

## 53. Merger of Banco de Investimento Imobiliário, S.A. with Banco Comercial Português, S.A.

During the month of September 2019, the Board of Directors of Banco Comercial Português, SA and Banco de Investimento Imobiliário, SA (BII) approved the merger project of BII, a subsidiary 100% owned by Banco Comercial Português, SA, by incorporation in the latter. The merger process for incorporating BII into BCP was concluded on 30 December 2019, after the signing of the merger deed, with effect from 1 January 2019.

In accordance with Banco de Portugal letter CRI / 2020/00001411-G of 02/04/2020, the registration of the merger by incorporation of Banco Investimento Imobiliário SA at Banco Comercial Português, SA was made effective, with effect from 30 December 2019.

In view of the values presented in the table below regarding the balance sheet of Banco Comercial Português, S.A. after the merger, it was not necessary to carry out a capital increase to comply with regulatory ratios.

### Reason and objectives of the merger

The companies Banco Comercial Português, S.A. (BCP) and Banco de Investimento Imobiliário, S.A. (BII) carried out a restructuring and concentration operation that involved the merger through the global transfer of BII's assets to BCP, with the consequent extinction of the merged company, pursuant to paragraph 1 and paragraph a) of paragraph 4 of article 97 and pursuant to article 116, both of the Commercial Companies Code.

BII's activities were integrated with the rest of the Bank's activity, bringing the respective performance models closer together, without this representing an increase in costs for the Bank, since the back-office operations for the domestic distribution network are already integrated in the Bank, in order to benefit from economies of scale.

BCP will continue the activities developed by BII, enhancing this act as an opportunity to develop the business and capture synergies (in costs and income).

The merger aims to make an integrated model prevail, according to which the banking business in Portugal will be developed primarily from BCP, without prejudice to the maintenance of the management model oriented to the different activities grouped into Business Units organically integrated in this Bank.

### The Activities of the Incorporated Company and its integration into the Incorporate Company

As a result of the merger, BCP will continue the activities currently carried out by BII.

Until 2006, BII mainly concentrated the Real Estate Leasing and real estate credit business and the Group's real estate development. As of 2006, the business started to be promoted directly by BCP, with BII limiting itself to managing the portfolio it held to date, which it has been doing fully supported by BCP's own structures.

As a result of the merger, BCP will continue the activities currently carried out by BII.

The balance sheets transcribed below correspond to the balance sheets for the year ended 31 December 2018. These include the values of the assets and liabilities to be transferred to BCP:

	(Thousands of euros)				
	BCP SA (31 December 2018)	BII SA (31 December 2018)	Intragroup balances	Merger reserve	BCP SA after merger (1 January 2019)
<b>ASSETS</b>					
Cash and deposits at Central Banks	1,682,922	-	-	-	1,682,922
Loans and advances to credit institutions repayable on demand	186,477	157,387	(157,387)	-	186,477
Financial assets at amortised cost					
Loans and advances to credit institutions	2,044,730	17,260	(1,558,468)	-	503,522
Loans and advances to customers	30,988,338	1,133,353	-	-	32,121,691
Debt securities	2,641,291	-	-	-	2,641,291
Financial assets at fair value through profit or loss					
Financial assets held for trading	695,752	-	(17,792)	-	677,960
Financial assets not held for trading					
mandatorily at fair value through profit or loss	1,589,899	1,846	-	-	1,591,745
Financial assets designated at fair value through profit or loss	33,034	-	-	-	33,034
Financial assets at fair value through other comprehensive income	6,996,892	1,818,421	-	-	8,815,313
Hedging derivatives	92,891	-	-	-	92,891
Investments in subsidiaries and associated companies	3,147,973	-	-	(209,531)	2,938,442
Non-current assets held for sale	1,252,654	118,422	-	-	1,371,076
Other tangible assets	220,171	-	-	-	220,171
Intangible assets	29,683	-	-	-	29,683
Current tax assets	18,375	-	-	-	18,375
Deferred tax assets	2,782,536	53,843	-	-	2,836,379
Other assets	946,548	8,241	(27,100)	-	927,689
<b>TOTAL ASSETS</b>	<b>55,350,166</b>	<b>3,308,773</b>	<b>(1,760,747)</b>	<b>(209,531)</b>	<b>56,688,661</b>
<b>LIABILITIES</b>					
Financial liabilities at amortised cost					
Resources from credit institutions	8,372,537	2,916,606	(1,680,845)	-	9,608,298
Resources from customers	34,217,917	1	-	-	34,217,918
Non subordinated debt securities issued	1,198,767	-	-	-	1,198,767
Subordinated debt	825,624	35,010	(35,010)	-	825,624
Financial liabilities at fair value through profit or loss					
Financial liabilities held for trading	295,695	34	(34)	-	295,695
Financial liabilities at fair value through profit or loss	3,603,648	-	-	-	3,603,648
Hedging derivatives	68,486	17,758	(17,758)	-	68,486
Provisions	313,868	17,395	-	-	331,263
Current tax liabilities	1,620	1,349	-	-	2,969
Other liabilities	860,841	23,349	(27,100)	-	857,090
<b>TOTAL LIABILITIES</b>	<b>49,759,003</b>	<b>3,011,502</b>	<b>(1,760,747)</b>	<b>-</b>	<b>51,009,758</b>
<b>EQUITY</b>					
Share capital	4,725,000	17,500	-	(17,500)	4,725,000
Share premium	16,471	-	-	-	16,471
Other equity instruments	2,922	-	-	-	2,922
Legal and statutory reserves	264,608	14,822	-	(14,822)	264,608
Merger reserve	-	-	-	63,901	63,901
Fair value reserves related to the merger (*)	-	-	-	23,839	23,839
Reserves and retained earnings	582,162	264,949	-	(264,949)	582,162
<b>TOTAL EQUITY</b>	<b>5,591,163</b>	<b>297,271</b>	<b>-</b>	<b>(209,531)</b>	<b>5,678,903</b>
	55,350,166	3,308,773	(1,760,747)	(209,531)	56,688,661

(\*) The amount determined corresponds to the fair value reserves of the securities registered with Banco Investimento Imobiliário, S.A. as of 31 December 2018 and of the fair value reserves related to securities transactions prior to 31 December 2018 between the two entities.