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Banco Comercial Português informs about Bank Millennium (Poland) results in 1Q16

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 quarter of 2016, whose highlights are as follows:

Consolidated net profit in 1Q 2016 amounted to PLN 137.2 million (€ 31.3 million), lower by 15.6% than in 1Q 2015, PLN 162.6 million in 1Q 2015 (€ 37.2 million). This result was influenced by the new banking tax: PLN 32.3 million (€ 7.4 million) charge for two months of the quarter. Without this tax, consolidated net profit would reach a solid PLN 169.5 million (€ 38.7 million) in 1Q 2016, i.e. 4.2% more than PLN 162.6 million (€ 37.1 million) achieved in 1Q 2015.

This YoY increase of net profit on a comparable basis was achieved through a reduction of operating costs and impairment provisions that more than compensated for the slightly lower operating income driven by still unfavorable conditions for banking sector in Poland.

Return on Equity reached 8.4% (or 10.4% before new tax). Apart from the new banking tax, ROE was also affected by the significant increase of equity by 13.8% YoY.

Main financial and business highlights of 1Q 2016 results are the following:

Solid profit before special banking tax

- Quarterly net profit PLN 137.2 million (€ 31.3 million) or 169.5 million (€ 38.7 million) before special banking tax
- ROE at 8.4% (10.4% without new tax)

Stable Cost-to-Income ratio

- Operating income and operating costs fell by 1% y/y
- Stable Cost to income ratio at 50.4%

ANNOUNCEMENT

Reuters>bcp.ls Exchange>MCP Bloomberg>bcp.pl ISIN PTBCP0AM00007

Improved asset quality and cost of risk

- Impaired loans ratio at a low 4.5%, 2.1% for mortgages (of which past-due over 90 days at 0.9%)
- Cost of risk at 38 bps *, lower by 22 bps versus 1Q'15 and stable versus previous quarter

Very strong capital and liquidity ratios

- Group TCR** at 17.2% level, CET1** at 16.8% (after AGM decision to retain 2015 profit)
- Loans-to-deposits ratio*** at low 88%

Deposits/accounts/customers

- Fast growth of retail deposits continued: +18.4% y/y +1.7% q/q
- 72 thousand new current accounts acquired during 1Q 2016; 1.39 million active customers at the end of the quarter
- More than 37 thousand on-line applications in Family 500+ program

Loans

- Continuing strong cash loans sales: PLN 619 million (€ 145.4 million) in 1Q'16; portfolio 14% up y/y
- Acceleration of mortgage loans sale: +33% y/y and 11% q/q
- Strong position in leasing and factoring (4th place on the Polish market in both)

() total provisions created (net) to average net loans, per annum*

*(**) under CRR/CRD4 rules and partial IRB approach (with regulatory constraint)*

*(***) deposits include Bank's debt securities sold to individuals and repo transactions with customers*

End of announcement

Banco Comercial Português, S.A.