

BANKING MARKET IN POLAND 2015-2017

CEE BANKING SERIES

SAMPLE



by Inteliace Research
May 2015

TABLE OF CONTENTS (1/4)

Slide 1: Executive summary

1. Macroeconomic overview

Slide 2: Poland - General overview

Slide 3: Key macroeconomic indicators, 2008-2014

Slide 4: Foreign trade statistics, C/A balance, FDIs, 2008-2014

Slide 5: Unemployment and salaries, 2008-2014

Slide 6: Disposable income in households, 2008-2014; income distribution 2013

Slide 7: Consumer confidence Index evolution, 2009-1Q/2015

Slide 8: Warsaw Stock Exchange - Turnover, Market cap and indexes, 2008-2014

2.1. Banking market - General trends

Slide 9: CEE banking markets: Size vs. growth matrix, 2012-2014

Slide 10: CEE banking penetration benchmarks - International comparison, 2014

Slide 11: Structure of the Polish Banking System, 2014

Slide 12: Polish Banking System ERA analysis, 1989-2015

Slide 13: Evolution of banking assets by groups of owners (domestic/foreign), 2002-2014

Slide 14: Top 10 foreign investors in the Polish banking market, 2014

Slide 15: Banking assets evolution (LCU, EUR), 2008-2014

Slide 16: Banking assets evolution by groups of banks, 2008-2014

Slide 17: Top 12 commercial banks, market shares, ownership, 2014

Slide 18: Evolution of market shares for top commercial banks, 2011-2014

Slide 19: Concentration of the banking market, 2013 /2014 (Assets, Branches, ATMs, HH Index)

Slide 20: Deposits by customer segment evolution, 2008-2014

Slide 21: Loans by customer segment evolution, 2008-2014

Slide 22: Foreign funding evolution, 2008-2014

Slide 23: Non-performing loans value and NPL ratios by type of business segment, 2009-Feb.2015

Slide 24: Non-performing retail loans, ratios by type of product, 2005-2014

2.2. Banking market - Regulatory overview

Slide 25: Regulatory overview: Regulatory bodies in the Polish banking market

Slide 26: BFG - Deposit Insurance Fund

Slide 27: BIK - Credit Information Bureau

Slide 28: BIG - Regulated commercial/consumer information providers

Slide 29: Central Bank interest rates and mandatory reserve policy, 2000-2014

Slide 30: Inter-bank yield curves, 2010-2014 (WIBOR 3M, Polonia O/N)

Slide 31: Basel II/CRD implementation status, Capital requirement, own funds and CAR ratio for banks, 2009-2014

Slide 32: Consumer and mortgage lending – regulatory changes

TABLE OF CONTENTS (2/4)

2.3. Banking market - Banking Infrastructure

- Slide 33: Bank outlets by type of bank, 2008-2014
- Slide 34: Employment in commercial banks, bank assets per employee evolution, 2008-2014
- Slide 35: Direct employee costs evolution, 2009-2014
- Slide 36: ATM number and transaction value evolution 2008-2014, ATM players, 2014
- Slide 37: POS number and transaction value evolution 2008-2014, POS players, 2012

3. Retail banking

- Slide 38: Demographic trends determining future number of bank clients, 2007-2020F
- Slide 39: Demographic and social trends influencing future number of bank accounts
- Slide 40: Retail banking clients by segment - pyramid (mass market, affluent, personal and private banking), 2014
- Slide 41: Households deposits by sub-segments, 2008-2014
- Slide 42: Cash in circulation, cash vs. deposits ratio, 2008-2014
- Slide 43: Household loans by sub-segments evolution, 2008-2014
- Slide 44: TOP banks serving households sector, market shares, 2014
- Slide 45: Deposits of private individuals, structure by currency, 2008-2014
- Slide 46: Deposits of private individuals, structure by maturity, 2008-2014
- Slide 47: Current account penetration in Poland, Bank account holders demography, 2012
- Slide 48: Bank account penetration gap: Poland vs. Europe, 2014
- Slide 49: Current accounts of individuals (ROR) at major banks, 2012-2014
- Slide 50: Internet and PC penetration in Polish households and in corporate sector, shopping online, 2014
- Slide 51: Number of accounts with online access and number of online accounts actively used, 2008-2014
- Slide 52: Online Banking - new entrants: ING and Citibank and perspectives for standalone internet projects
- Slide 53: Mobile Banking - availability of mobile account access , top banks and number of users, 2014
- Slide 54: Innovation in payments – PKO IKO, BLIK, PeoPay, iKasa, SkyCash, mPay, Orange Cash, T-mobile , MyWallet , Visa V.me , etc.
- Slide 55: Investment funds assets evolution, domestic and foreign funds, 2008-2014
- Slide 56: Investment funds - top 10 players, 2014
- Slide 57: Personal Financial Assets (PFA) structure and evolution, 2011-2014
- Slide 58: Loans to private individuals by type evolution, 2008-2014
- Slide 59: Mortgage to private individuals by currency evolution, 2008-2014
- Slide 60: Mortgage to private individuals – new sales, outstanding contracts, 2008-2014
- Slide 61: Consumer lending market, volumes and values, 2012-2014
- Slide 62: Dedicated car loans market, 2009-2014
- Slide 63: Financial intermediaries: Value and number of loans and investment products sold, 2013

3.1. Payment cards

- Slide 64: Cards issued by type, 2008-2014
- Slide 65: Cards payments: Poland vs. Europe, Growth vs. market development, 2013
- Slide 66: Cards payments: International comparison, Card payments value, volume, cards issued, 2013

TABLE OF CONTENTS (3/4)

- Slide 67: Card transactions by type (cashless, cash), share of cash transactions, 2009-2014
- Slide 68: Credit card transactions , values, volumes, per card evolution, 2009-2014
- Slide 69: Top players in credit cards business, co-branding partners, 2014

4. Corporate banking

- Slide 70: Corporate subjects by size, number, employment, revenues and profits, 2013
- Slide 71: Corporate subjects, revenue and profit evolution, 2008-2014
- Slide 72: Number of firms by turnover (with 10+ employees), 2013
- Slide 73: Corporate subjects, regional distribution, 2014
- Slide 74: Corporate deposits and loans evolution, 2008-2014
- Slide 75: Top players in the corporate banking market, market shares in deposits and loans , 2014
- Slide 76: Brokerage business, top players, shares of investors groups, 2009-2014
- Slide 77: Leasing market, structure by industry, top players, 2009-2014
- Slide 78: Factoring market, top players, 2009-2014
- Slide 79: Non-treasury debt securities market, 2009-2014

5. Banks' profitability

- Slide 80: Nominal rates on loans and deposits by segment, implied margins, 2011-Mar.2015
- Slide 81: Commercial banks - profitability tree, 2011-2014
- Slide 82: Commercial banks - revenue, costs and profits composition, 2014
- Slide 83: Top 5 commercial banks profitability tree – peers comparison, 2014
- Slide 84: Segment reporting (1/2): volumes, revenues and profit by segment (retail, corporate, other), 2014
- Slide 85: Segment reporting (2/2): volumes, revenues and profit by segment (retail, corporate, other), 2014

6. Banks' valuation and M&A activity

- Slide 86: Share price performance in the stock market for key listed banks in Poland, 2013-2015
- Slide 87: Market multiples for major listed banks in Poland, 3/2015
- Slide 88: Strategic control map for major listed banks in Poland, Apr.2, 2015
- Slide 89: Efficiency of top banks in Poland - Cost to income, Assets/Personnel/Branches benchmarks, 12/2014
- Slide 90: Acquisition transactions in the Polish banking market (1/3), 2005-2008
- Slide 91: Acquisition transactions in the Polish banking market (2/3), 2009-2011
- Slide 92: Acquisition transactions in the Polish banking market (3/3), 2012-2015
- Slide 93: New entrants, 2014-2014
- Slide 94: Mergers in the Polish banking market, 2009-2014
- Slide 95: Announced M&A deals – banks put on sale as of Q1 2015

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Banking Market in Poland 2015–2017, CEE banking series.

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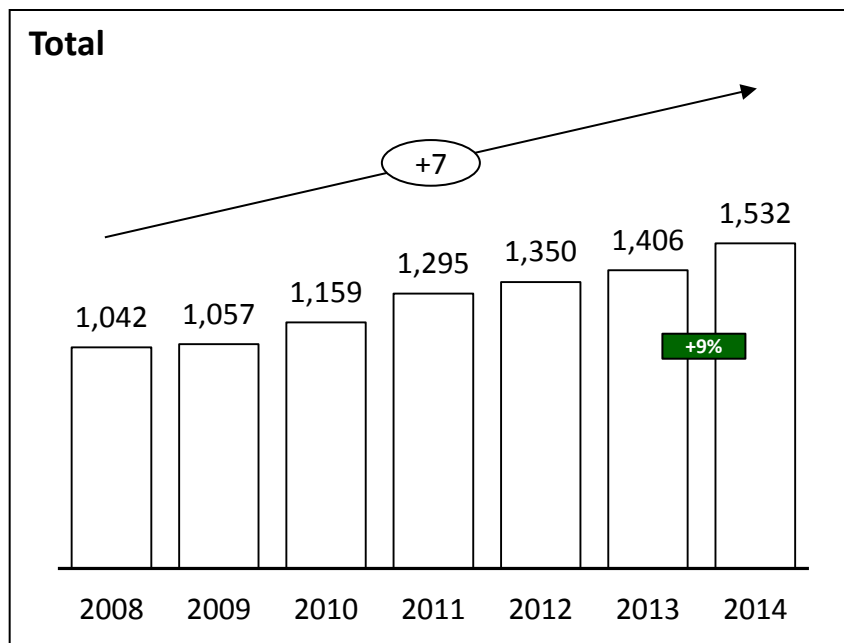
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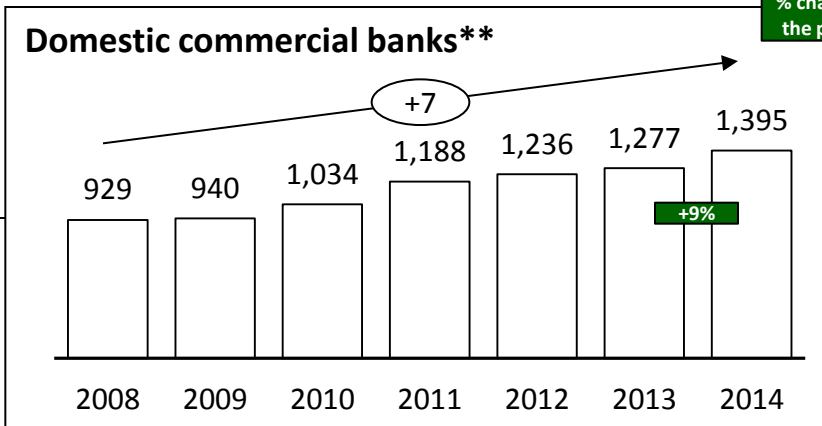
THE GROWTH IN BANKING ASSETS ACCELERATED IN 2014

CAGR*

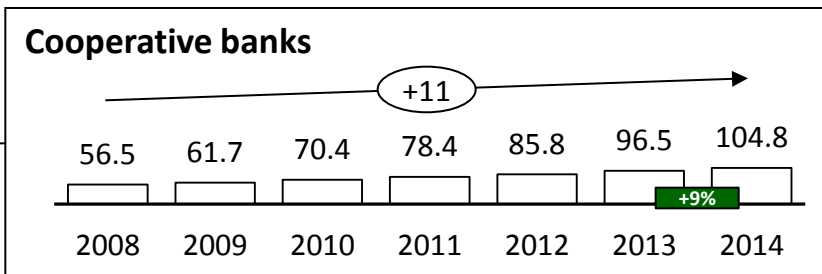
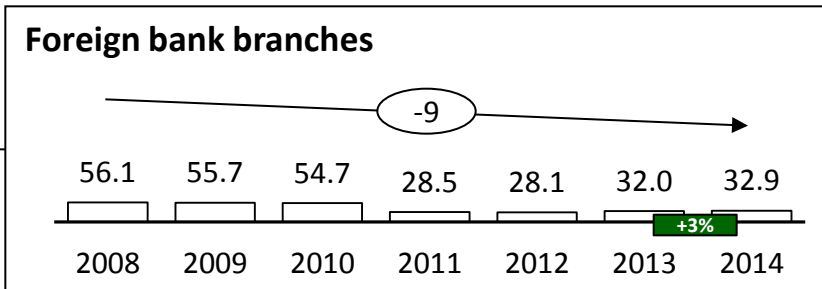
Banking assets by group of banks, 2008-2014
in PLN billion



IN PLN



% change in the period



Banking Market in Poland 2015-2017

+

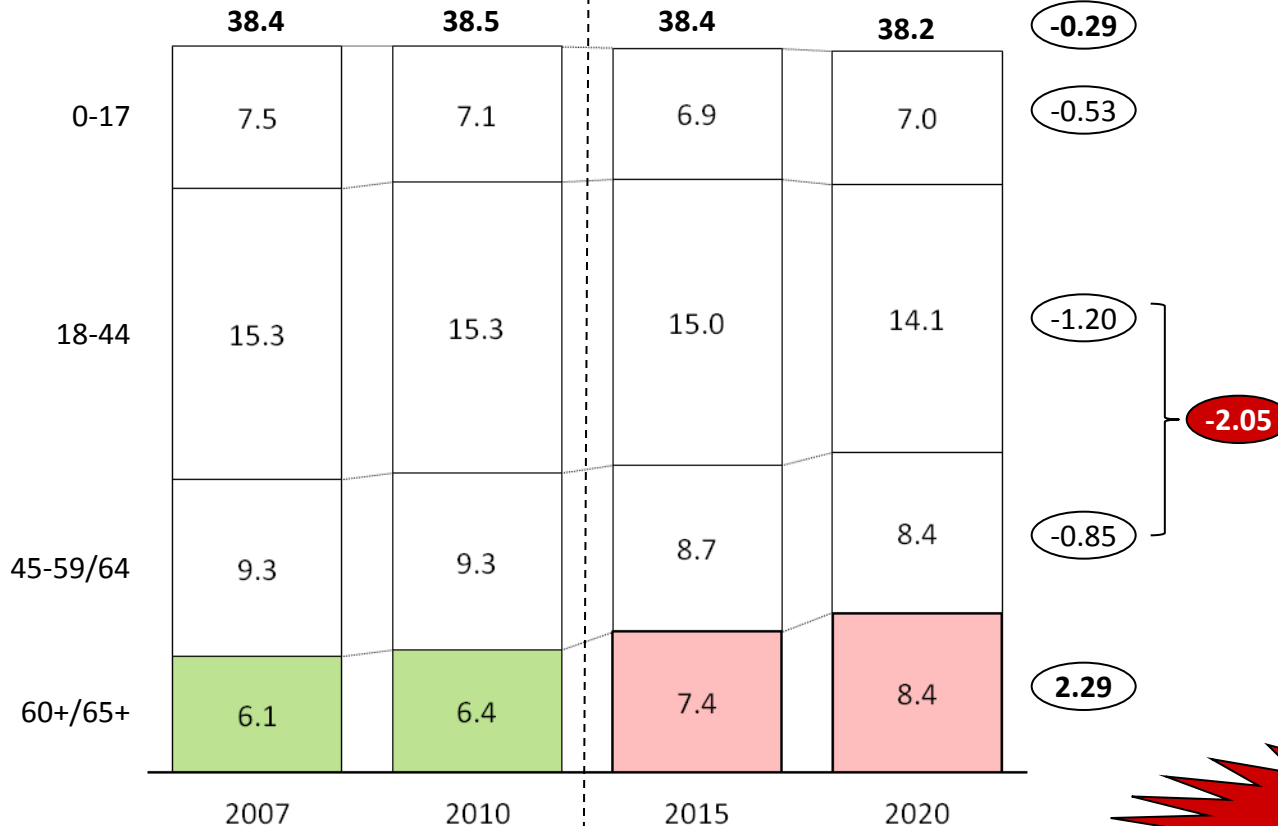
* Compound Annual Growth Rate
** Banks registered in Poland
Source: NBP, Inteliace Research

IN A RELATIVELY SHORT PERIOD UP TO 2020, POLAND'S POPULATION WILL GET SIGNIFICANTLY OLDER AND WILL ALSO SHRINK SLIGHTLY

FORECAST
BY GUS

Population by age groups forecast*, 2007-2020
in million

Δ 2007-2020
(in million)

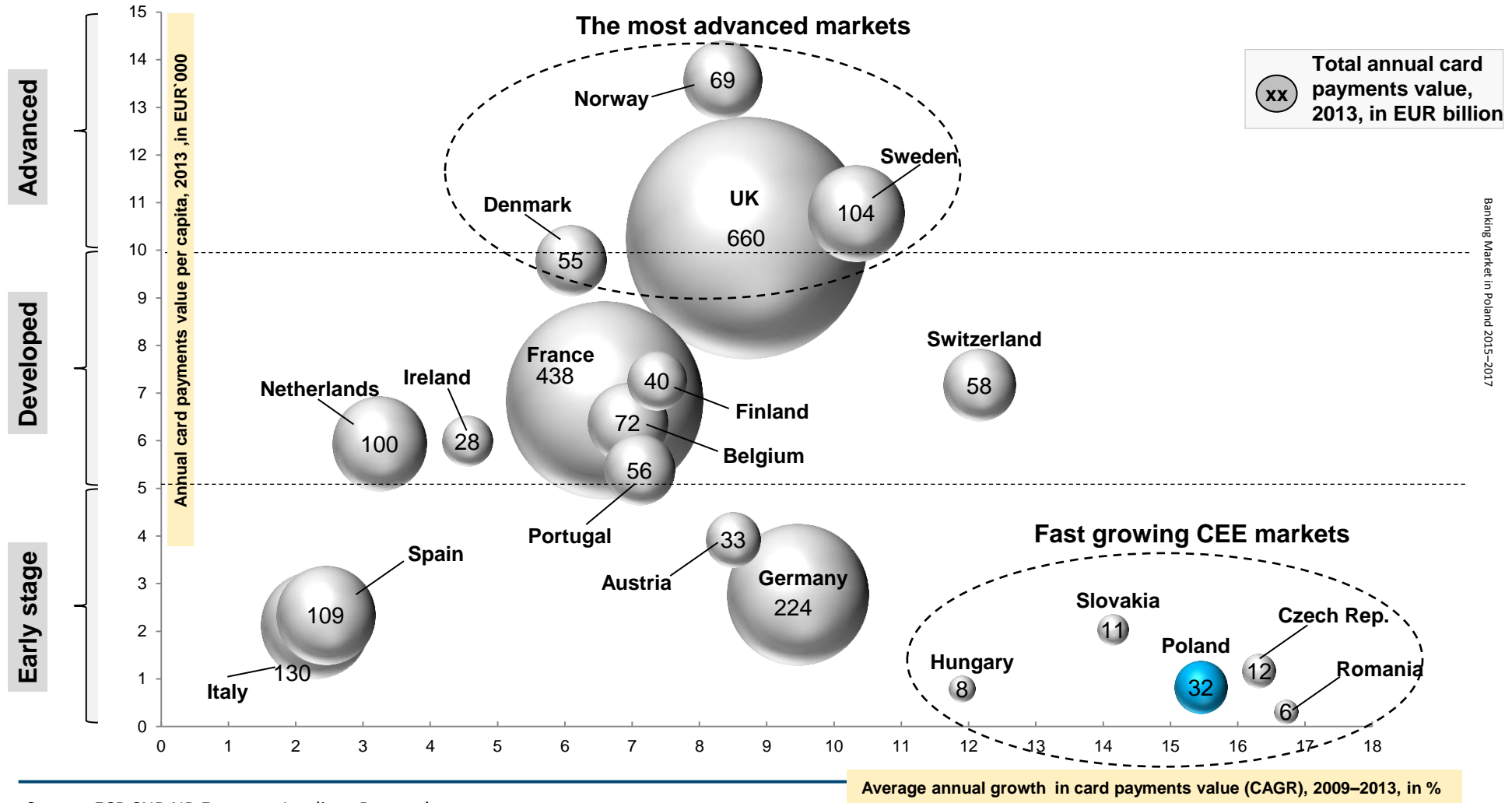


- In the long-term perspective (up to 2020) the group of today's core banking clients will fall by ~2 million people or 8% (vs.2007).
- The only growing group in the population will be seniors.
- Banks will need to increasingly adjust their product offers and distribution channels to serve more and more seniors.

Within the years 2005-2020 the number of young people at the age of 18 will almost halve from 0.6m to 0.34 m

POLAND IS STILL ON AN EARLY STAGE IN TERMS OF CARD PAYMENTS

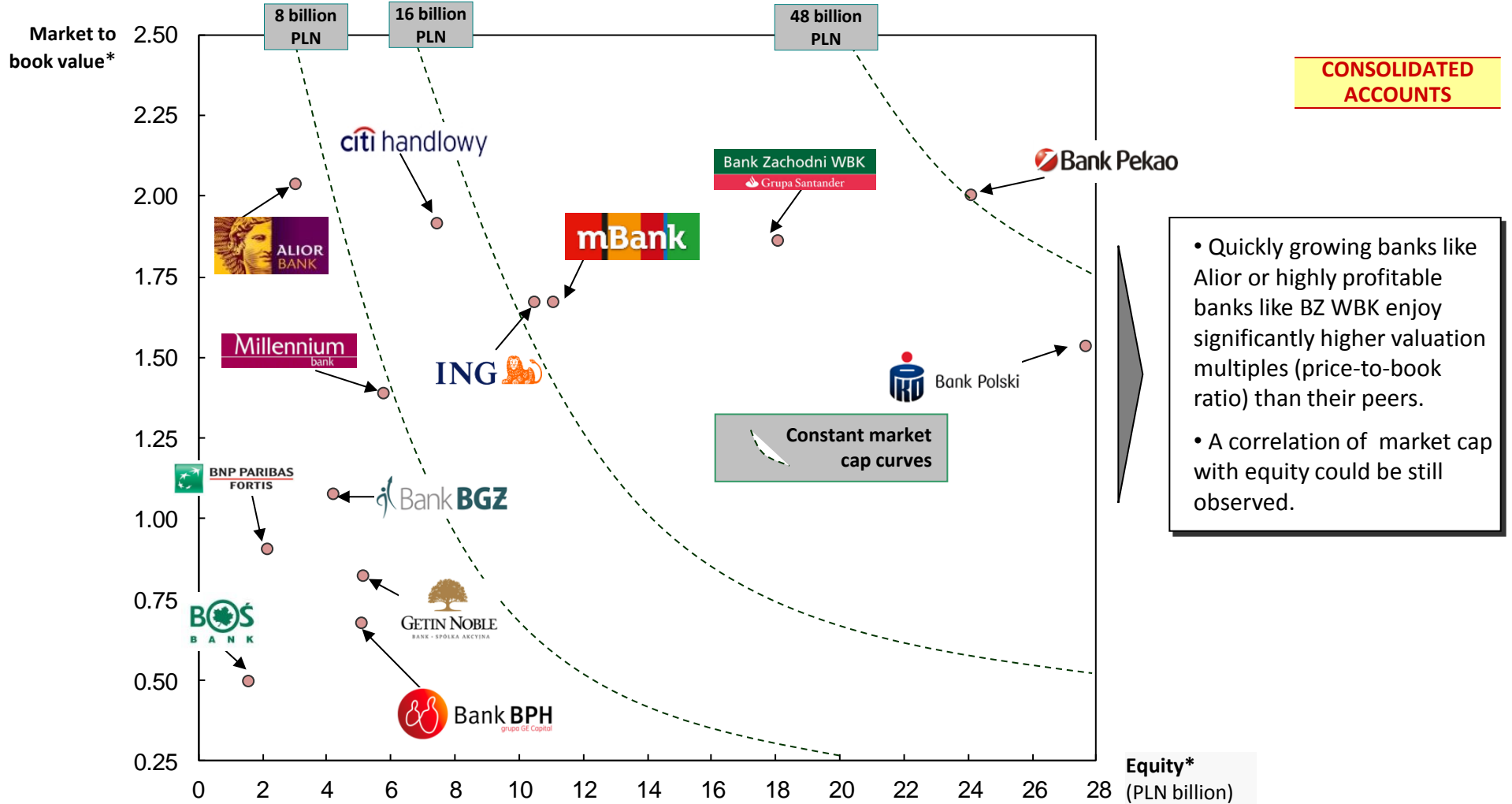
Card payments in Europe, 2013



Banking Market in Poland 2015-2017


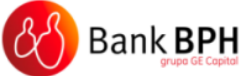

ALIOR, CITIBANK AND PEKAO ENJOY HIGHEST VALUATION PREMIUMS

Strategic control map (April 2, 2015)



* Based on consolidated results for 2014, ratios as of April 2, 2015
Source: banks, press, Inteliace Research

FURTHER M&A ACTIVITY COULD BE EXPECTED IN 2015 AS AT LEAST THREE MID-SIZE BANKS ARE ON SALE IN POLAND FOR THE MOMENT

Banks available to buy, as of Q1 2015			
Bank (Ownership)	Assets, PLN billion 2014 (market share %)	Market cap* (PLN billion)	Description
 Raiffeisen Polbank (owned by Raiffeisen Int.)	Raiffeisen 53.5 3.7%	n/a	<ul style="list-style-type: none"> In February 2015, unofficial rumours have been confirmed by the statement of Raiffeisen Sup. Board, that part of Raiffeisen retail business, including: Poland, Slovenia branch and Zuno bank are to be disposed.
 Bank BPH (owned by GE Corp.)	BPH 30.7 2.2%	3.4	<ul style="list-style-type: none"> In October 2015, General Electric admitted that it wants to divest its Polish subsidiary. Unsatisfactory results of the bank, high level of costs, a big portfolio of fx-denominated mortgage loans are among key reasons.
 Alior Bank (owned by C.Tassara & other)	Alior 30.2 2.1%	6.2	<ul style="list-style-type: none"> Key shareholders of Alior bank have been seeking to dispose their stake already for few years. However, unsatisfactory valuation and high growth rates of the bank prohibited finding a convenient transaction price. In 2015, sale process accelerated and transaction is expected to be closed soon. Société Générale as well as local Investors including PZU and Leszek Czarnecki are among the most likely winners.

*Market capitalisation as of April 2, 2015, in the Warsaw Stock Exchange
 Source: Banks, press, Inteliace Research

NOTES ON METHODOLOGY (1/2)

FX rates:

- As a general rule all “end of year” balances like: assets, deposits, loans and similar volumes have been converted from the local currency into Euro using **end of year** exchange rate
- All results achieved during a period of time like: profits, revenues, new sales etc. have been converted from the local currency into Euro using **average** exchange rate
- Exchange rates used in the report:

EUR / PLN	2008	2009	2010	2011	2012	2013	2014
End of year	4.17	4.11	3.96	4.42	4.09	4.15	4.26
Average	3.52	4.33	3.99	4.12	4.19	4.20	4.19

Source: NBP

Estimates and Forecasts:

- In some cases, recent or verified data was not available. Therefore, necessary short-term estimations have been done to fill the gaps. Estimates are always indicated with the letter “E”
- When preparing forecasts “F” we have built models using latest observed trends, available forecasts of main economic indicators, seasonal changes observed in the past and other specific factors considered important.

Multiple sources:

- In some cases multiple sources of similar data exist. In this situation we always try to select the most appropriate one /in our view/. The source is indicated in the footer area of each slide. Nevertheless in specific cases, before interpreting the data it is recommended to get a good understanding on the methodology of data collection by contacting the authors.

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Inteliace Research is an independent and privately owned research firm based in the heart of Eastern Europe in Warsaw / Poland.

Our company specializes in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their customers, competitors and overall market dynamics.

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Major Banks in Central and Eastern Europe

BANK OUTLETS DENSITY IN POLAND (1/3)
GĘSTOŚĆ SIECI PLACÓWEK BANKOWYCH W POLSCE (1/3)

Number of bank outlets per 1000 sq km, by region, 2011
 Liczba placówek na 1000 km2 powierzchni wg. województw, 2011.

Srednia / Average = 58

The Southern and Central Poland have the largest density of bank outlets
 Południowa oraz centralna Polska są najgęściej pokryte siecią placówek bankowych na km2.

BANK OUTLETS DENSITY IN POLAND (3/3)
GĘSTOŚĆ SIECI PLACÓWEK BANKOWYCH W POLSCE (3/3)

Number of outlets per 1 million inhabitants, by county „powiat”, 2011
 Liczba placówek bankowych na 1 milion mieszkańców, wg. powiatów, 2011.

Minimum: 126
Mediana (Median): 443
Maximum: 947

Number of bank outlets per 1 million inhabitants varies a lot on county level
 Na poziomie powiatów gęstość placówek jest bardzo zróżnicowana

GE MONEY BANK – OVERVIEW

As of March 2006

History & Background

Timeline

- In 1995, GE group purchased a small regional bank, Goldenrod Chase (‘G Bank’). Bank was transferred to GE Capital Bank.
- In 1998, GE group purchased another small bank (PMA Bank) converted to a mortgage specialist GE Bank Mortgage.
- In 2004, GE group acquired POC lending specialist entity with a network of 1000 POS.
- Entity was merged to Dobry kredyt.
- In 2004, a new car dealers network was created under GE Capital Bank, being the main channel for car loans sales.
- As of Jan 2006, all GE consumer in Poland were consolidated under one roof: GE Capital Bank.

Channels

- GE money bank – 48 branches
- GE card – 120 used car dealers
- Dobry kredyt consumer finance – 12 outlets and 1000 POS
- Expander – 33 branches - financial products distributor*

Shareholders

- Other
- General Electric Company

Concept Description

Target Clients

- Affluent individuals and professionals looking for mortgage, valuing quick processing and flexibility, sometimes not fulfilling lending criteria set by other banks (for example pile contract or own funds level)
- Mass market clients looking for simple and quick consumer loans

Products

Only lending products on offer:

- mortgage
- refinance loan
- credit cards
- installment loans
- cash loans
- car loans

Partners: DobryKredyt, GE Capital Bank, GE Money Bank

Key Strengths:

- Top notch risk management and collection
- High performing sales call
- Fast loan processing and flexibility
- High margin
- Central new distributors (GE Bank, Expander, Dobry kredyt)
- Advanced cross selling between segments

Results

Assets PLN billion

2003	2004	2005
7.4	8.5	9.1

Market share (%)

2003	2004	2005
2.9	3.6	4.2

Loans PLN billion

2003	2004	2005
5.6	7.6	8.6

Net Profit PLN billion

2003	2004	2005
0.14	0.30	0.32

ROI (%)

2003	2004	2005
4.8	4.8	4.2

Recent Reports:

2014

- February - Mortgage Lending in Poland '14
- May - Banking Market in Poland '14
- May - Bank outlets database '14
- June - Insurance Market in Poland '14
- September - Top 200 CEE banks '14
- November - Investment Funds and Asset Mgmt. '14

2015

- February - Mortgage Lending in Poland '15
- May - Bank outlets database '15
- June - Insurance Market in Poland '15
- September - Top 200 CEE banks '15
- December - Investment Funds and Asset Mgmt. '15

and many other ...