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Banco Comercial Português informs about Bank Millennium (Poland) results in the 1st half of 2014

Banco Comercial Português, S.A. hereby informs that Bank Millennium in Poland, in which it has a 65.5% participation and whose accounts are fully consolidated in BCP group level, released today its results for the 1H14, whose highlights are as follows:

“Consolidated net profit of Bank Millennium Group reached in the 1st half 2014 the amount of PLN 320 million (EUR 76.4 million) i.e. 26% higher than in 1H 2013. Net profit in 2Q’2014 reached PLN 164 million (EUR 39.1 million), which is the best ever level (if not counting one-off results achieved in 2005 year). The Group cost-to-income ratio for 1H 2014 already went below 50% - the level targeted for 2015 year. Such good results were reached thanks to better operating income (+12.5% y/y), stable operating costs (+0.2% y/y) and despite higher provisions on credit risk (+22.3% y/y).

Main financial and business highlights of 1H 2014 are as follows:

Improvement of profitability and meeting of efficiency target

- 1st half 2014 net profit at PLN 320 million (EUR 76.4 million) - an increase by 26% y/y
- C/I in 1st half 2014 already at targeted level below 50%
- ROE at 11.9%

Continuation of interest margin and commission growth

- Net interest income up 21.9% y/y and 5.8% q/q
- Net commissions up 6.4% y/y and 4.9% q/q

Investor Relations
Rui Coimbra
Phone +351 211 131 084
investors@millenniumbcp.pt
rui.coimbrafernandes@millenniumbcp.pt
joaogodinho.duarte@millenniumbcp.pt

Media Contact
Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt



Strong asset quality and improved coverage

- Impaired loans ratio at very low level of 4.3% - the best ratio among main banks in Poland after 1Q 14
- Coverage ratio of impaired loans improved remarkably during the year by 7 p.p. to 71%

Strong liquidity and capital

- Loan-to-deposits ratio at 93.5%
- Loans to stable sources of funding at 89%
- Total CAR at 13.8% and Common Equity Tier 1 at 13.0%

Retail business development

- Cash loan record quarterly sale of PLN 516 million (EUR 124 million), portfolio up 24% y/y
- Start of the new current account 360° campaign: encouraging early results of over 50,000 accounts since May till today
- Continuation of strong retail deposits growth: +2.8% q/q and +8.7% y/y

Companies business development

- Loans to companies grew strongly by PLN 1.6 billion y/y (EUR 0.4 billion), i.e. by 13% , bringing the share of loans to companies to around 30% of total loan portfolio
- Factoring quarterly turnover at PLN 2.9 billion (EUR 0.7 billion), +40% y/y (ytd)
- One of the best quarters in leasing sales: PLN 581 million, +31% y/y (ytd)”

End of announcement**Banco Comercial Português**