

Idea Bank S.A. Group Results

Q2 2017 r.

PLN 58.7m
net profit
in Q2 2017

- ❖ The net profit has maintained an upward trend, amounting to PLN 58.7m which represents an increase of 15% q /q. Idea Bank Group completed the first half of 2017 with net income amounting to PLN 109.9m which represents an increase of 144% in comparison to the analogical period of the preceding year (excluding the profit on sale of GetBack S.A.).

4,0% NIM
in Q2 2017

- ❖ In the second quarter of 2017, the Group maintained a high interest margin of 4,0%.

17.6 thousand
new bank
accounts
in Q2 2017

- ❖ Further increase in acquiring new borrowers. In Q2 2017 Bank acquired over 17.6k new borrowers which represents an increase of 6% q/q. The current account balances free of interest increased by 49% in comparison to the analogical period of the preceding year.

PLN 2.6 bn
sale
in Q2 2017

- ❖ High sales of credit products – over 2.6 bn of sales in Q2 2017 and record lease sales (PLN 1,427m in Q2 2017 vs. PLN 1,231m in Q1 2017).

14,0%
CAR as at
30.06.2017

- ❖ The Group presents adequate level of capital ratios: CAR – 14,0%, Tier 1 – 12,0%.

Summary of Idea Bank Group Q2 2017 results

- Summary of financial data and key ratios
- Sales and customers base

Analysis of Q2 2017 financial results

- Structure of net income
- Structure of loans together with impairment losses and CoR
- Key regulatory indicators
- Key financial information relating to operating segments

Attachments

- Income Statement - Idea Bank Group
- Balance Sheet – Idea Bank Group

Summary of financial data and key ratios

PLN million	1H 2017	1H 2016	Change %
Net interest income	383,4	270,4	41,8%
Net fee and commission income	187,3	159,4	17,5%
Impairment losses	-133,9	-86,3	55,1%
General administrative costs, including:			
- tax on assets	-30,7	-19,9	54,4%
Net income*	109,9	45,0*	144,1%

	Q2 2017	Q1 2017	Change q/q %
	198,3	185,2	7,1%
	83,7	103,7	-19,3%
	-72,1	-61,8	16,6%
	-137,5	-152,7	-9,9%
	-15,5	-15,2	1,8%
	58,7	51,2	14,8%

PLN million	30.06.2017	31.12.2016	Change %
Receivables from clients	16 126,8	14 596,2	10,5%
Liabilities to clients	18 579,3	17 718,6	4,9%
Equity	2 588,0	2 457,4	5,3%
Total assets	22 856,0	21 516,7	6,2%

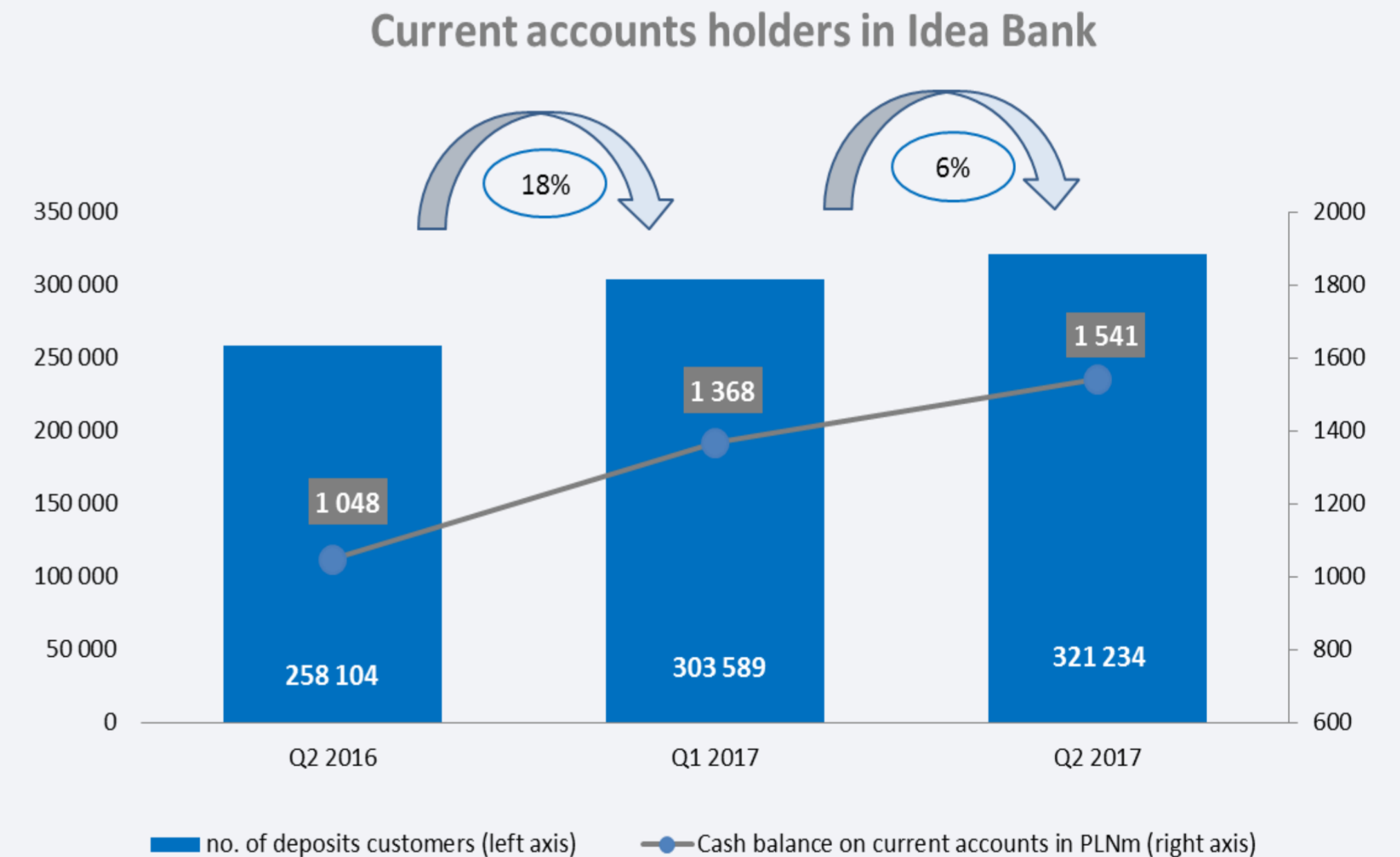
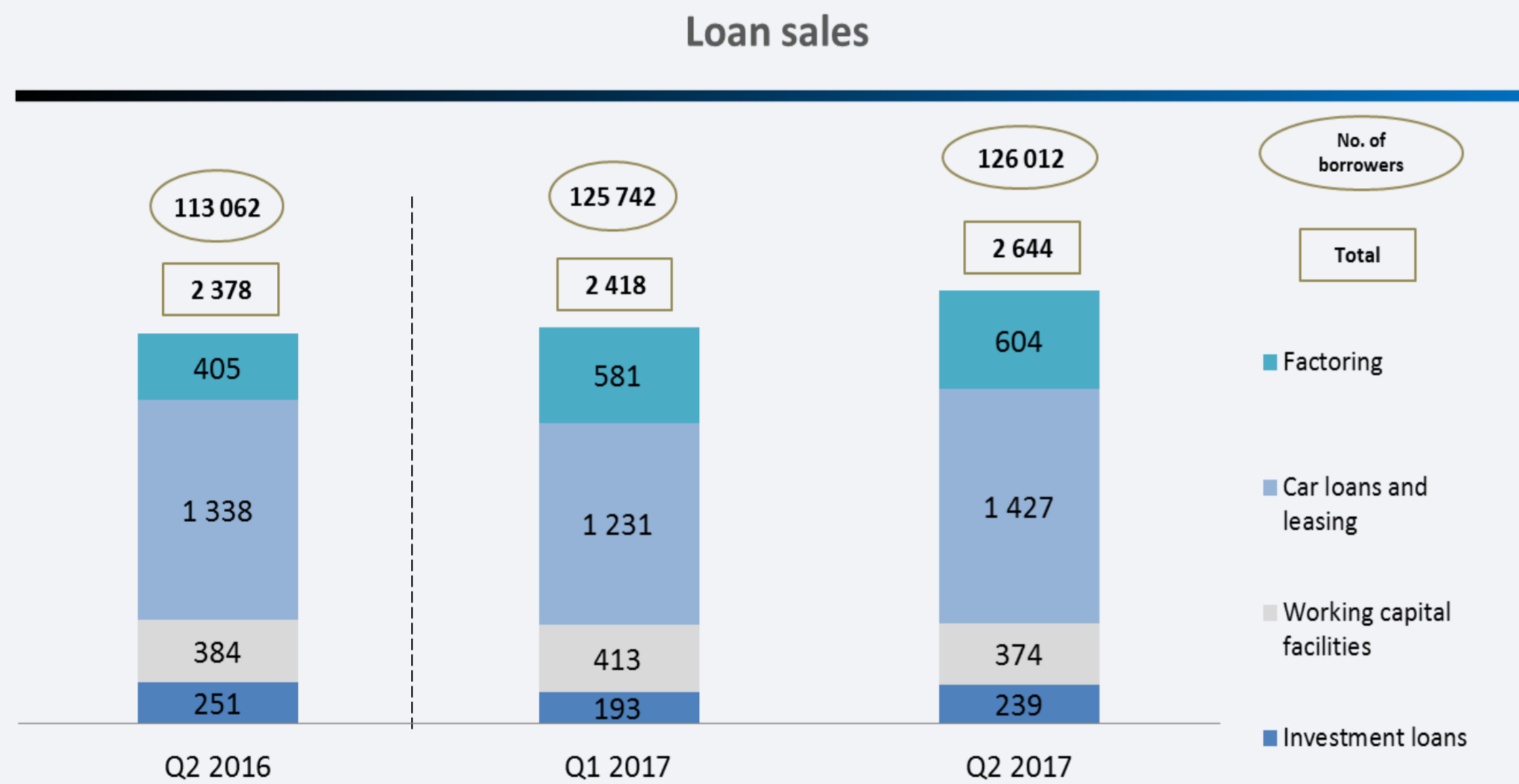
* Net profit from continued operations excluding the profit on sale of GetBack S.A.

Ratios	1H 2017	1H 2016**	Change %	Q2 2017	Q1 2017	Change q/q %
NIM	4,0%	3,7%	0,3 p.p.	4,0%	4,0%	0 p.p.
% share of Net F&C income in Total operating income	33,9%	38,2%	-4,3 p.p.	29,9%	38,0%	-8,1 p.p.
C/I Group	52,5%	65,2%	-12,7 p.p.	49,1%	55,9%	-6,8 p.p.
adjusted C/I Group*)	46,9%	60,4%	-13,5 p.p.	43,6%	50,3%	-6,7 p.p.
CoR (excluding purchased receivables)	1,9%	1,5%	0,4 p.p.	2,1%	1,8%	0,2 p.p.
ROAA	1,0%	0,5%	0,5 p.p.	1,1%	0,9%	0,1 p.p.
adjusted ROAA*)	1,3%	0,7%	0,6 p.p.	1,3%	1,2%	0,1 p.p.
ROAE	8,7%	4,1%	4,6 p.p.	9,3%	8,2%	1,1 p.p.
adjusted ROAE*)	11,1%	5,9%	5,3 p.p.	11,8%	10,7%	1,1 p.p.
L/D ratio (Group)	86,8%	85,9%	0,9 p.p.	86,8%	84,7%	2,1 p.p.
NPL (DPD 90+)	9,4%	8,0%	1,3 p.p.	9,4%	8,9%	0,4 p.p.
NPL coverage (DPD 90+)	52,6%	55,5%	-2,9 p.p.	52,6%	52,3%	0,4 p.p.
CAR (Bank)	14,0%	13,7%	0,4 p.p.	14,0%	16,1%	-2 p.p.
Tier 1 (Bank)	12,1%	11,3%	0,8 p.p.	12,1%	13,9%	-1,8 p.p.
CAR (Group)	14,0%	14,4%	-0,4 p.p.	14,0%	14,4%	-0,4 p.p.
Tier 1 (Group)	12,0%	11,1%	0,9 p.p.	12,0%	12,1%	-0,2 p.p.

* Excluded the cost of tax on assets

** Ratios do not include profit on the sale of GetBack S.A.

▶ Sales and customers base



- ❖ In Q2 2017 the number of active accounts was 321,000 which represents an increase in loan sales of 6% q/q. In the same time the increase in credit sales was 9% q/q.

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- Summary of financial data and key ratios
- Sales and customers base

Analysis of Q2 2017 financial results

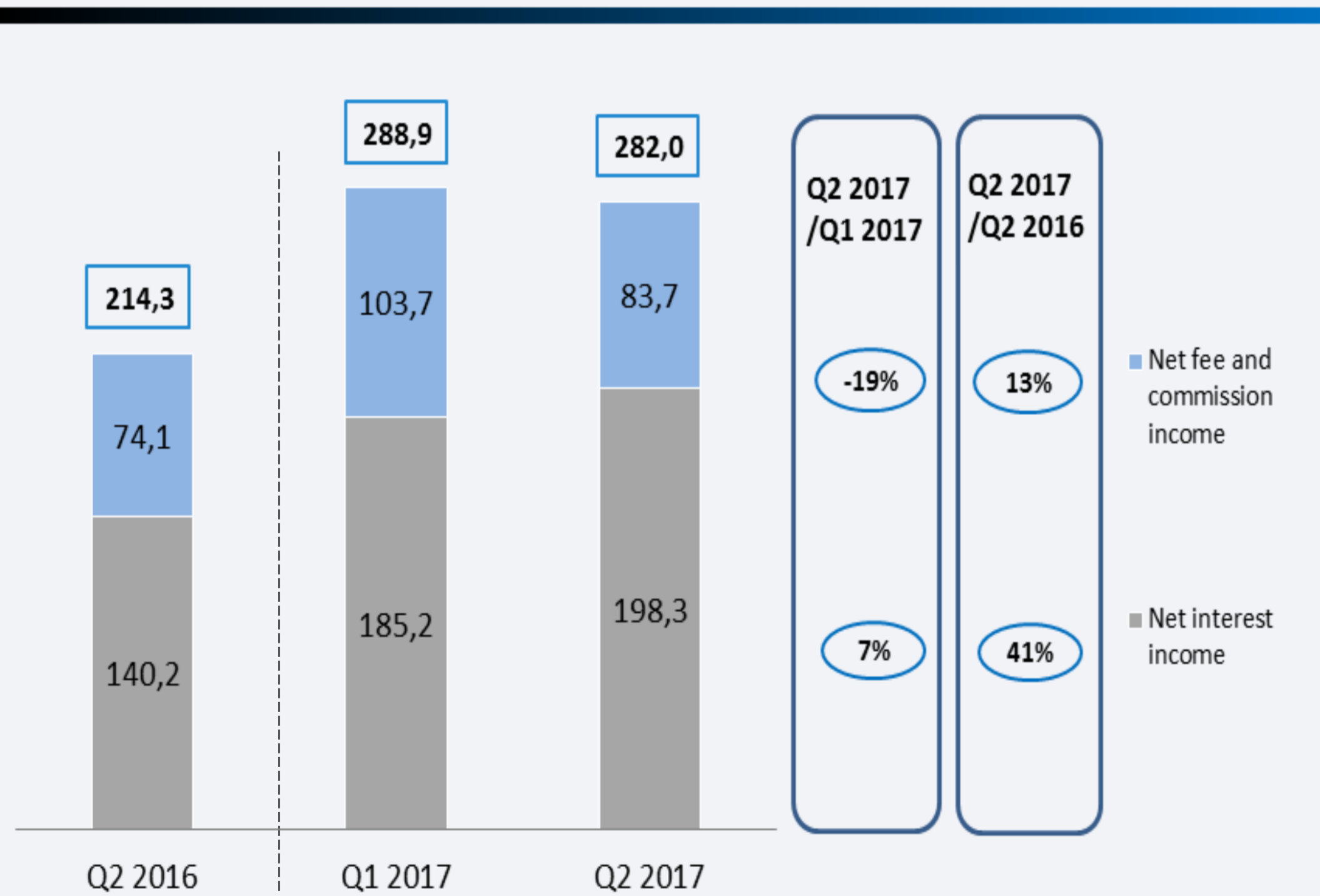
- Structure of net income
- Structure of loans together with impairment losses and CoR
- Key regulatory indicators
- Key financial information relating to operating segments

Attachments

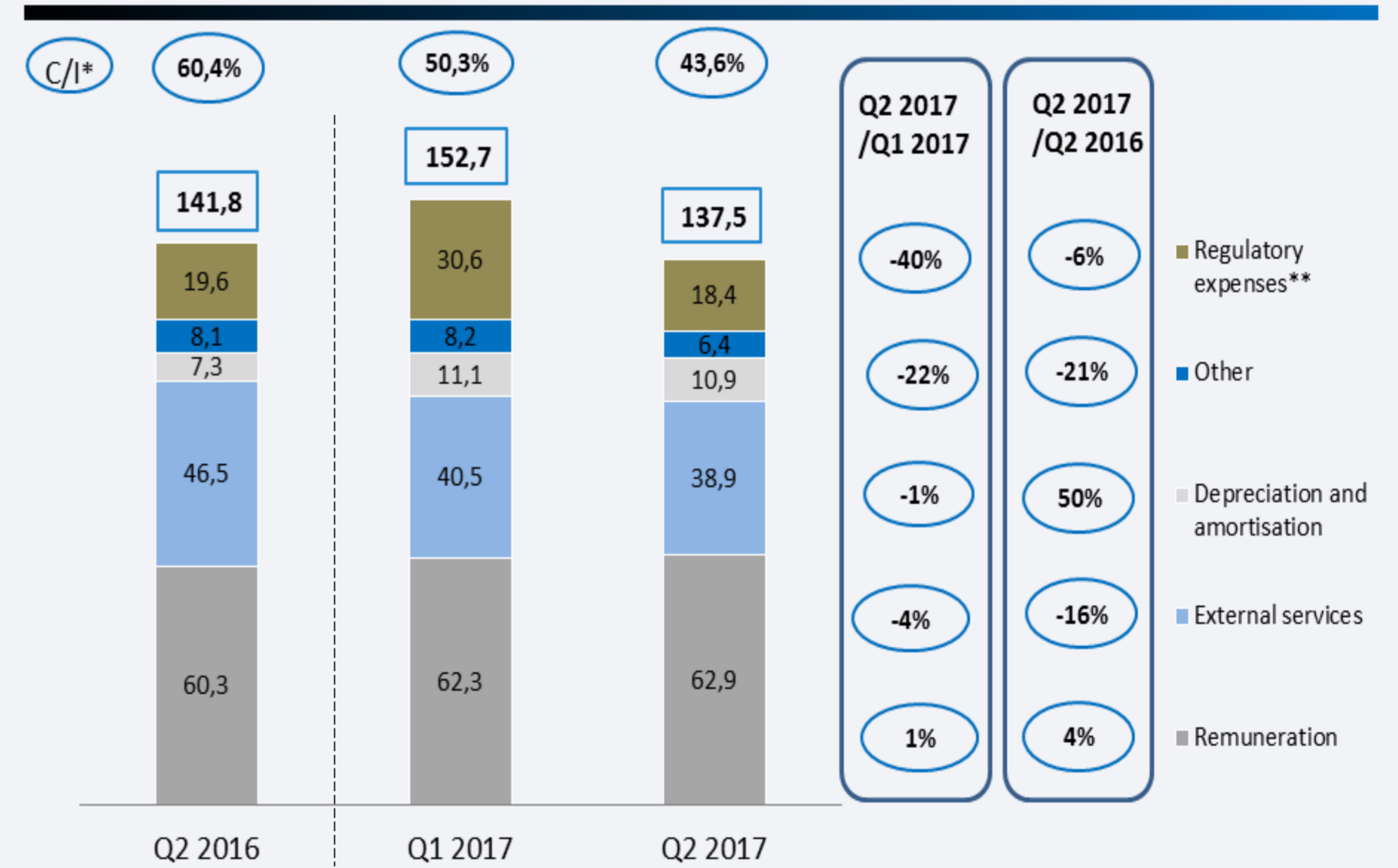
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▶ Dynamics of the Group income and costs

Structure of the Group's Total Income



Structure of the Group's general administrative costs

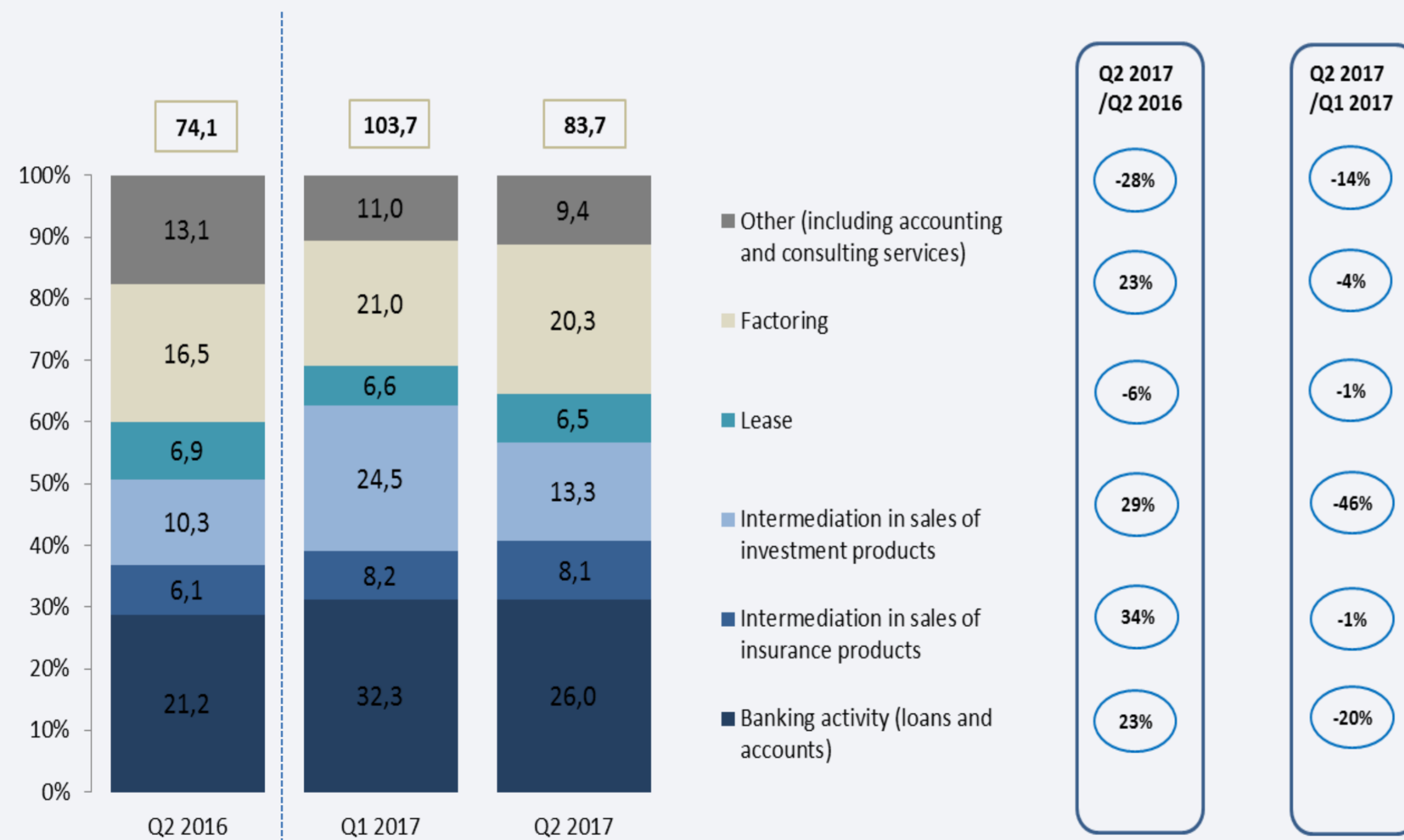


* Excluded the cost of asset tax

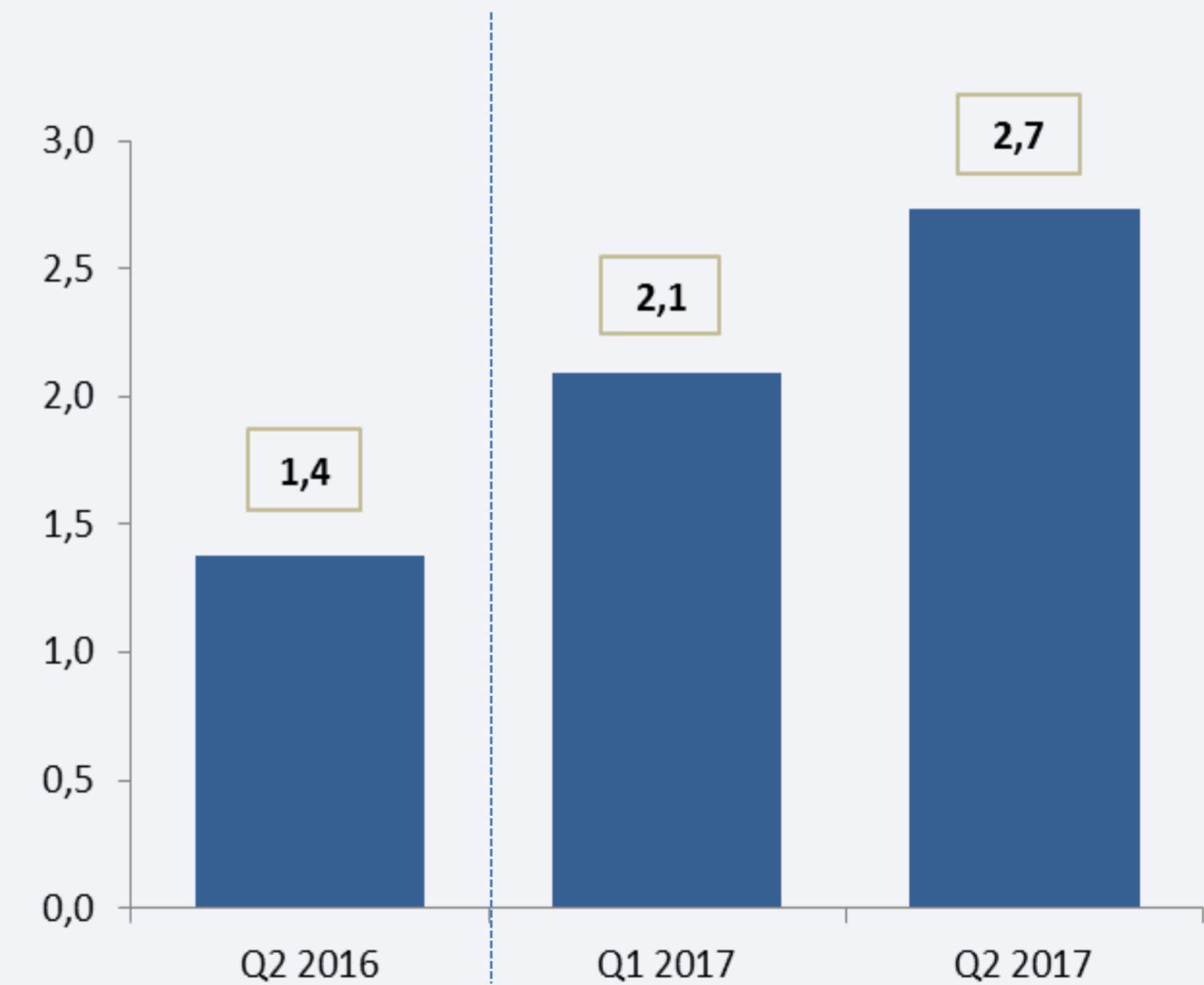
** High regulatory expenses in Q1 2017 result from the provision for costs of contribution to the Restructuring Fund (PLN 9m)

Net fee and commission income and result on FX transactions

Structure of net fee and commission income

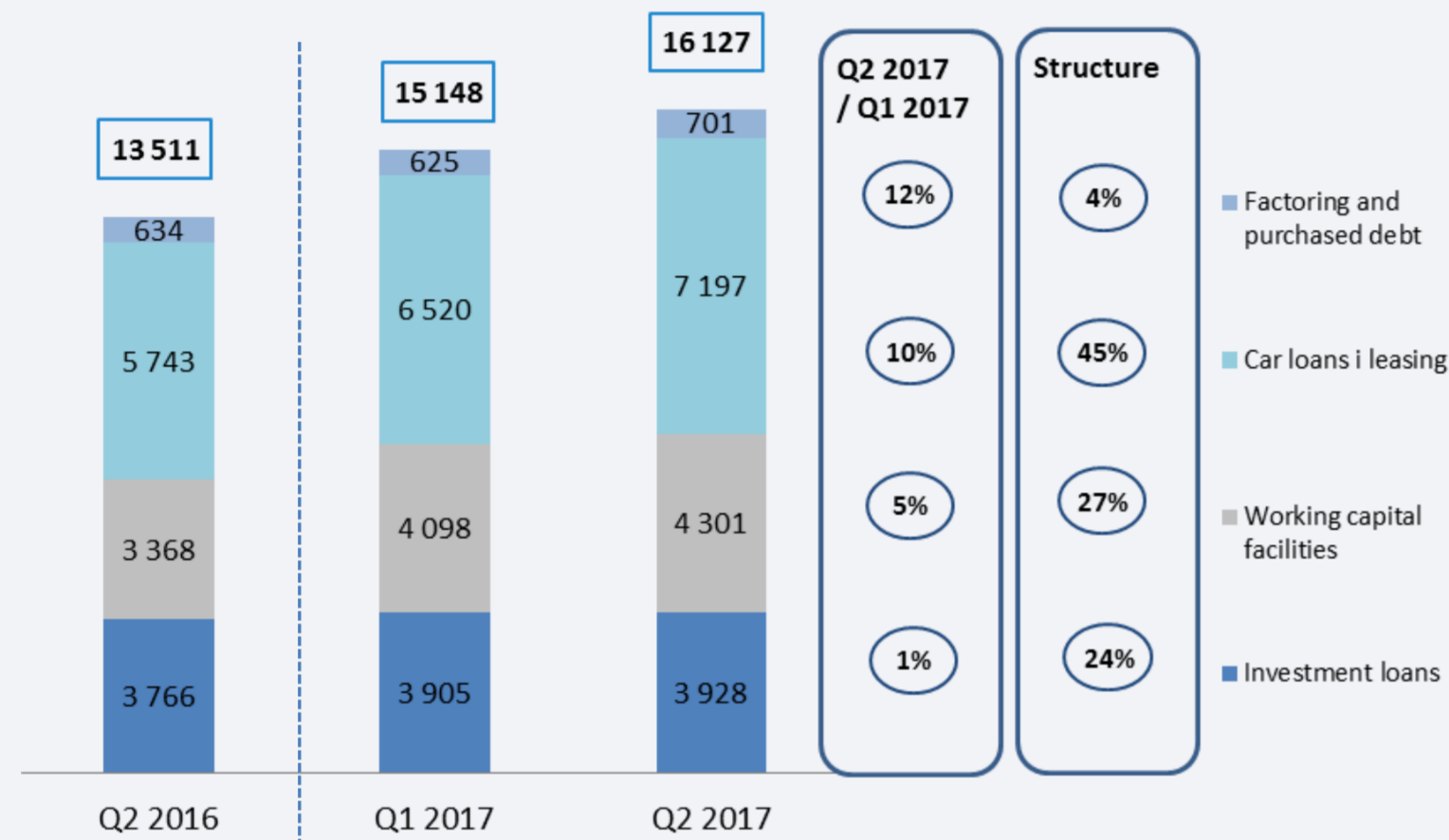


Result on FX transactions



▶ Loan portfolio and credit risk (1)

Loan and lease portfolio

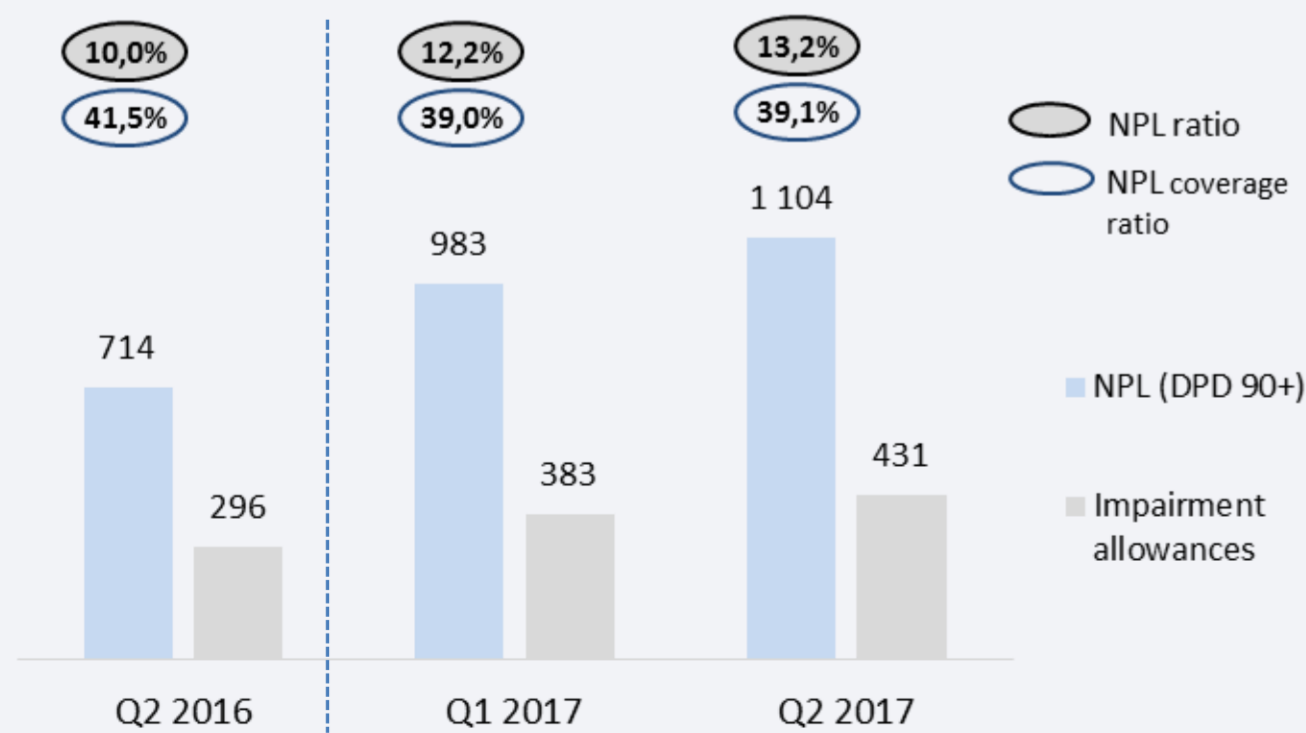


Loan portfolio quality

Balance sheet	Q2 2017				Q4 2016		
	% share in loan portfolio	Average LTV (%) ⁴	Average maturity (in months)	NPL1 ratio (%)	NPL1 coverage ratio (%)	NPL1 ratio (%)	NPL1 coverage ratio (%)
investment loans	24%	61%	109	11,3%	19,5%	9,7%	17,1%
working capital facilities	27%	n/a ³	55	15,0%	51,0%	13,1%	54,2%
car loans	2%	90%	59	11,8%	76,4%	8,5%	77,9%
leasing ²	43%	94%	49	4,6%	72,8%	4,6%	74,7%
factoring	2%	35%	3	10,6%	29,7%	8,6%	35,8%
Purchased debt	2%	n/a	n/a	n/a	n/a	n/a	n/a
Total	100,0%	80,5%	64	9,4%	52,6%	8,8%	51,1%

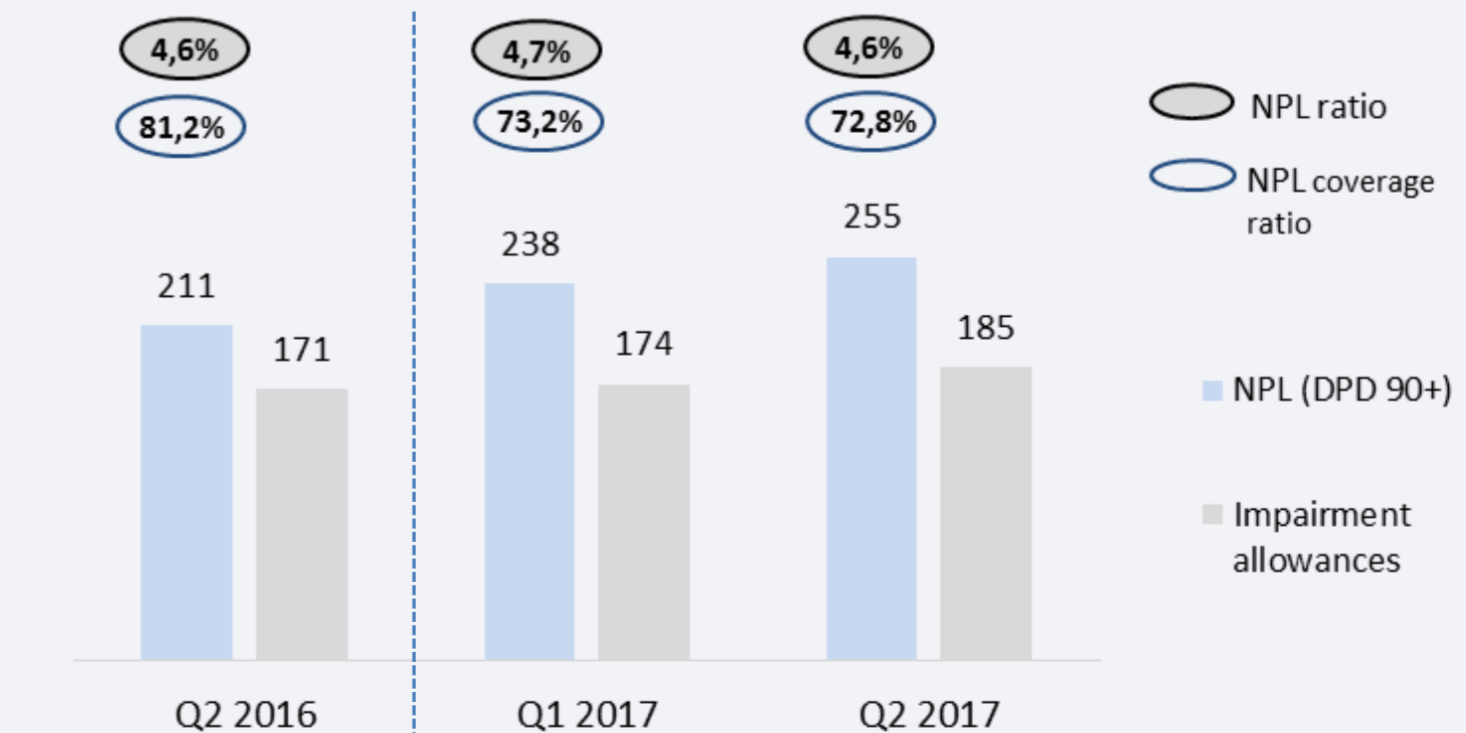
1) according to DPD 90+, 2) including lease loans, 3) 43% of working capital facilities are secured by PLD guarantee (covers up to 60% of loan exposure), 4) refers to secured loans only (collateral in the form of a mortgage on real estate, pledges on moveable property, securities transfer or assignment of contract)

NPL Loans*



*DPD90+ according to capital balance remaining to repay

NPL Leasing*



*DPD90+ according to capital balance remaining to repay

▶ Loan portfolio and credit risk (2)

Top 10 borrowers* in Idea Bank Group

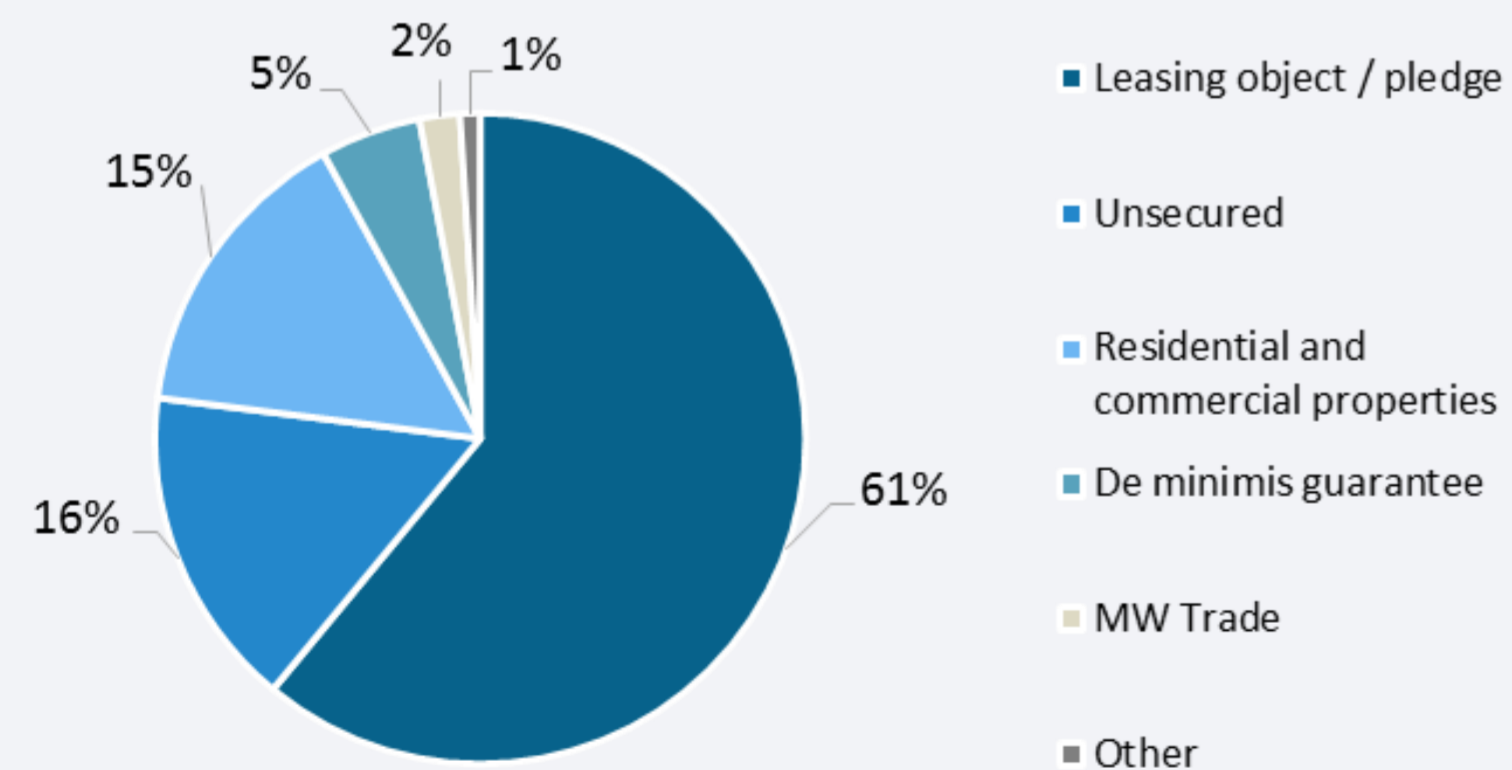
Top 10 borrowers	Net carrying amount (PLNm)	Total portfolio (PLNm)	%
Idea Bank - loan portfolio	38,4	10 763,5	0,4%
Idea Leasing - lease portfolio	96,0	5 585,7	1,7%
Idea Money - factoring	76,5	419,22	18,2%
Total	210,9	16 768,3	1,3%

* Excluding related parties

Diversified loan portfolio reflecting the *one-stop shop* strategy:

- ❖ Low concentration (average ticket on the level of PLN 89k) and relatively short maturity period,
- ❖ Secured loans (over 80%),
- ❖ Lack of loans granted in foreign currencies.

Loan portfolio by collateral

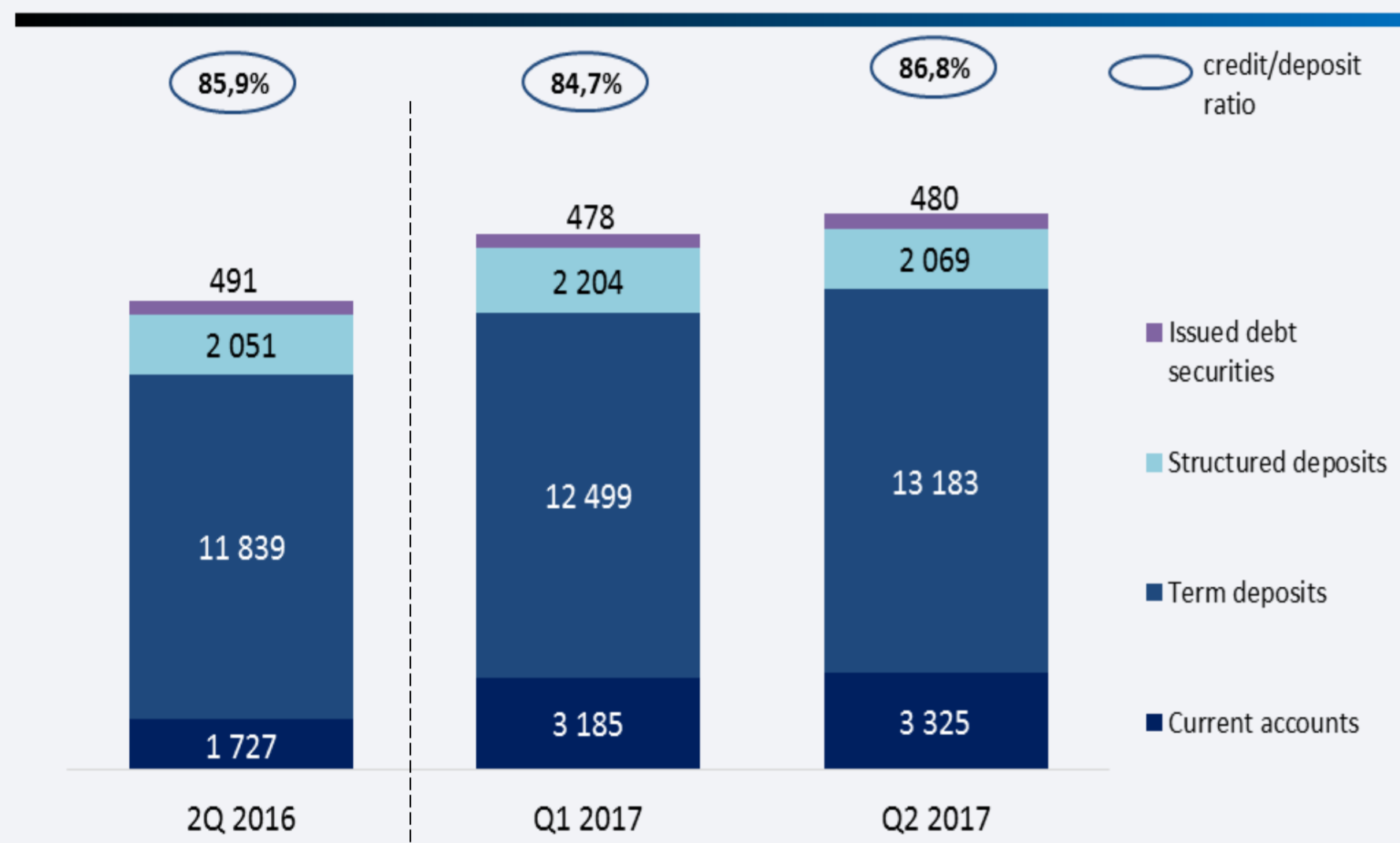


Loan portfolio by industry

Industry	Idea Bank %	Idea Leasing %	Idea Bank Group %
Wholesale and retail trade	26,0%	55,3%	36,0%
Transport	11,0%	11,1%	11,1%
Manufacturing	9,6%	7,0%	8,7%
Construction	13,1%	5,1%	10,4%
Agriculture	0,9%	10,8%	4,2%
Financial intermediation	3,9%	6,3%	4,7%
Property management	2,6%	1,0%	2,0%
Other	32,9%	3,4%	22,9%

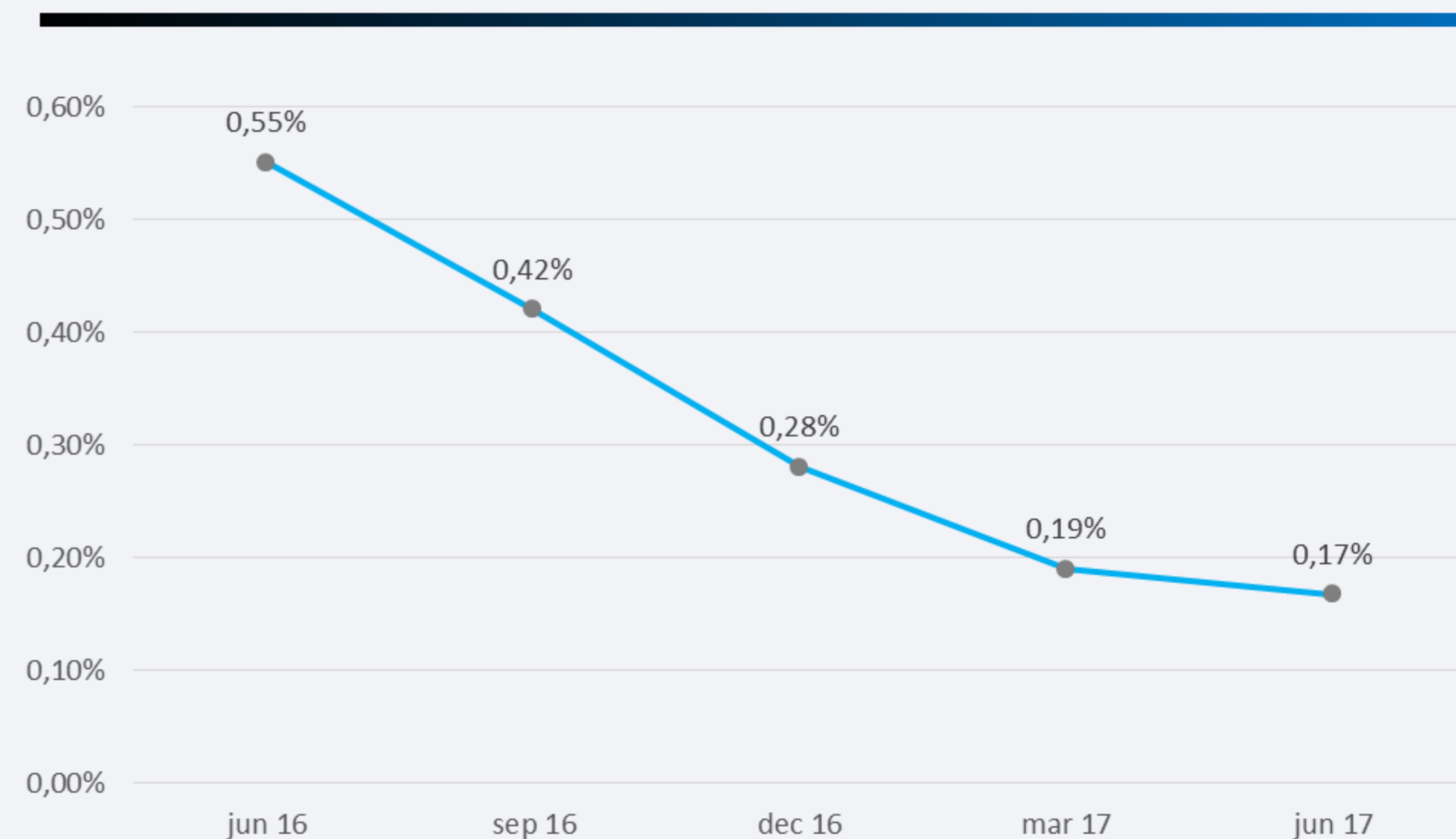
Financing structure and cost of funding

Financing structure



Deposit structure by maturity period	Q2 2016	Q1 2017	Q2 2017
Below 3 months	18,7%	13,4%	14,9%
3-6 months	37,9%	32,3%	30,5%
6-12 months	16,9%	24,5%	24,7%
Over 1 year	26,5%	29,8%	29,9%

Cost of Funding over WIBOR

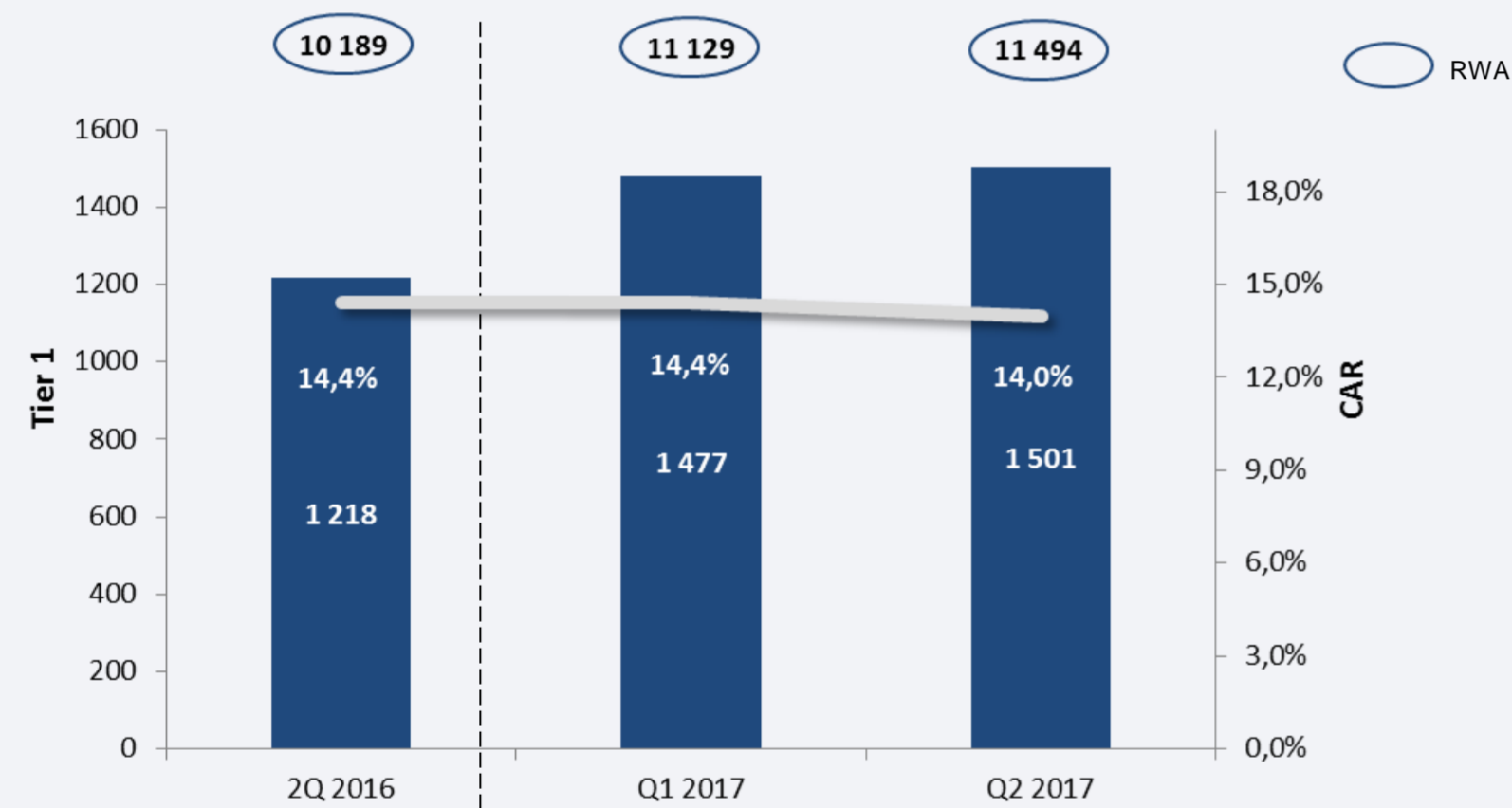


❖ The Group reduced the cost of funding by 0.38 p.p. over WIBOR (69% of decrease).

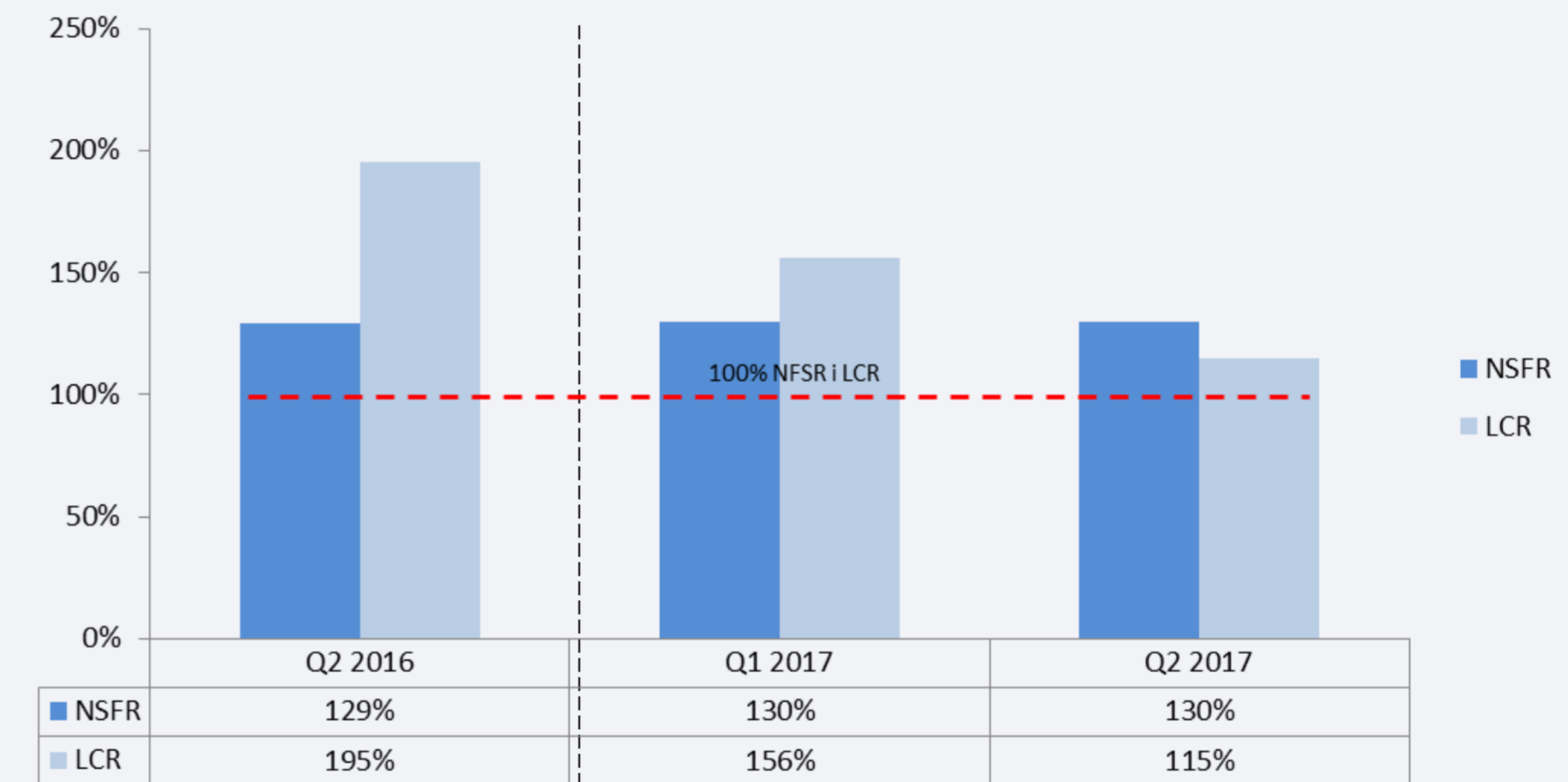


Capital adequacy and liquidity ratios

CAR and Tier 1 capital (Group)



Liquidity ratios



Comparison of Bank's and Group's ratios

Capital adequacy		30.06.2017	31.03.2017
Idea Bank	CAR	14,0%	16,1%
	TIER 1	12,1%	13,9%
Idea Bank Group	CAR	14,0%	14,4%
	TIER 1	12,0%	12,1%

Capital consumption

Loans	RWA	Capital intensity
Investment loans	48,2%	3,9%
Working capital facilities	51,3%	4,1%
Leasing	58,4%	4,7%
Total	57,2%	4,4%

Average maturity period of loan portfolio:
55 months

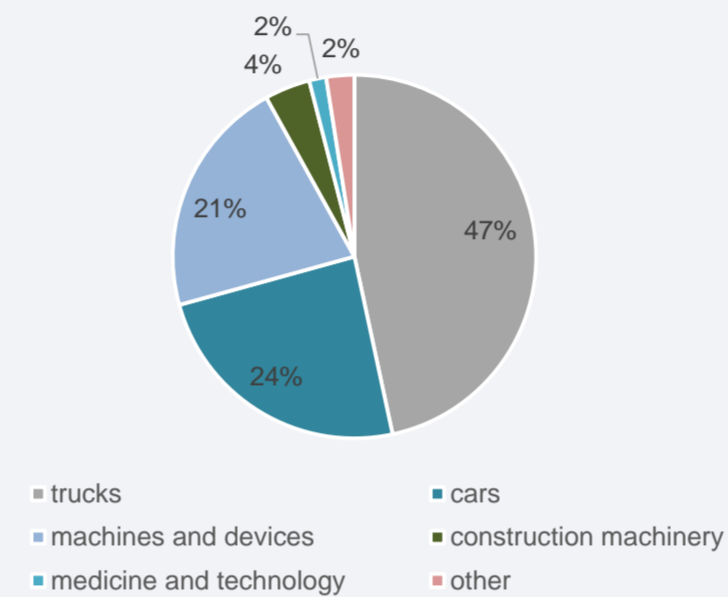
Average risk weight of loan portfolio:
57,2%

Leasing and factoring segments

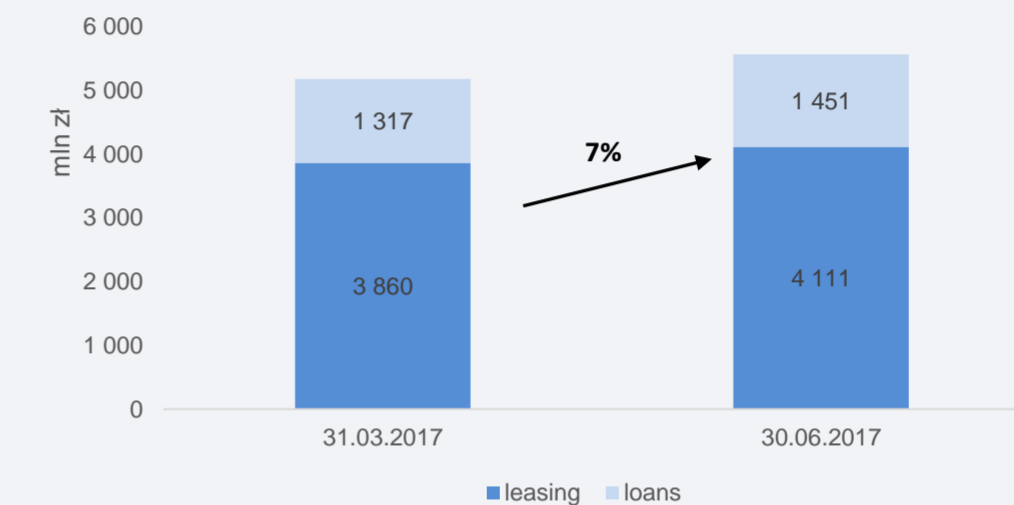
IdeaLeasing

ROE = 27,3% ROA = 0,8%	C/I = 53,8%	Value of portfolio: PLN 5,562m
NII: PLN 24.4m	NPL ratio = 4,6%	Net profit: PLN 26.3m

Structure of sales



Structure of lease portfolio



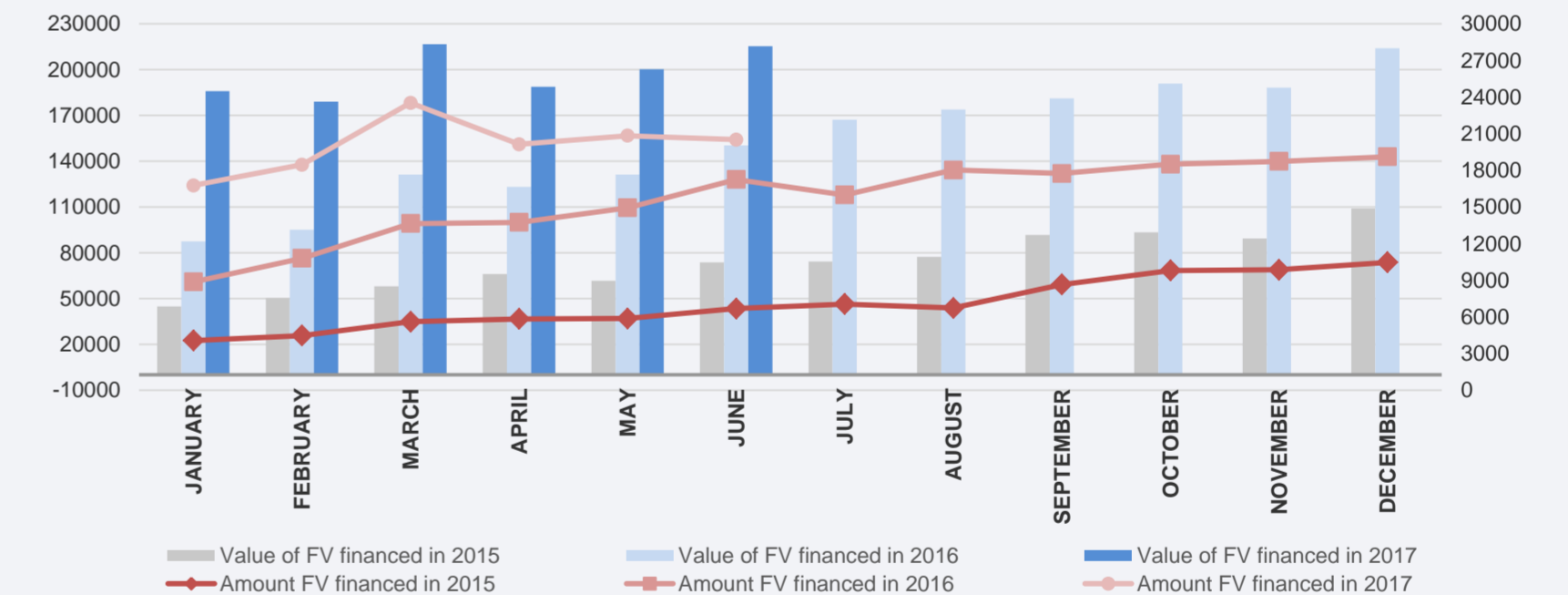
IdeaMoney

ROE = 10,2% ROA = 2,3%	C/I = 56,4%	Value of financed invoices in 2017: PLN 604m
Net F&C: PLN 44.6m	NPL ratio = 10,6%	Net profit: PLN 15.1m

Number of Idea Money's clients



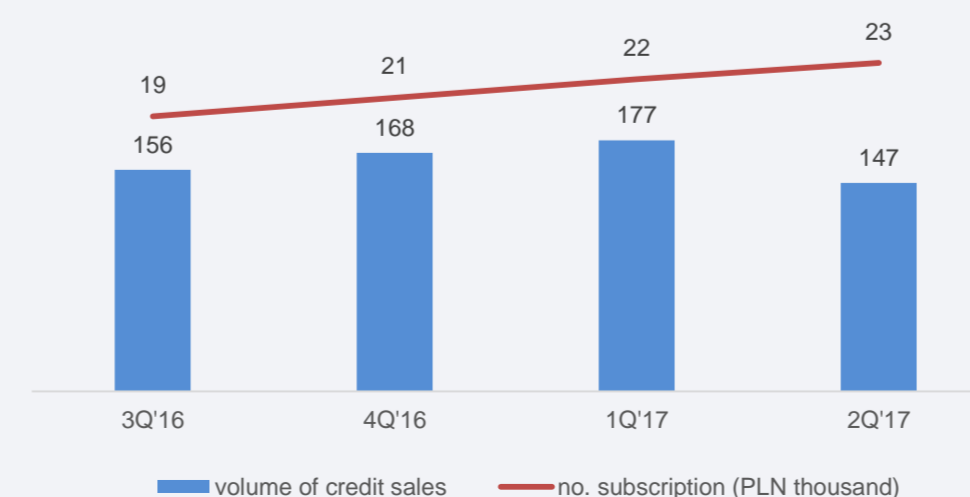
Invoices – financing in 2017 vs 2016 and 2015 (monthly)



TAX CARE

ROE = 14,2% ROA = 9,4%	Loan sales: PLN 147m	No. of accounting subscriptions: 23 091
Net F&C: PLN 55.1m	Revenue from accounting services PLN 50.3m	Net profit: PLN 7.6m

Tax Care sales and accounting subscription



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Attachment 1 - Income Statement - Idea Bank Group



	01.04.2017- 30.06.2017	01.01.2017 - 30.06.2017	01.04.2016- 30.06.2016	01.01.2016 - 30.06.2016
	(Unaudited) PLN thousand	(Unaudited) PLN thousand	(Unaudited) PLN thousand	(Unaudited) PLN thousand
Continued operations				
I. Interest income	290 407	569 371	235 906	461 667
II. Interest expenses	-92 126	-185 937	-95 694	-191 313
III. Net interest income	198 281	383 434	140 212	270 354
IV. Fee and commission income	124 272	259 427	110 351	228 025
V. Fee and commission expenses	-40 613	-72 098	-36 278	-68 583
VI. Net fee and commission income	83 659	187 329	74 073	159 442
VII. Dividend income	6 496	7 569	0	0
VIII. Result on financial assets at fair value	-4 909	-15 961	-6 555	-8 784
IX. Results on financial assets	0	0	249 230	249 230
X. Foreign exchange result	3 777	5 614	1 024	2 364
XI. Other operating income	3 065	5 163	4 840	11 308
XII. Other operating expenses	-10 473	-20 172	-10 761	-17 586
XIII. Net other operating income	-2 044	-17 787	237 778	236 532
XIV. Impairment losses	-72 081	-133 896	-32 751	-86 320
XV. General administrative costs	-137 512	-290 218	-141 841	-271 833
XVI. Result from operating activity	70 303	128 862	277 471	308 175
XVII. Share in profits (losses) of associates	13 208	21 886	-16 234	-16 041
XVIII. Profit (loss) before income tax	83 511	150 748	261 237	292 134
XIX. Income tax	-24 806	-40 889	4 401	1 984
XX. Net profit (loss) from continued operations	58 705	109 859	265 638	294 118
XXI Net profit (loss) from discontinued operations	0	0	11 025	43 681
XXII Net profit (loss)	58 705	109 859	276 663	337 799
1. Attributable to shareholders of parent company	58 705	109 859	276 598	337 622
- continued operations	58 705	109 859	265 638	294 118
- discontinued operations	0	0	10 960	43 504
2. Attributable to non-controlling shareholders	0	0	65	177
- z działalności kontynuowanej	0	0	0	0
- discontinued operations	0	0	65	177
Weighted average number of ordinary shares in the period	78 401 981	78 401 981	78 401 981	78 401 981
Basic earnings per share (PLN per share)	0,75	1,40	3,39	3,75
Diluted earnings per share (PLN per share)	0,75	1,40	3,39	3,75



Attachment 2 - Balance Sheet - Idea Bank Group



	30.06.2017	31.12.2016
	(unaudited)	
	PLN thousand	PLN thousand
ASSETS		
Cash and balances with Central Bank	593 436	129 719
Receivables from banks and financial institutions	302 681	290 022
Derivative hedging instruments	18 887	1 075
Derivative financial instrument at fair value through profit or loss	91 101	46 693
Amounts due from clients	12 015 325	10 886 070
Finance lease receivables	4 111 425	3 710 107
Other loans and receivables	103 402	91 794
Available-for-sale financial assets	3 458 037	3 681 015
Investments in associates	404 849	367 568
Intangible assets	674 902	665 168
Property, plant and equipment	204 574	155 392
Investment property	60 512	66 011
Fixed assets held for sale	1 171	845
Income tax assets	486 308	519 112
- Current tax assets	8 670	0
- Deferred tax assets	477 638	519 112
Other assets	329 393	906 135
TOTAL ASSETS	22 856 003	21 516 726
LIABILITIES AND EQUITY		
Liabilities		
Amounts due to other banks and financial institutions	960 806	409 086
Derivative hedging instruments	5 645	71 745
Derivative financial instrument at fair value through profit or loss	183	5 180
Financial liabilities measured at fair value through profit or loss	2 068 656	2 126 240
Amounts due to clients	16 510 657	15 592 328
Debt securities in issue	479 962	482 101
Corporate income tax liabilities	0	13 917
Other liabilities	229 887	349 908
Deferred tax liabilities	336	379
Provisions	11 860	8 465
TOTAL LIABILITIES	20 267 992	19 059 349
Equity (attributable to shareholders of parent company)	2 588 011	2 457 377
Share capital	156 804	156 804
Retained earnings	-189 195	35 920
Net profit (loss)	109 859	440 851
Other capital	2 510 543	1 823 802
Total equity	2 588 011	2 457 377
TOTAL LIABILITIES AND EQUITY	22 856 003	21 516 726



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