



ANNOUNCEMENT

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Millennium
bcp

26 April 2022

Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in Q1 2022

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 Q1 2022.

The consolidated net loss of Bank Millennium Group, in Q1 2022, amounted to PLN 122.3 million (EUR -26.4 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 499.2 million (EUR 107.8 million), of which PLN 451.2 million (EUR 97.4 million) attributable to FX-mortgages originated by the Bank and PLN 48 million (EUR 10.4 million) related to the portfolio of the former Euro Bank. Cumulative provisions represent 30.3% of the FX mortgage portfolio originated by Bank Millennium. Excluding extraordinary items, i.e., provisions for FX mortgage legal risk, costs of amicable settlements with FX-mortgage borrowers and other legal costs, and with linear distribution of BFG resolution fund fee, the net profit would be PLN 485.3 million (EUR 104.8 million), representing an increase on a comparable basis of 115.3%. The adjusted* ROE amounted to 29.7%.

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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Sales of new mortgage loans in Q1 2022 reached PLN 2.0 billion (EUR 0.4 billion), with the mortgage loans portfolio increasing 24% y-o-y.

Main highlights are as follows:

Despite the strong improvement in operating income and earnings before taxes, profitability in Q1 2022 was impacted by provisions for legal risks and other costs related to the CHF denominated mortgage loans portfolio

- Reported Q1 2022 net loss of PLN 122.3 million (EUR -26.4 million). Excluding FX-mortgage provisions and other legal costs related to FX mortgage loans portfolio, and with linear distribution of BFG resolution fund fee, the net profit would be PLN 485.3 million (EUR 104.8 million), representing an increase, on a comparable basis, of 115.3% and a 52.2% increase q-o-q
- Extraordinary provisions related to CHF denominated mortgage loans: PLN 451.2 million (EUR 97.4 million) for FX mortgages legal risks (excluding loans originated by Euro Bank), increasing cumulative provisions to 30.3% of the FX mortgage portfolio originated by Bank Millennium
- Reported ROE of -7.6% and Adjusted* ROE of 29.7%
- Cost/income ratio reported of 41.9% and adjusted* cost/income of 35.5%

Operating income and costs

- Total operating income increased 33.8% y-o-y and 25.7% q-o-q
- Net interest income increased 54.4% y-o-y and 25.3% q-o-q, reflecting mainly the impact of increase in official interest rates
- Net fees grew 7.8% y-o-y and 2.7% q-o-q
- Operating costs decreased 13.8% y-o-y mainly due to much higher contribution to Banking Guarantee Fund (BFG) funds which grew by 61.6% y-o-y. Not considering the contribution to BFG funds, total costs increased by 7% y-o-y and 3.9% q-o-q

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High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.4% versus 4.9% at end of March 2021
- Cost of Risk at 40 b.p. which compares to 39 b.p. in Q4 2021 and in March 2021
- Loans to deposits ratio at 80.9% which compares to 84.6% at the end of March 2021

Solid capital position

- Group's Total Capital Ratio (TCR) at 16.0, and T1 ratio at 12.9%, above requirements (13.5% and 10.8%, respectively)

Retail business

- 2.74 million active Clients, an increase of 45 thousand q-o-q and 128 thousand y-o-y
- Deposits grew 10.3% y-o-y
- Retail loans grew 6% y-o-y (16%, excluding FX mortgages)
- Quarterly new production of PLN mortgage loans in Q1 2022 at PLN 2.0 billion, (EUR 0.4 billion) a 29% q-o-q and 7% y-o-y reduction in Q1 2022
- Cash loans production in Q1 2022 at PLN 1.1 billion PLN (0.2 billion EUR), a 12% y-o-y decrease in Q1 2022
- Market share of mortgages new production of 10.9% in March 2022 and of 9.3% of new sales of cash loans in March 2022

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Companies business

- Companies' deposits increased 38% y-o-y
- Loans to companies increased 4% y-o-y
- Leasing business volume grew 8% y-o-y

Most important awards and achievements of Bank Millennium in Q1 2022

- Once more the Bank's employees were awarded in Polish National Sales Awards, a prestigious competition of the sales and services sector. Albert Patyga, coordinator of the teams for Selling and Maintenance at the DBB Sales and Maintenance Subunit, became a double winner of the competition. He was awarded in the Customer Experience Manager category and received a special award of the "SuperSprzedawca" (Super salesman) Jury, while Maciej Matysiewicz, head of a team in the Contact Centre Subunit, became a finalist in the Bank Sales Team Manager Category.
- Bank Millennium was once again on the podium in the ranking of satisfaction of individual customers, according to the report "Banks' retail customer satisfaction monitor" by ARC Rynek i Opinia. Millennium became the leader in the Contact Points category (hotline, branch visit, electronic banking and mobile application, website), and in the NPS ranking the Bank came second. The study evaluated 11 banks.
- In the Refinitiv (previously Reuters) ranking, the team Bank Millennium's economists consisting of Grzegorz Maliszewski, Andrzej Kamiński and Mateusz Sutowicz came first in the summary of macroeconomic forecasts for 2021. Over the last five years, Bank Millennium economists on four occasions were in the top three forecasters in the Refinitiv ranking, taking first place in 2019 and 2021.

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- Also in 2022, the Bank’s team of economists got to the top of the ranking of best forecasters of the “Parkiet” daily. Grzegorz Maliszewski, Mateusz Sutowicz and Andrzej Kamiński have for years correctly analysed what is happening in the economy. The newest “Parkiet” ranking awarded them for the most stable forecast accuracy (over the last 5 years, they were only twice outside the podium) and the biggest universality of the team.

(*) Extraordinary items: FX-mortgage legal risk provisions, costs of litigations and settlements with clients and with linear distribution of BFG resolution fund fee; in 2021 also material revaluation of financial investments (VISA)

End of announcement

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