

Idea Bank S.A. Group Results

Q1 2017 r.

Presentation of the Management Board for Investors
24 April 2017

PLN 60,2 m
adjusted net profit
in Q1 2017

- ❖ The net result adjusted by resolution fee has maintained an upward trend, amounting to PLN 60.2m which represents an increase of 7% q / q

4,0%
NIM in Q1 2017

- ❖ The Group maintains an interest margin no less than 4,0% in the first quarter of 2017

18,2 thousand
new bank
accounts in Q1
2017

- ❖ The Bank acquired over 5k new borrowers in Q1 2017 and sold 18,2k new bank accounts, which represent increase of 23,9% compared to Q4 2016

PLN 2,4 bn sale
in Q1 2017

- ❖ High sales of credit products - over PLN 2,4 bn of sales in Q1 2017 and record lease sales (PLN 1,231m in Q1 2017 vs. PLN 957m in Q4 2016)

14,4%
CAR as at
31.03.2017

- ❖ The Group presents adequate level of capital ratios: CAR – 14,4%, Tier 1 – 12,1%. According to the PFSA recommendation, the entire profit for 2016 was allocated to reserve capital

Sale of Getback

- ❖ On 24 March 2017 the Group received a second installment of GetBack's deferred payment of PLN 310 million plus due interest

Summary of Idea Bank Group Q1 2017 results

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

Analysis of Q1 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	Q1 2017	Q1 2016	Change %	Q1 2017	Q4 2016	Change q/q %
Net interest income	185,2	130,1	42,3%	185,2	182,7	1,4%
Net fee and commission income	103,7	85,4	21,4%	103,7	89,1	16,4%
Impairment losses	-61,8	-53,6	15,4%	-61,8	-44,7	38,3%
General administrative costs, including:	-152,7	-130,0	17,5%	-152,7	-131,6	16,0%
- bank tax *)	-15,2	-7,6	101,3%	-15,2	-13,5	12,8%
- "resolution fee" cost **)	-9,0	-	100,0%	-9,0	-	-
Net income	51,2	61,1	-16,3%	51,2	56,2	-9,0%
Net profit without additional supervisory charge	60,2	61,1	-1,6%	60,2	56,2	7,0%
Net profit from continuing operations (comparative data and no additional supervisory charge)	60,2	28,5	111,2%	60,2	60,6	-0,7%

PLN million	31.03.2017	31.12.2016	Change %
Receivables from clients	15 149,2	14 596,2	3,8%
Liabilities to clients	17 890,3	17 718,6	1,0%
Equity	2 519,4	2 457,4	2,5%
Total assets	22 277,5	21 516,7	3,5%

* banking tax is paid from 02.2016

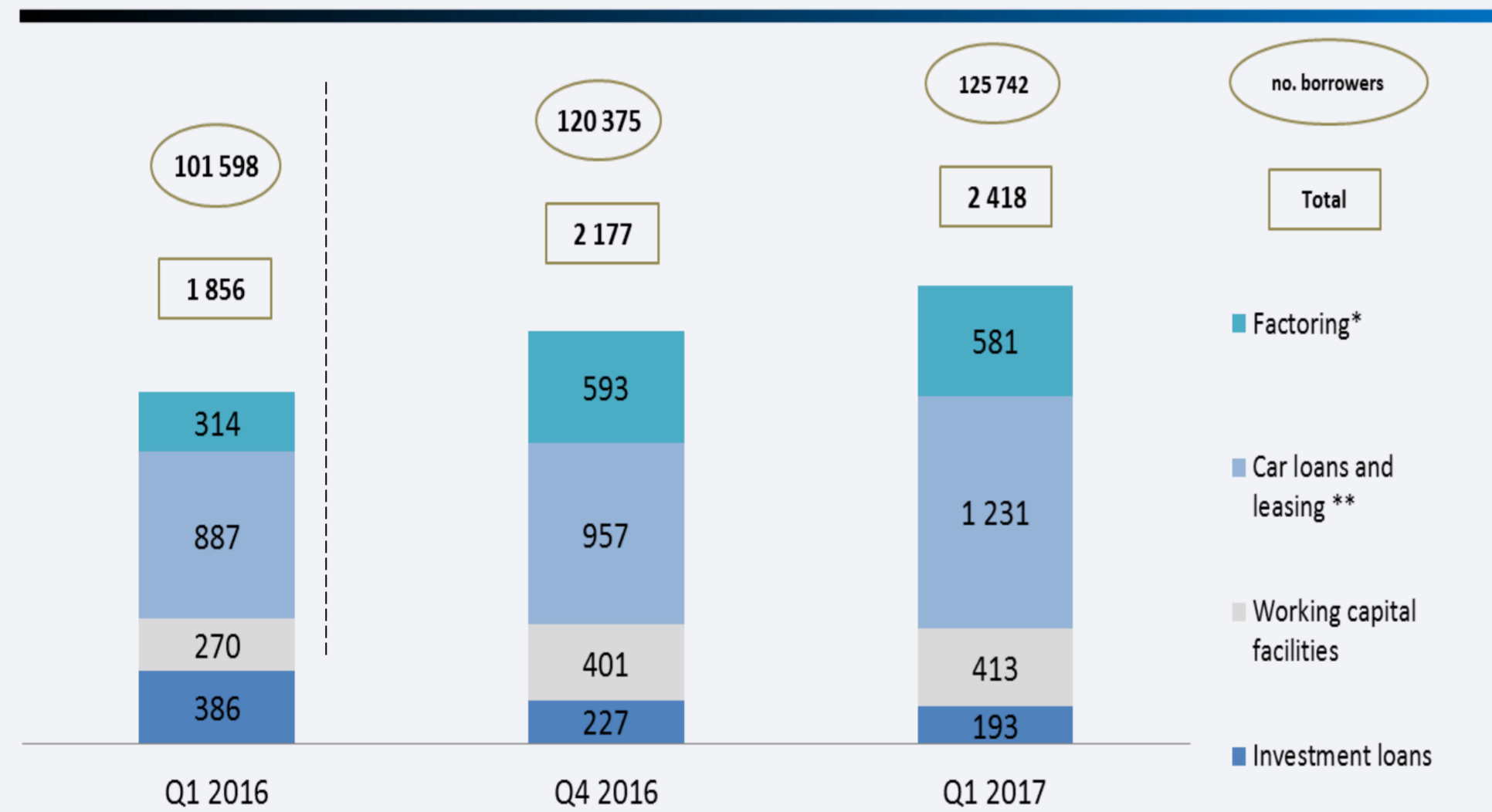
**Provision for costs of contribution to the Restructuring Fund recognized in Q1 2017

Ratios	Q1 2017	Q1 2016	Change %	Q1 2017	Q4 2016	Change %
NIM	4,0%	3,6%	0,4 p.p.	4,0%	4,2%	-0,2 p.p.
% share of Net F&C income in Total operating income	38,0%	39,8%	-1,9 p.p.	38,0%	35,5%	2,5 p.p.
C/I Group	55,9%	60,7%	-4,7 p.p.	55,9%	52,4%	3,5 p.p.
adjusted C/I Group*)	47,0%	57,1%	-10,1 p.p.	47,0%	46,2%	0,8 p.p.
CoR (excluding purchased receivables)	1,8%	1,9%	0 p.p.	1,8%	1,5%	0,3 p.p.
ROAA	0,9%	1,3%	-0,4 p.p.	0,9%	1,1%	-0,2 p.p.
adjusted ROAA*)	1,4%	1,5%	-0,1 p.p.	1,4%	1,4%	-0,1 p.p.
ROAE	8,2%	11,8%	-3,6 p.p.	8,2%	10,0%	-1,7 p.p.
adjusted ROAE*)	12,1%	13,3%	-1,2 p.p.	12,1%	12,5%	-0,4 p.p.
L/D ratio (Group)	84,7%	84,4%	0,3 p.p.	84,7%	82,4%	2,3 p.p.
NPL (DPD 90+)	8,9%	9,1%	-0,1 p.p.	8,9%	8,8%	0,1 p.p.
NPL coverage (DPD 90+)	52,3%	55,8%	-3,5 p.p.	52,3%	51,1%	1,2 p.p.
CAR (Bank)	16,1%	15,0%	1,1 p.p.	16,1%	13,6%	2,5 p.p.
Tier 1 (Bank)	13,9%	12,4%	1,5 p.p.	13,9%	11,5%	2,4 p.p.
CAR (Group)	14,4%	13,8%	0,6 p.p.	14,4%	14,4%	0 p.p.
Tier 1 (Group)	12,1%	10,3%	1,8 p.p.	12,1%	12,0%	0,1 p.p.

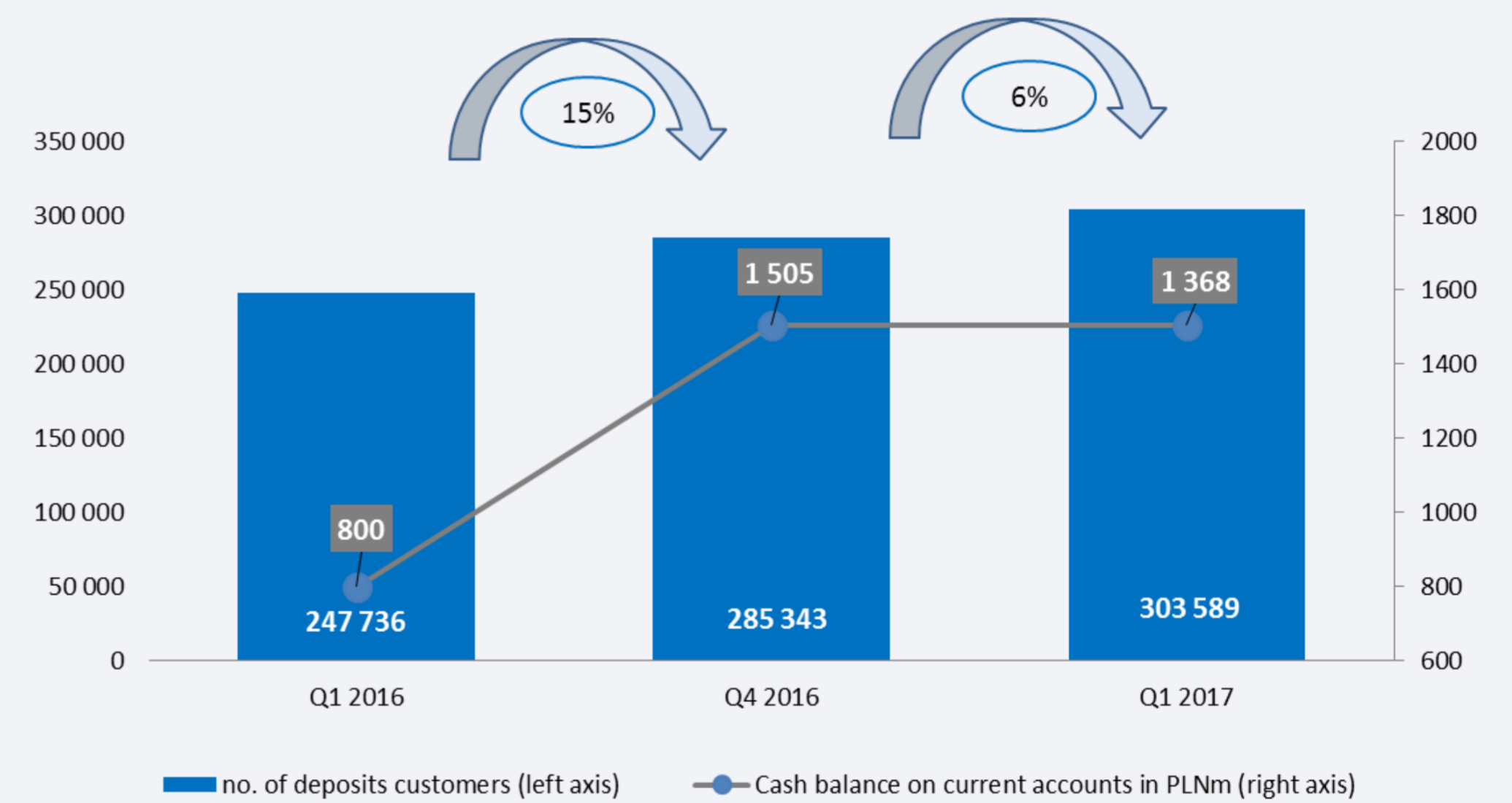
* Excluded the cost of asset tax and the "resolution fee"

▶ Sales and customers base

Loan Sales



Current accounts holders in Idea Bank



- The Group exceeded 300,000 active accounts in Q1 2017 and maintained an increase in loan sales of 11% q / q

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Analysis of Q1 2017 financial results

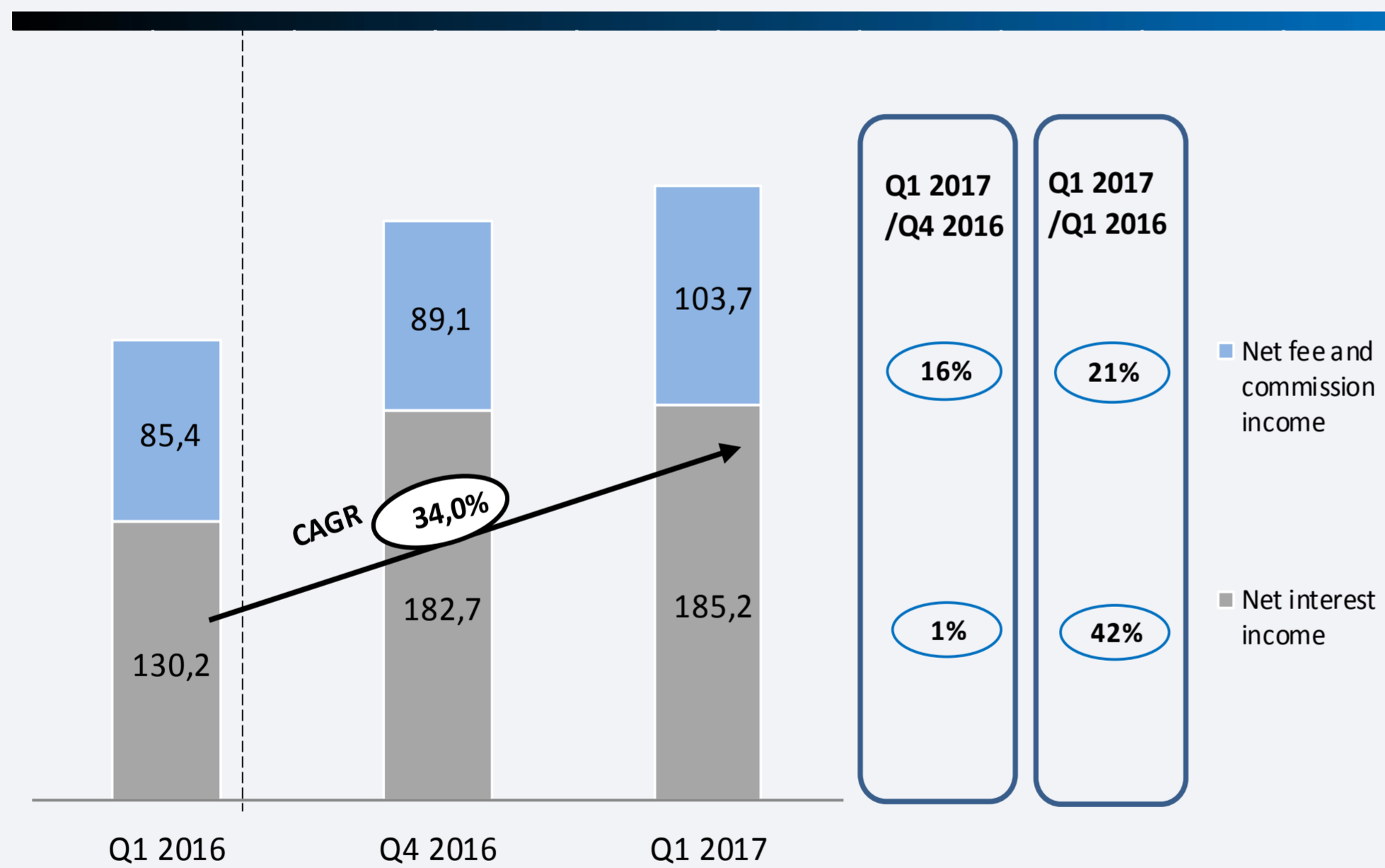
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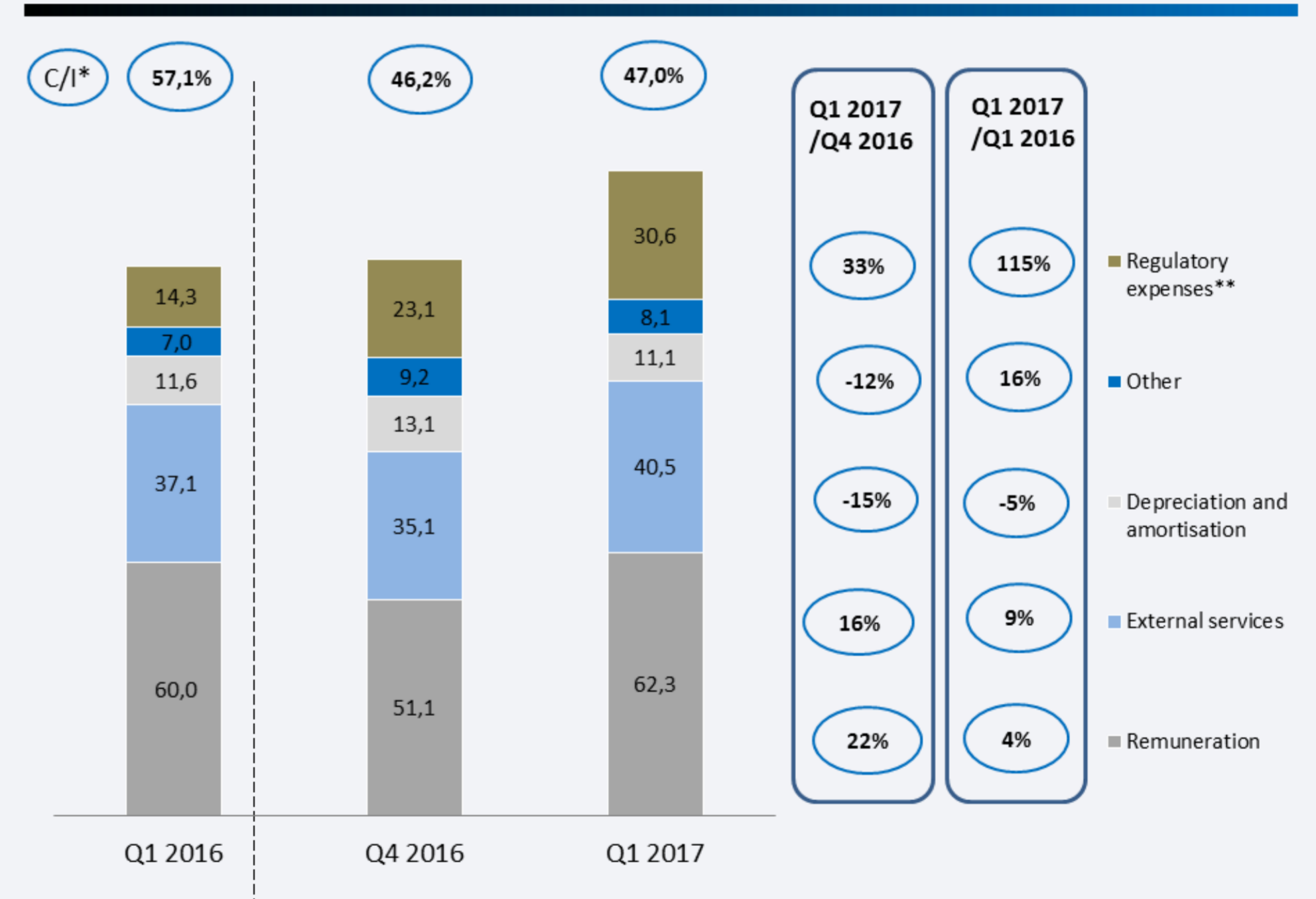
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▶ Dynamics of the Group income and costs

Structure of the Group's Total Income

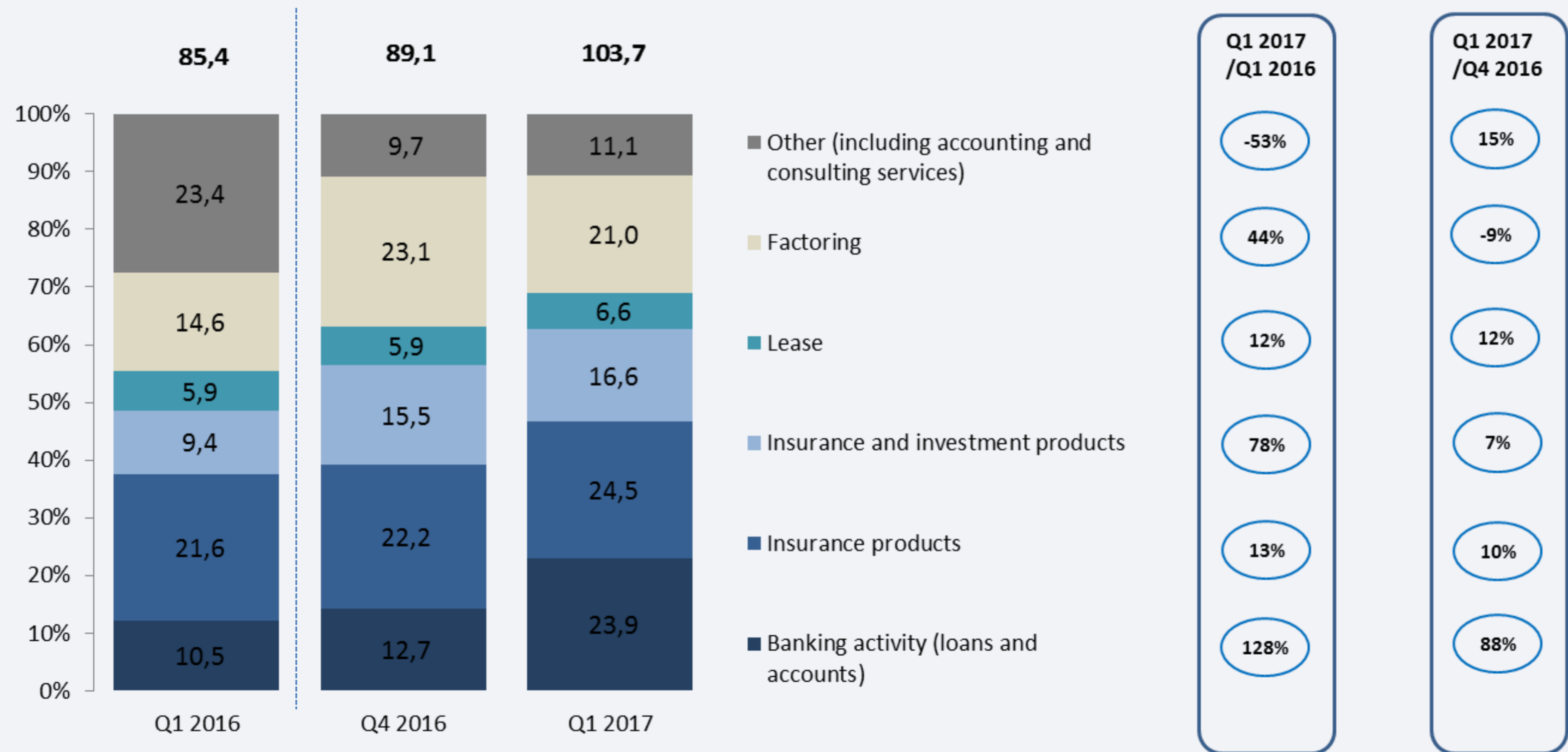


Structure of the Grup's general administrative costs



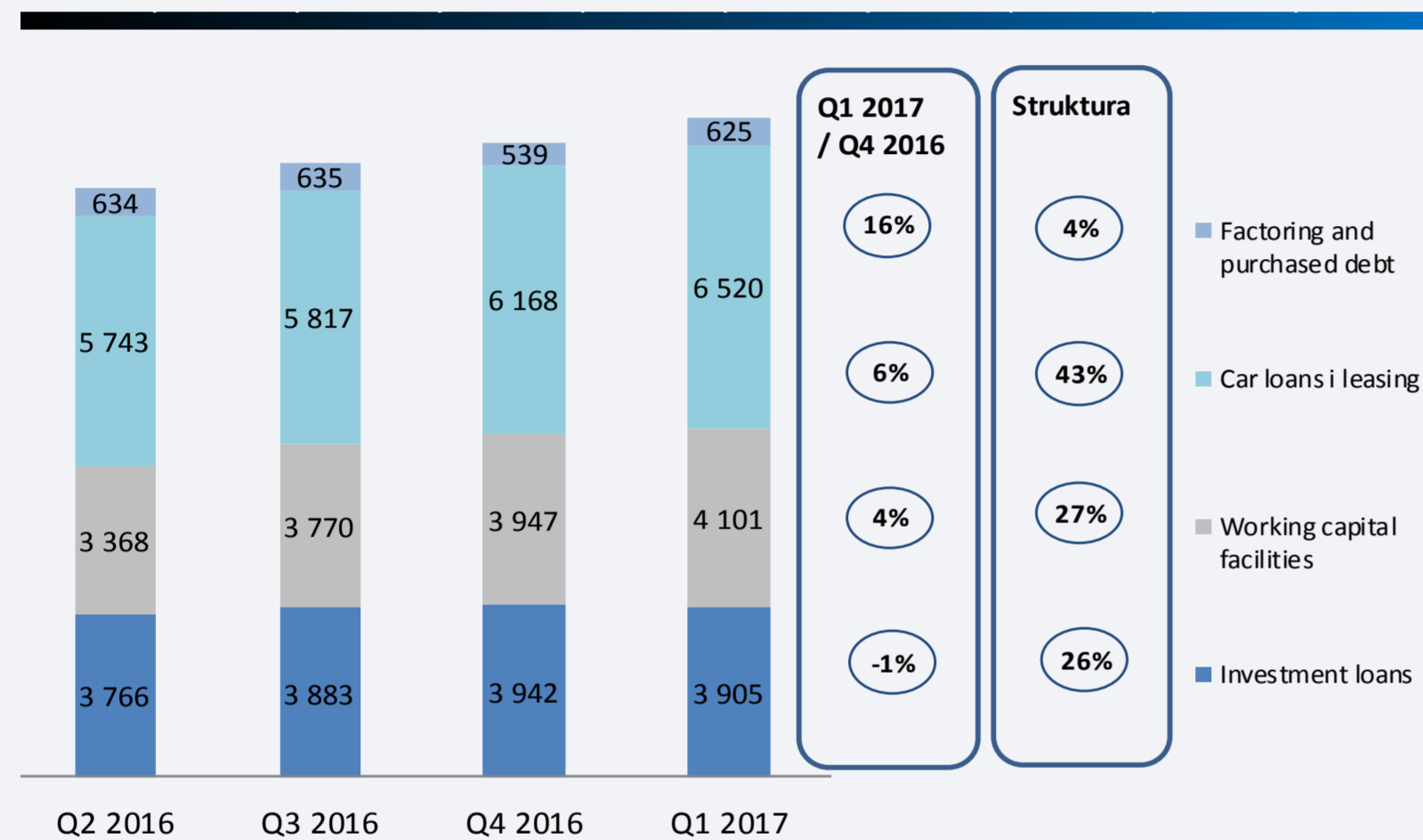
Structure of net fee and commission income

Structure of net fee and commission income

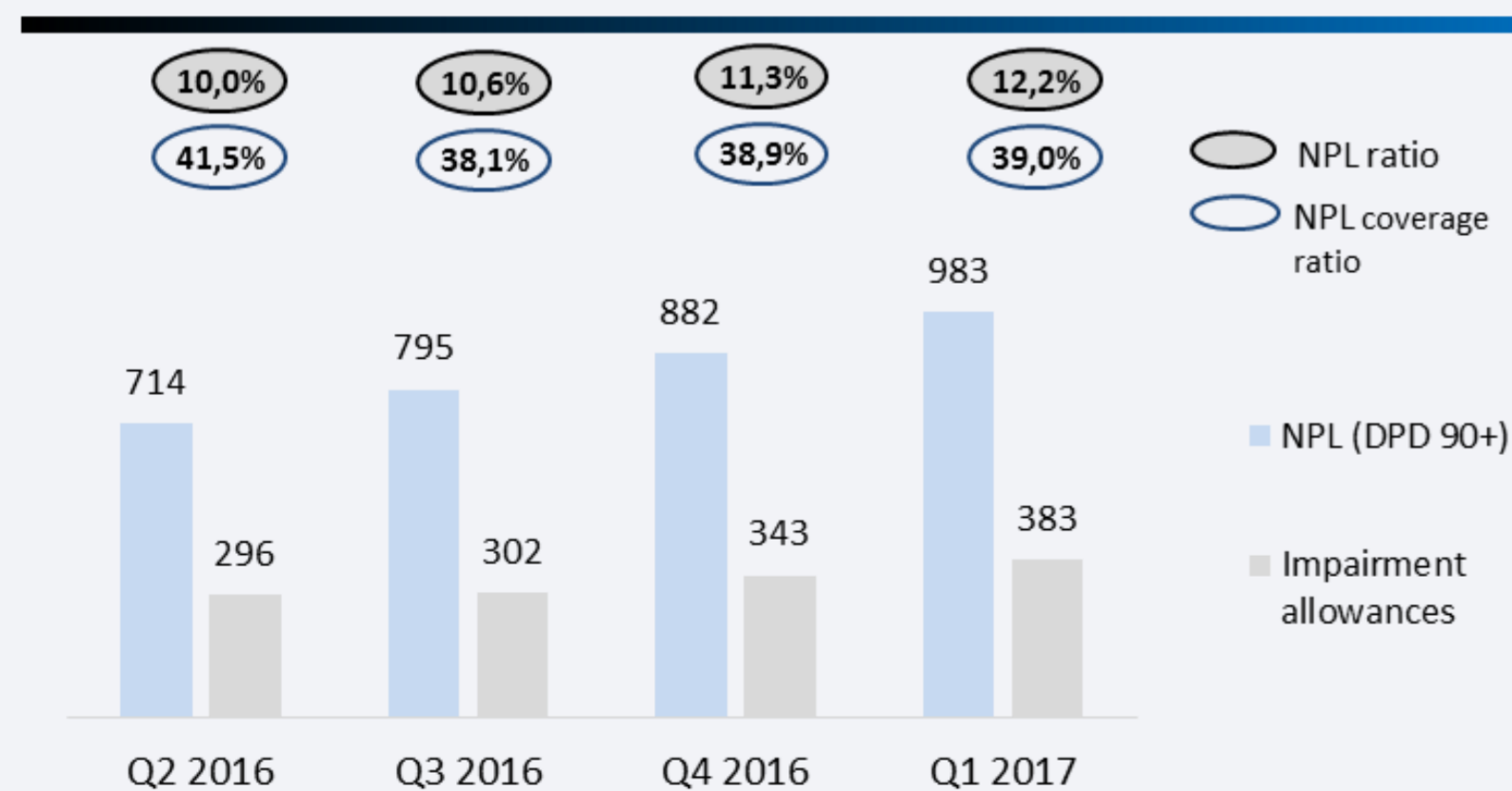


▶ Loan portfolio and credit risk

Loan and lease portfolio



NPL Loans*



*DPD90+ according to outstanding capital balances

Loan portfolio quality

Balance sheet	Q1 2017					Q4 2016	
	% share in loan portfolio	Average LTV (%) ⁴	Average maturity (in months)	NPL ¹ ratio (%)	NPL ¹ coverage ratio (%)	NPL ¹ ratio (%)	NPL ¹ coverage ratio (%)
investment loans	26%	61%	110	10,7%	18,2%	9,7%	17,1%
working capital facilities	27%	n/a ³	56	13,6%	53,0%	13,1%	54,2%
car loans	2%	90%	59	10,6%	77,3%	8,5%	77,9%
leasing ²	41%	92%	49	4,7%	73,2%	4,6%	74,7%
factoring	2%	37%	3	9,4%	28,5%	8,6%	35,8%
Purchased debt	2%	n/a	n/a	n/a	n/a	n/a	n/a
Total	100,0%	78,9%	66	8,9%	52,3%	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)

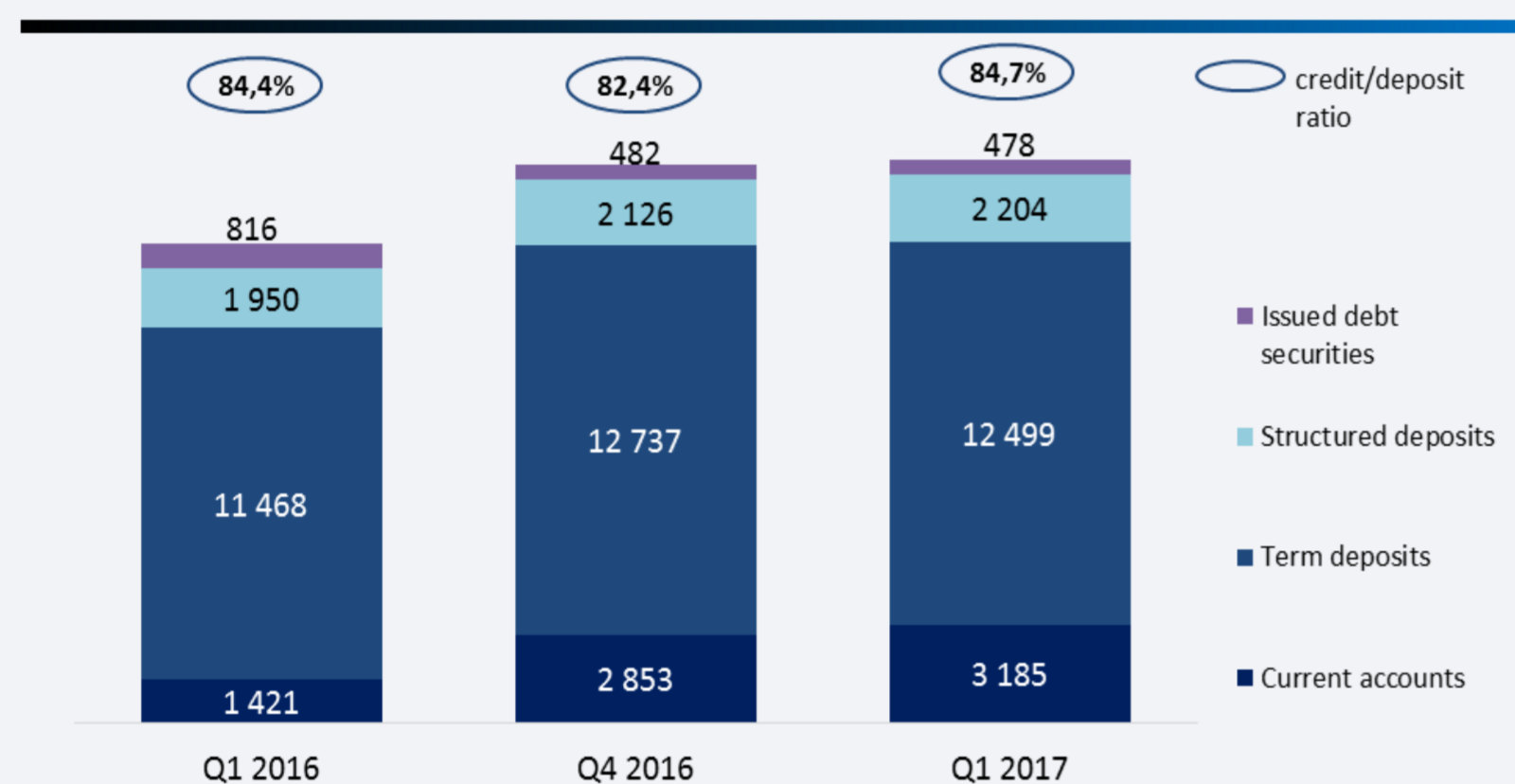
NPL Leasing*



*DPD90+ according to outstanding capital balances

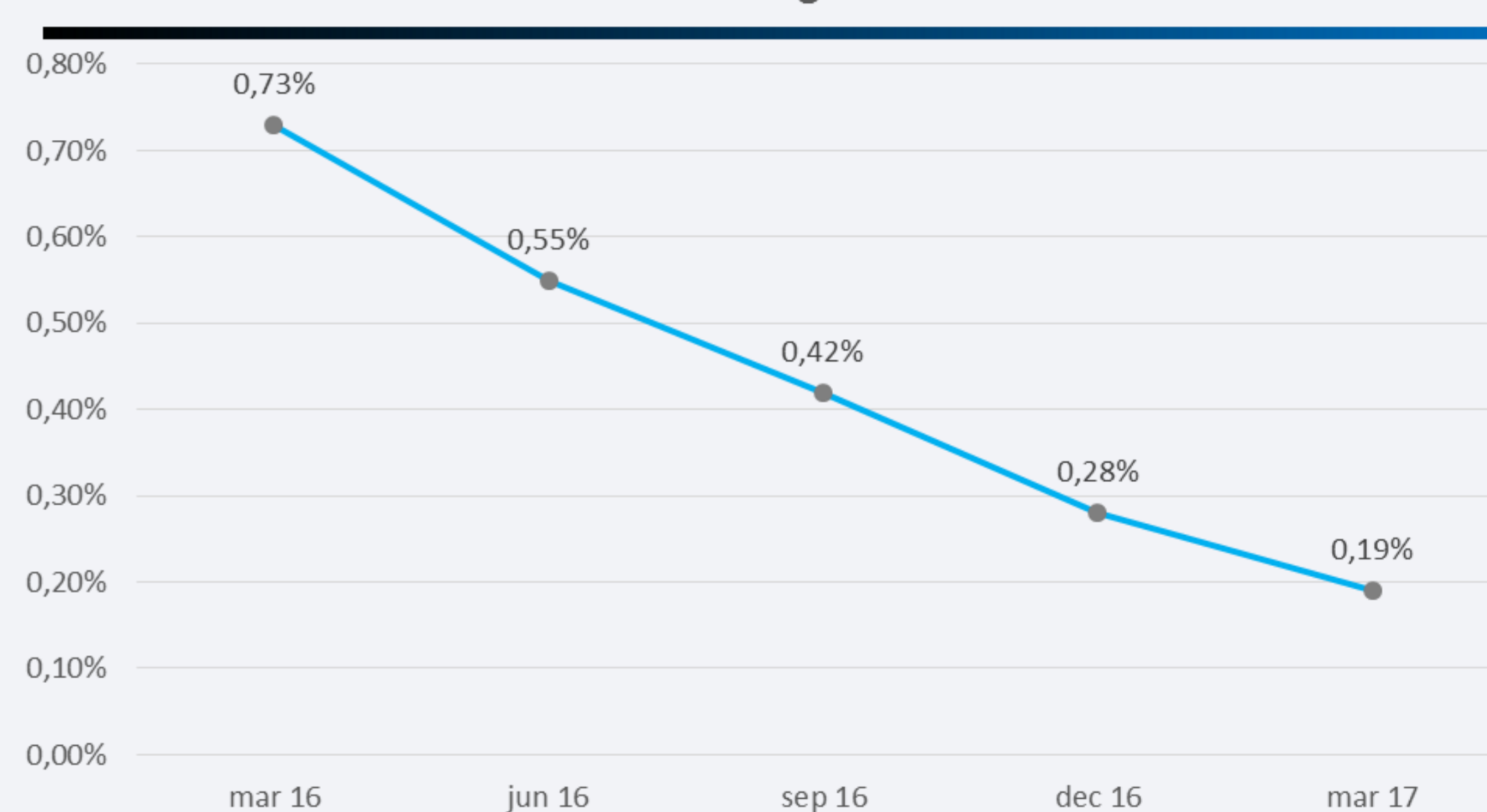
Financing structure and cost of funding

Financing structure



Deposit structure by maturity period	Q1 2016	Q4 2016	Q1 2017
Below 3 months	10,3%	15,2%	13,4%
3-6 months	37,3%	35,8%	32,3%
6-12 months	28,5%	17,1%	24,5%
Over 1 year	23,9%	31,9%	29,8%

Cost of Funding over WIBOR

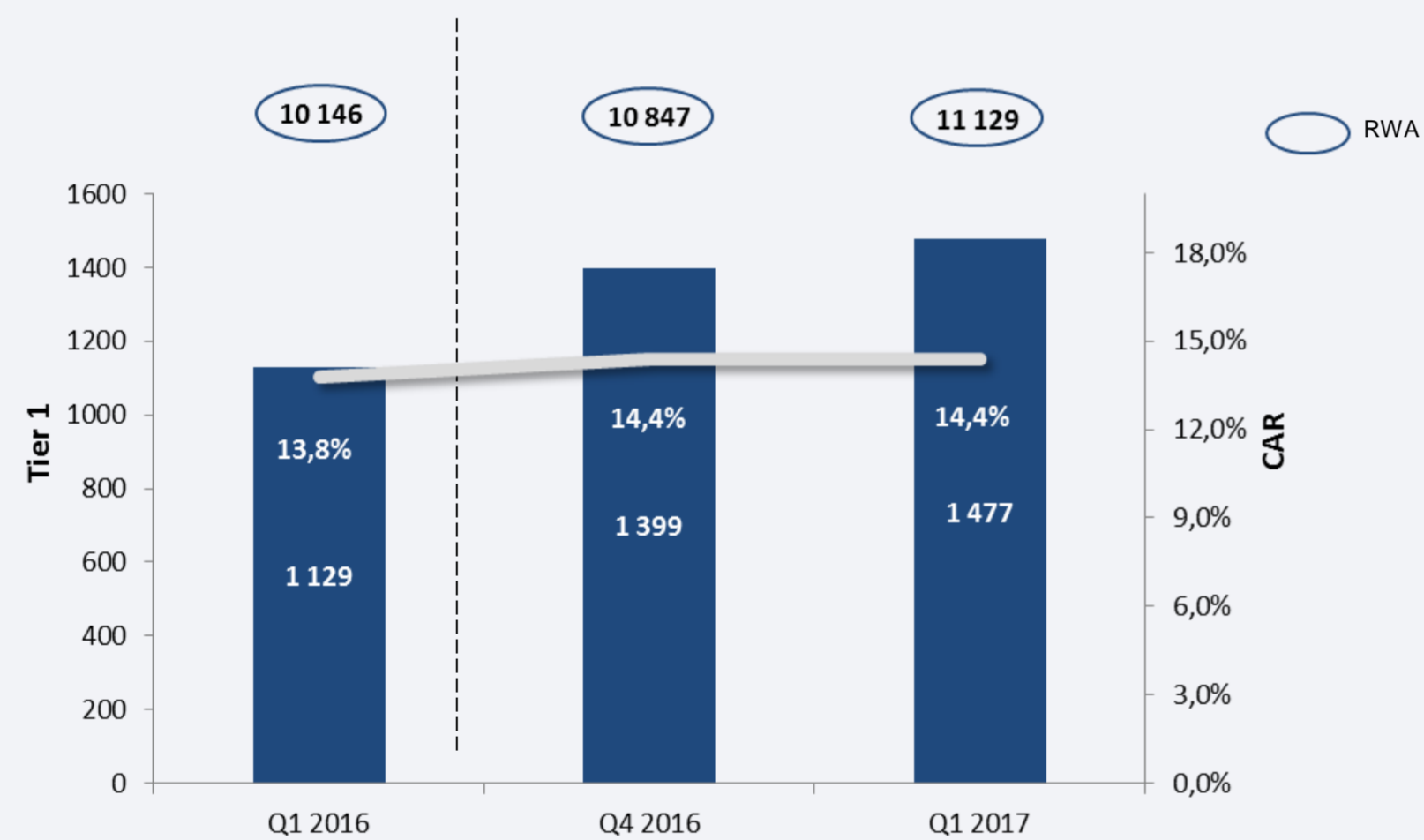


- ❖ The Group reduced the cost of funding by 0,54 p.p. (74% of decrease)
- ❖ Current account balances free of interest increased by 10% q / q

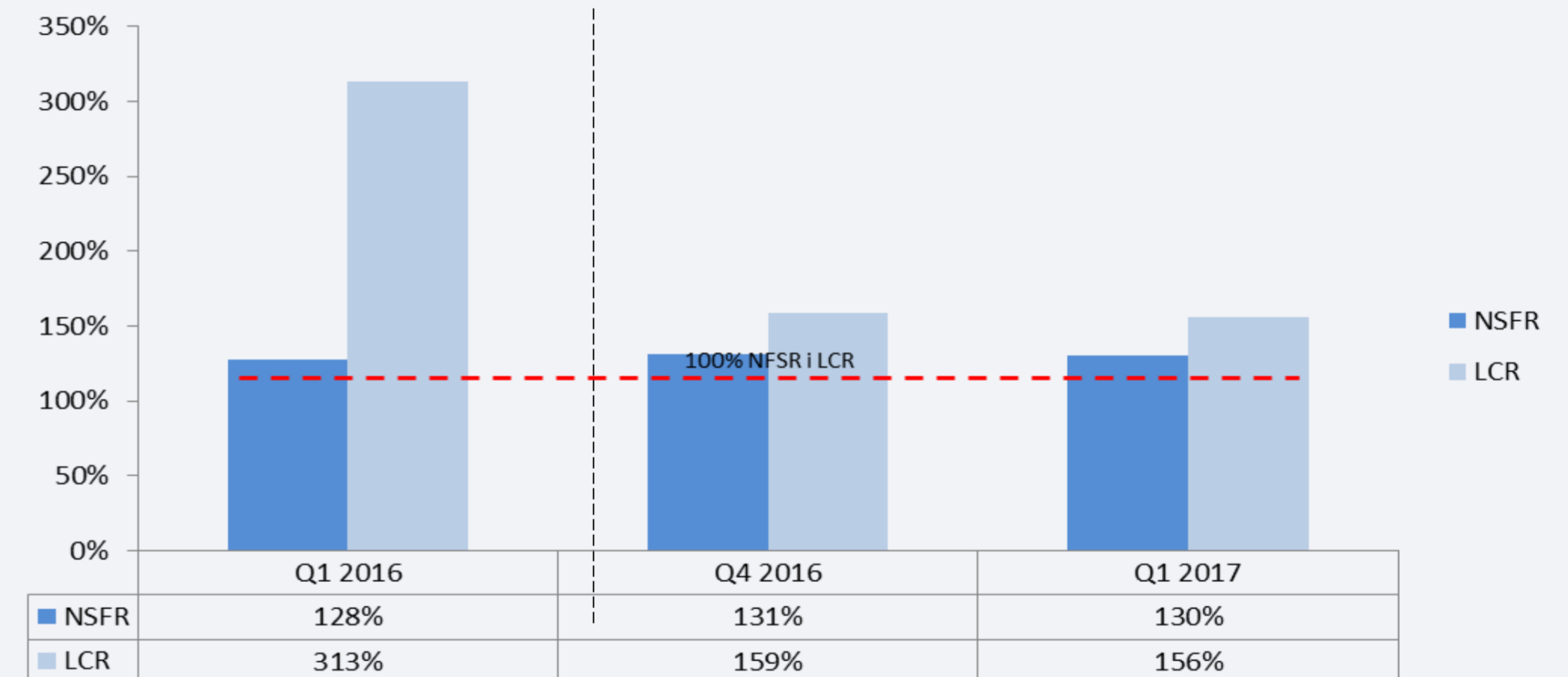


Capital adequacy and liquidity ratios

CAR and Tier 1 capital (Group)



Liquidity ratios



Comparison of Bank's and Group's ratios

Capital adequacy		31.03.2017	31.12.2016
Idea Bank	CAR	16,1%	13,6%
	TIER 1	13,9%	11,5%
Idea Bank Group	CAR	14,4%	14,4%
	TIER 1	12,1%	12,0%

Capital consumption

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

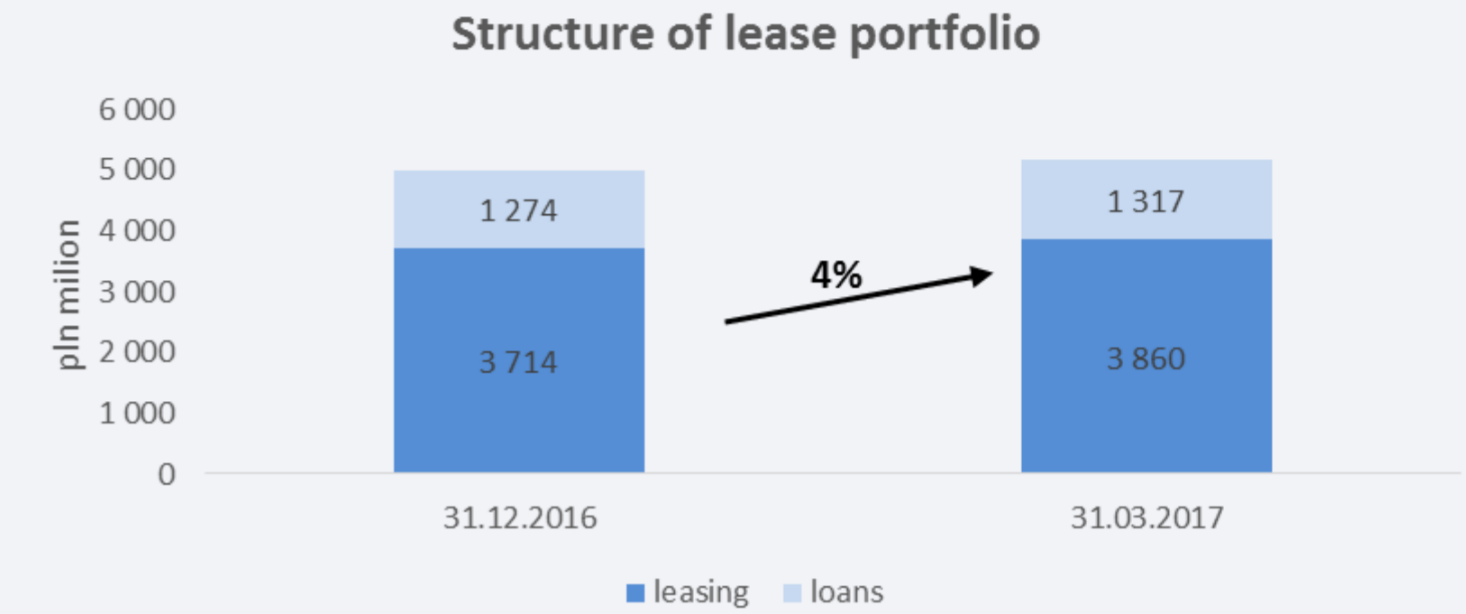
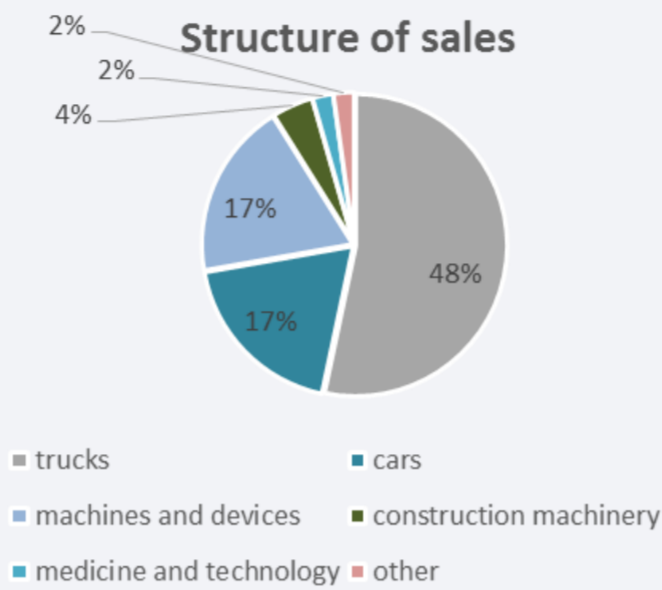
Average maturity period of loan portfolio:
57 months

Average risk weight of loan portfolio:
57,2%

▶ Leasing and factoring segments

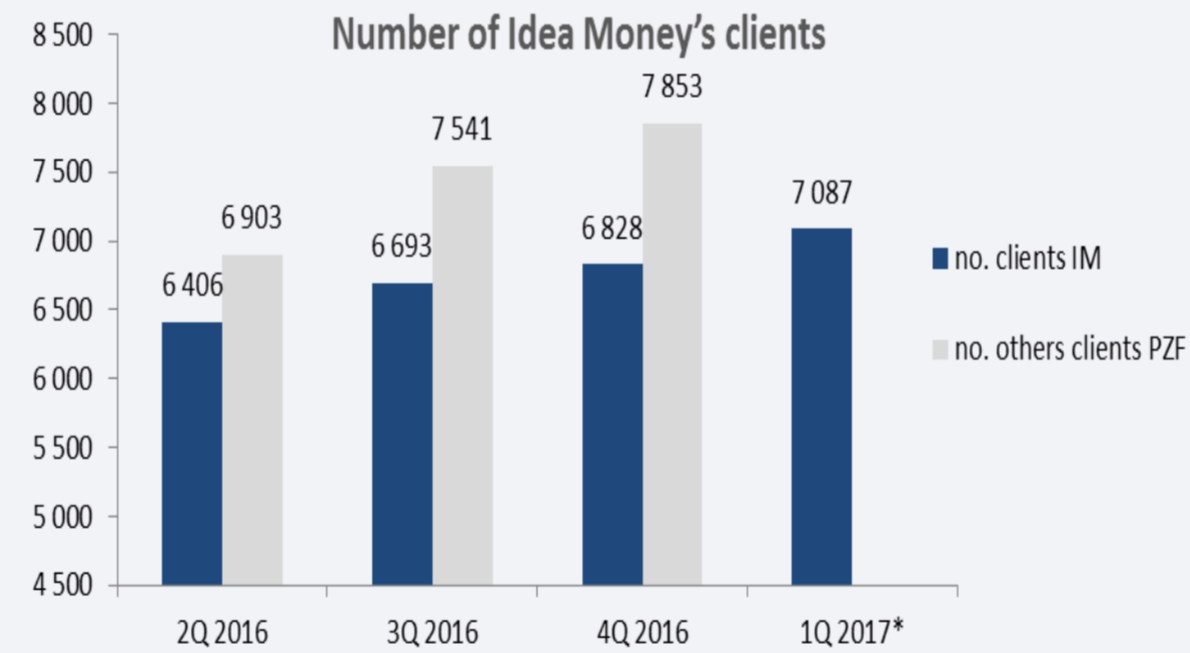
IdeaLeasing

ROE = 19,9% ROA = 0,7%	C/I = 58,4%	Value of portfolio: PLN 5 177m
NII: PLN 11,7m	NPL ratio = 4,7%	Net profit: PLN 9,6 m

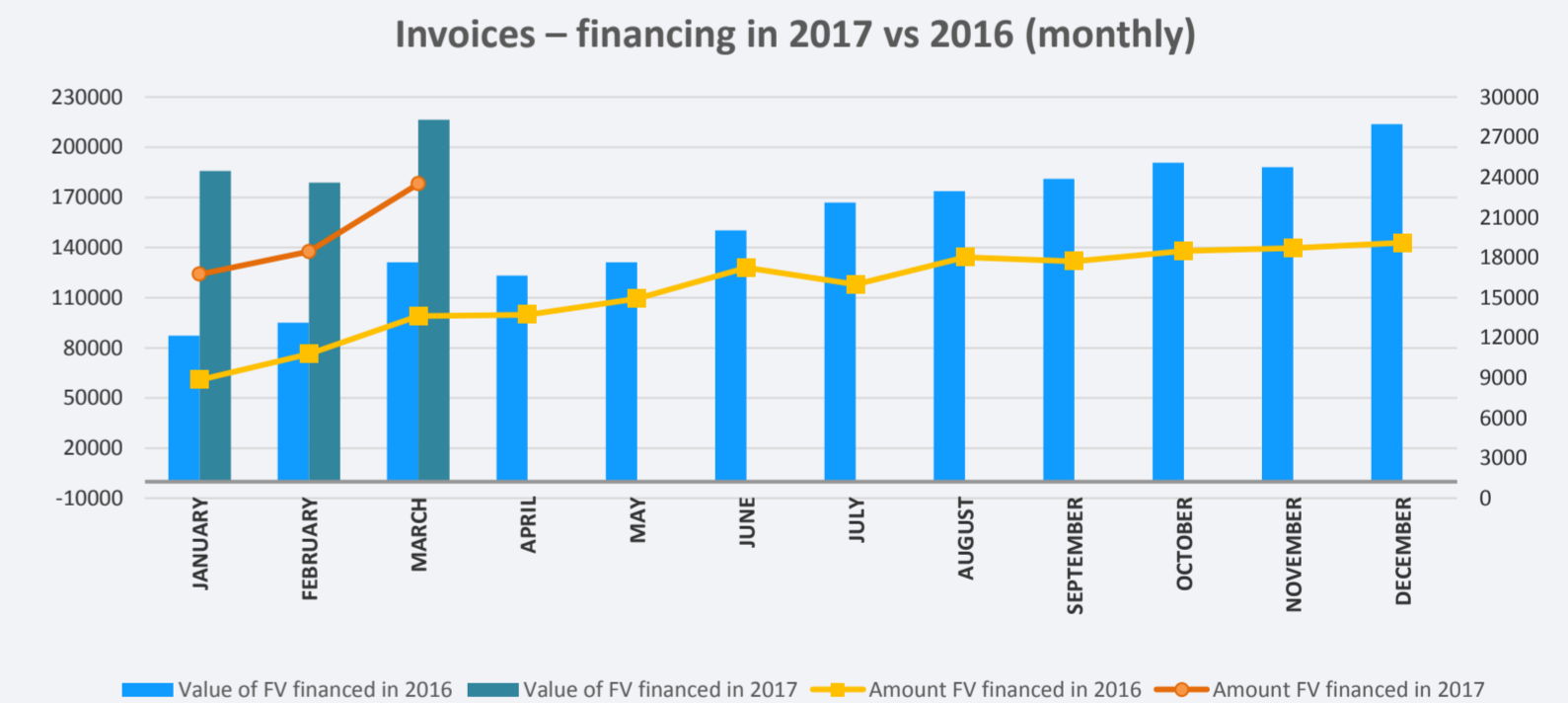


IdeaMoney

ROE = 38,1% ROA = 4,1%	C/I = 42,4%	Value of financed invoices in 2017: PLN 581m
Net F&C: PLN 22,1m	NPL ratio = 9,4%	Net profit: PLN 5,8 m

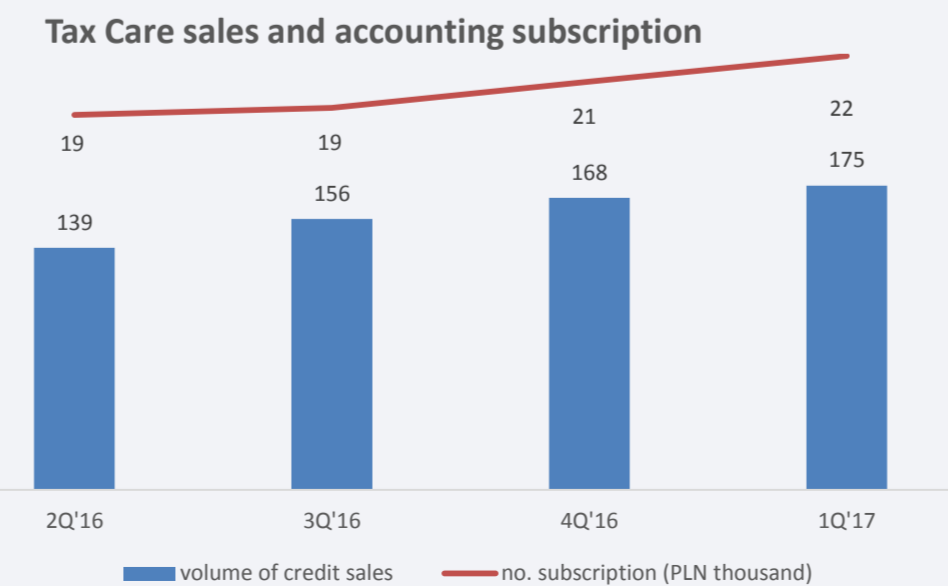


* There are no data from the Polish Factors Association on Q1 2017



TAX CARE

ROE = 13,0% ROA = 8,9%	Loan sales: PLN 175m	no. of accounting subscriptions: 21 955
Net F&C: PLN 27,8m	Revenue from accounting services 25,2m	Net profit: PLN 3,8 m



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Attachment 1 - Income Statement - Idea Bank Group



	01.01.2017- 31.03.2017	01.01.2016- 31.03.2016	01.01.2016- 31.03.2016
	(Unaudited) PLN thousand	(unaudited restated data) PLN thousand	(unaudited) PLN thousand
Continued operations			
I. Interest income	278 964	225 761	225 787
II. Interest expenses	-93 811	-95 619	-95 619
III. Net interest income	185 153	130 142	130 168
IV. Fee and commission income	135 155	117 674	117 674
V. Fee and commission expenses	-31 485	-32 305	-32 305
VI. Net fee and commission income	103 670	85 369	85 369
VII. Dividend income	1 073	0	0
VIII. Result on financial assets at fair value	-11 052	-2 229	-2 229
IX. Foreign exchange result	1 837	1 340	1 340
X. Other operating income	2 098	6 468	6 469
XI. Other operating expenses	-9 699	-6 825	-9 197
XII. Net other operating income	-15 743	-1 246	-3 617
XIII. Impairment losses	-61 815	-53 569	-55 965
XIV. General administrative costs	-152 706	-129 992	-129 992
XV. Result from operating activity	58 559	30 704	25 963
XVI. Share in profits (losses) of associates	8 678	193	193
XVII. Profit (loss) before income tax	67 237	30 897	26 156
XVIII. Income tax	-16 083	-2 417	-2 558
XIX. Net profit (loss) from continued operations	51 154	28 480	23 598
XX Net profit (loss) from discontinued operations	0	32 656	37 538
XXI Net profit (loss)	51 154	61 136	61 136
1. Attributable to shareholders of parent company	51 154	61 024	61 024
- continued operations	51 154	28 480	23 598
- discontinued operations	0	32 544	37 426
2. Attributable to non-controlling shareholders	0	112	112
- discontinued operations	0	112	112
Weighted average number of ordinary shares in the period	78 401 981	78 401 981	78 401 981
Basic earnings per share (PLN per share)	0,65	0,42	0,30
Diluted earnings per share (PLN per share)	0,65	0,42	0,30



Attachment 2 - Balance Sheet - Idea Bank Group



	31.03.2017	31.12.2016
	(unaudited)	
	PLN thousand	PLN thousand
ASSETS		
Cash and balances with Central Bank	580 006	129 719
Receivables from banks and financial institutions	262 703	290 022
Derivative hedging instruments	19 797	1 075
Derivative financial instrument at fair value through profit or loss	97 255	46 693
Amounts due from clients:	11 297 554	10 886 070
- Loans and advances to clients	11 284 504	10 873 269
- Financial assets at fair value through profit or loss	13 050	12 801
Finance lease receivables	3 851 688	3 710 107
Other loans and receivables	77 127	91 794
Available-for-sale financial assets	3 580 324	3 681 015
Investments in associates	376 246	367 568
Intangible assets	670 847	665 168
Property, plant and equipment	168 060	155 392
Investment property	62 577	66 011
Fixed assets held for sale	1 015	845
Income tax assets	511 823	519 112
- Current tax assets	7 519	0
- Deferred tax assets	504 304	519 112
Other assets	720 453	906 135
TOTAL ASSETS	22 277 475	21 516 726
LIABILITIES AND EQUITY		
Liabilities		
Amounts due to other banks and financial institutions	902 103	409 086
Derivative hedging instruments	4 629	71 745
Derivative financial instrument at fair value through profit or loss	1 685	5 180
Financial liabilities measured at fair value through profit or loss	2 204 002	2 126 240
Amounts due to clients	15 686 312	15 592 328
Debt securities in issue	477 856	482 101
Corporate income tax liabilities	2 846	13 917
Other liabilities	461 384	349 908
Deferred tax liabilities	8 844	379
Provisions	8 369	8 465
TOTAL LIABILITIES	19 758 030	19 059 349
Equity (attributable to shareholders of parent company)		
Share capital	156 804	156 804
Retained earnings	-187 872	35 920
Net profit (loss)	51 154	440 851
Other capital	2 499 359	1 823 802
Total equity	2 519 445	2 457 377
TOTAL LIABILITIES AND EQUITY	22 277 475	21 516 726



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