



ANNOUNCEMENT

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Millennium
bcp

1 February 2022

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

The consolidated net loss of Bank Millennium Group, in 2021, amounted to PLN 1,331.9 million (EUR - 291.9 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 2,305 million (EUR 505.3 million), of which PLN 2,086 million (EUR 457.2 million) attributable to FX-mortgages originated by the Bank and PLN 219 million (EUR 48.1 million) related to the portfolio of the former Euro Bank. Cumulative provisions represent 25.7% 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 1,110.0 million (EUR 243.3 million), representing an increase on a comparable basis of 44.5%. The adjusted* ROE amounted to 13.6%.

Sales of new mortgage loans in 2021 reached PLN 9.8 billion (EUR 2.1 billion) and an increase of 46% y/y, while cash loans sales have increased 21% 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 2021 was impacted by provisions for legal risks and other costs related to the CHF denominated mortgage loans portfolio

- Reported 2021 net loss of PLN 1,331.9 million (EUR -291.9 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 1,110.0 million (EUR 243.3 million), representing an increase on a comparable basis of 44.5%
- Extraordinary provisions related to CHF denominated mortgage loans: PLN 2,086 million (EUR 457.2 million) for FX mortgages legal risks (excluding loans originated by Euro Bank), increasing cumulative provisions to 25.7% of the FX mortgage portfolio originated by Bank Millennium
- Reported ROE of -16.3% and Adjusted* ROE of 13.6%
- Cost/income ratio reported of 46.2%

Operating income and costs

- Total operating income decreased 0.5% y/y but q-o-q operating income has increased by 9.2%
- Net interest income increased 5.0% y/y and 14.7% q-o-q, reflecting the impact of increase in official interest rates in 2021
- Net fees grew 11.3% y/y and 6.6% q-o-q
- Operating costs decreased 6.3% y/y supported by lower BFG fees and cost saving initiatives

High asset quality and liquidity kept

- Impaired loans (stage 3) ratio at 4.4% versus 5% at end of December 2020
- Cost of Risk** at 37 b.p. which compares to 83 b.p. in 2020
- Loans to deposits ratio at 86% which compares to 90.3% at the end of December 2020

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Solid capital position

- Group's Total Capital Ratio (TCR) at 17.1%, and T1 ratio at 14.0%, comfortably above requirements (13.57% and 10.86%, respectively)

Retail business

- 2.69 million active Clients***, an increase of 30 thousand q/q
- Deposits grew 7% y/y
- Retail loans grew 8% y/y (19% y/y, excluding FX mortgages)
- New record of quarterly new production of PLN mortgage loans in Q4 2021 at PLN 2.8 billion, (EUR 0.6 billion) a 24% q-o-q in Q4 and 46% y/y increase in 2021
- Cash loans production in Q4 2021 at PLN 1.3 billion PLN (0.3 billion EUR), a 21% y/y increase in 2021
- Market share of mortgages new production of 12.5% in December 2021 and of 10.2% of new sales of cash loans in December 2021

Companies business

- Companies' deposits increased 29% y/y, with current accounts increasing by 18% y/y
- Loans to companies increased 3% y/y
- Factoring business volume grew 10% y/y

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Most important awards and achievements of Bank Millennium in 2021

In international competitions organized by the renowned Global Finance magazine, the Bank was recognized for the best service, level of digitization and technological advancement, including for open banking services:

- The Best Bank in Poland;
- The Best Digital Bank in Poland;
- Innovator 2021.

Bank was awarded the Golden CSR Leaf of the Polityka weekly for companies whose activities in the field of corporate social responsibility and sustainable development are rated the highest. It was also awarded the "Cultural Lift,, („Dźwigacz Kultury") for the sixth time and received the "Wrocław without barriers" certificate in the "Corporate Social Responsibility" category.

Bank Millennium, in this year's edition of the "Newsweek Friendly Bank" ranking was classified:

- 1st place in the "Bank for Kowalski" category;
- 2nd place in the "Remote banking" category.

Bank Millennium in the Golden Banker 2021 ranking obtained the:

- 1st place in the "Mortgage loan" category;
- 2nd place in the "Socially Sensitive Bank" category;
- 3rd place in the "Best multi-channel service quality" category.

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(*) Without extraordinary items i.e. provisions for FX mortgage legal risk, costs of amicable settlements with FX-mortgage borrowers, legal costs related to FX-mortgages and with linear distribution of BFG resolution fund fee; in 2020 additionally without Euro Bank integration costs and provisions for the return of commissions from loans repaid earlier

(**) 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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