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Banco Comercial Português informs about Bank Millennium (Poland) results in 1H15

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 in BCP group level, released today its results for the first half of 2015, whose highlights are as follows:

Consolidated net profit at PLN 328 million (€79 million) in 1H2015, a 2.4% increase versus 1H2014, and at PLN 165 million (€40 million) in 2Q2015, a 1.6% increase compared 1Q2015. This increase was in spite of the negative pressure on banking income caused by several drivers, including lower market interest rates and regulatory limits on card-related fees. A slight decrease in net operating income (-2% y/y) was more than compensated by a drop in operating costs (-1.6% y/y) and lower provisions on credit risk (-9% y/y).

Main financial and business highlights of 1H2015 results:

Resilient profitability

- 1H15 net profit at PLN 328 million: +2.4% y/y
- 2Q15 net profit at PLN 165 million: +1.6% q/q
- ROE at 11.2%, with equity growth of 10.8% y/y

Core income under pressure but interest income flat despite rate cut in March

- Interest income flat quarterly (-0.8% q/q) indicating gradual recovery after market interest rate cuts
- Core income fell by 4.6% y/y and by 2.4% q/q due to rate cuts and lower commission income

Lower costs and high efficiency

- Operating costs dropped by 1.2% q/q and by 1.6% y/y, despite higher Banking Guarantee Fund fees
- Cost to income in 2Q below 50%

High asset quality maintained

- Impaired loans ratio at 4.3%.
- Mortgage impaired ratio at 1.75%

Capital ratios increased after full profit retention

- Strong capital base, with Total Capital Ratio at 15.2% and Common Equity Tier 1 at 14.6%
- Loan-to-deposits ratio at 92.1%

Deposits/accounts/Customers

- PLN 50 billion record level of deposits crossed
- Strong sales of non-deposit investment/savings products: +PLN 870 million (13%) in 1H'15
- 4th place in net yearly increase of PLN current accounts - thanks to new Konto 360° campaign
- Accelerated growth of number of active Customers: 21 thousand more in 2Q'15

Loans

- High level of cash loans sale maintained: 2Q result of PLN 669 million
- Traditionally good, double-digit yearly growth in leasing and factoring portfolios

Digital platform

- Mobile applications active users almost doubled y/y to 279 thousand
- New mobile applications for Android, iOS and Smartwatch

End of announcement

Banco Comercial Português, S.A.