y/y decrease of 23% in 2020
- 66.9 million PLN (15.0 million EUR) of integration costs and provisions related to Euro Bank
- 167.6 million PLN (37.6 million EUR) of merger synergies, comfortably above integration costs

BANCO COMERCIAL PORTUGUÊS, S.A., Sociedade Aberta.
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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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- Extraordinary provisions: PLN 677 million (151.9 million EUR) for foreign exchange (FX) mortgages legal risks, 133.3 million PLN (29.9 million EUR) for Covid-19 related risks and 153.2 million PLN (34.4 million EUR) for fee refunds on early repaid consumer loans
- Reported ROE of 0.2% and Adjusted* ROE of 7.8%
- Adjusted* Cost/income ratio of 46.7%

Higher operating income and controlled costs, influenced by the merger of Euro Bank

- Operating income grew 3% y/y
- Net interest income grew 3% y/y
- Net commission income grew 7% y/y
- Operating costs decreased 1% y/y and grew 2% q/q (excluding Bank Guarantee Fund costs)

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.9%
- Cost of Risk** at 83 b.p.
- Loans to deposits ratio at 91%

Solid capital position and lower regulatory buffers

- Group's Total Capital Ratio (TCR) at 19.5%, and CET1 ratio at 16.5%, comfortably above requirements (14.1% and 11.3%, respectively)
- Systemic risk buffer down to 0%, from 3%, in March 2020

Retail business

- 2.63 million active Clients, a 2% y/y growth
- Deposits grew 1% y/y
- Loans grew 9% y/y (14%, excluding FX mortgages)
- New record high of 2.1 billion PLN (461 million EUR) in mortgages loans origination in 4Q20, 6.8 billion PLN (1.5 billion EUR) in 2020, a 57% y/y growth. This translates in a 22% y/y growth of the mortgage loan book, excluding FX mortgages

- 4.6 billion PLN (1.0 billion EUR) in cash loans origination in 2020, a 7% y/y decrease. 1.0 billion PLN (225 million EUR) in 4Q20, a 15% q/q decrease. This translates in a 3% y/y growth of the non-mortgage retail loan book
- Market share of mortgages new production of 12.2% in 2020
- Number of active microbusiness clients exceeded 100,000 (a 17% y/y growth)

Companies business

- Companies' deposits decreased 4% y/y (-18% q/q) with current account deposits growing 37% y/y (-6% q/q)
- Loans to companies decreased 1% y/y, and increased 1% q/q
- Factoring business volume grew 6% y/y

Quality and Innovations

- Customer choice category: 1st place - general classification in the banks ranking prepared by BANK - financial monthly newspaper
- Bank Millennium is the climate leader in the "Climate Leaders Poland 2021" ranking published by the Forbes magazine. Bank Millennium came second on the list among all participating companies in Poland, with a result of 34% of annual reduction of emissions intensity
- Bank Millennium became a leader of the ranking of the Polish Quality Research Institute "Bank as assessed by clients 2020" established on the basis of opinions shared by individual clients of 14 most popular banks in Poland, winning the general classification
- The Best Consumer Digital Bank in Poland for 2020 in the World's Best Digital Banks competition by Global Finance Magazine. Moreover, Bank Millennium website was hailed the Best Integrated Consumer Bank Site in Central and Eastern Europe for 2020
- Main prize in the prestigious European Customer Centricity Awards competition in the complaints category. The jury of the competition appreciated the project "Hug the problem" - which focuses on the evolution in complaints towards addressing customer needs and individual approach;

- 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 also in the "Star of Innovation" category
- Golden Banker 2020: main award in the category "Fin-Tech Innovation" for implementing the Autopay service (in cooperation with Blue Media), 2nd place in the "Mortgage Loan" category (an all-rounder performing well in diverse conditions)
- KPMG's Customer Experience survey: the best in Customer Experience among banks
- 2.2 million downloads of the Millennium Goodie app - smartshopping platform

(*) without extraordinary items (pre-tax): in 2020: 1) integration costs: PLN 66.9 million (15.0 million EUR), 2) PLN 614 million (138 million EUR) provisions for FX mortgage legal risk (net), 3) PLN 53.7 million (12.0 million EUR) gain resulting from revaluation of shares in VISA, 4) PLN 61.9 million (13.9 million EUR) provisions in other operating income/cost resulting from TJEU ruling re. consumer loans borrowers (net); in 2019: 1) integration costs: PLN 116.3 million (26.1 million EUR), 2) PLN 26.9 million (6.0 million EUR) release of tax asset provision, 3) PLN 45 million (10 million EUR) of positive revaluation of shares in PSP, 4) PLN 32 million (7 million EUR) provisions for the return of commissions from loans repaid earlier by clients, 5) PLN 88.6 million (19.9 million EUR) of acquisition related extra provisions for Euro Bank, 6) PLN 223 million (50 million EUR) provisions for FX mortgage legal risk

(**) 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

End of announcement

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