



ANNOUNCEMENT

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Millennium
bcp

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Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 9M 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 9M 2021.

The consolidated net loss of Bank Millennium Group, in 9M 2021, amounted to PLN 823 million (EUR - 181.2 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 1,573 million (EUR 346.3 million), of which PLN 1,424 million (EUR 313.5 million) attributable to FX-mortgages originated by the Bank and PLN 149 million (EUR 32.8 million) related to the portfolio of the former Euro Bank. Cumulative provisions represent 20.3% of the FX mortgage portfolio originated by Bank Millennium. Excluding FX-mortgage provisions with related legal costs of litigations and settlements with clients and even distribution of BFG resolution fund fee, the net profit would be PLN 803 million (EUR 176.7 million), representing an increase on a comparable basis of 51.5%. The adjusted* ROE amounted to 12.4%.

Sales of new mortgage loans in 9M 2021 reached PLN 7.0 billion (EUR 1.5 billion) and an increase of 50% y/y, while cash loans sales have increased 20% y/y.

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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Main highlights are as follows:

Despite strong operational dynamics, profitability in 9M 2021 was impacted by provisions for legal risks and other costs related to the CHF denominated mortgage loans portfolio

- Reported 9M 2021 net loss of PLN 823 million (EUR -181.2 million). Excluding FX-mortgage provisions with related legal costs of litigations and settlements with clients and even distribution of BFG resolution fund fee, the net profit would be PLN 803 million (EUR 176.7 million), representing an increase on a comparable basis of 51.5%
- Extraordinary provisions related to CHF denominated mortgage loans: PLN 1,424 million (EUR 313.5 million) for FX mortgages legal risks (excluding loans originated by Euro Bank), increasing cumulative provisions to 20.3% of the FX mortgage portfolio originated by Bank Millennium
- Reported ROE of -12.9% and Adjusted* ROE of 12.4%
- Cost/income ratio of 45.9%

Controlled operating income and costs

- Total operating income decreased 1.2% y/y
- Net interest income decreased 0.6% y/y, reflecting the impact of reduction in official interest rates by 140 bps
- Net fees grew 11.3% y/y
- Operating costs decreased 9.5% y/y supported by lower BFG fees and cost saving initiatives

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.7%
- Cost of Risk** at 36 b.p.
- Loans to deposits ratio at 85.6%

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Solid capital position

- Group's Total Capital Ratio (TCR) at 18.2%, and CET1 ratio at 15.1%, comfortably above requirements (14.1% and 11.3%, respectively)

Retail business

- 2.66 million active Clients^{***}, an increase of 32 thousand q/q
- Deposits grew 4.9% y/y
- Retail loans grew 7.2% y/y (18.6% y/y, excluding FX mortgages)
- Quarterly new production of PLN mortgage loans in Q3 2021 at PLN 2.2 billion (EUR 0.5 billion) a 29% y/y growth.
- New record of cash loans production in Q3 2021 at PLN 1.6 billion PLN (0.3 billion EUR), a 30% y/y increase and a 20% y/y increase in cash loans origination in 9M 2021.
- Market share of mortgages new production of 12.2% in 9M 2021
- Number of active microbusiness clients exceeded 111.5 thousand (a 9 thousand increase)

Companies business

- Companies' deposits increased 6% y/y, with current accounts increasing by 13% y/y
- Loans to companies increased 4% y/y
- Factoring business volume grew 13% y/y

Quality and Innovations

- Millennium is among the banks recognised in the “Stars of Banking” ranking held by “Dziennik Gazeta Prawna” and PwC as technical partner. In the “Customer Relationship Star” category, where assessment is made by customers of banks (12,000 people replied to a set of questions on how they see their relationship with the bank and how they are treated by their institution of first choice), Bank Millennium came third.

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- The Bank was hailed The Best Consumer Digital Bank in Poland for 2021 in the World's Best Digital Banks competition organised by Global Finance Magazine. This is another international award for Millennium's achievements. Winners were selected from among applications evaluated by a world class Infosys jury panel. The final selection of winners was made by editors of Global Finance, who looked i.a. at effectiveness of the strategy of digital customer service, growth of the number of customers using digital services, scope of the product offering and benefits from digital initiatives.
- In the ranking of the TOP 200 Best Polish Brands of the Forbes magazine, Bank Millennium was ranked high, third (the highest positioned bank in the ranking). The TOP 200 Best Polish Brands ranking shows the position and value of brands from the perspective of their strength in the minds of customers and their role in generating revenues. It is a financial valuation of Polish brands. Forbes classified as Polish those brands that were created with the Polish market in mind. Their owners may be domestic or foreign entities. In this sense, Bank Millennium is also a Polish brand.

(*) 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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